



August 20, 2008

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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: Petition for approval of a negotiated power purchase for purchase of firm capacity and energy with Vision/FL, LLC, by Progress Energy Florida, Inc.; **Docket No. 080512-EQ**

Dear Ms. Cole:

Please find enclosed for filing on behalf of Progress Energy Florida, Inc. ("PEF") the original and five (5) copies of our responses to Staff's data request dated August 13, 2008 in the above referenced docket.

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

Sincerely,

John T. Burnett
John T. Burnett

JTB/lms
Attachment

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**PROGRESS ENERGY FLORIDA, INC.'S RESPONSES TO STAFF DATA REQUEST
DOCKET NO. 080512-EQ**

1. **It is staff's understanding that Progress and Vision/FL, LLC (Vision) will be submitting a revised copy of the purchased power agreement without tariff sheets which will have a term of 25 years. Please indicate if this is correct.**

Answer: Yes, that is correct.

- a) **When will staff receive a copy of the revised agreement?**

Answer: The revised agreement will be submitted after both parties have reviewed and agreed to the changes. PEF anticipates that it will be able to work with Vision to have the agreement to Staff by the end of this month.

- b) **On Table 1 in Section 4 of the Contract, the Termination Date of the Contract is presently set as May 31, 2023. However, in the Petition, Paragraph 3 states the term of the Contract as being "through December 31, 2034." Do these dates need to be revised? If the answer is yes, please provide any necessary revisions.**

Answer: Yes, and the revised agreement will be submitted as soon as both parties have reviewed and agreed to the changes.

- c) **Table 1 in Section 4 of the Contract states the Exemplary Early Capacity Payment Date is January 1, 2009. However, in the Petition, Paragraph 3 states that the term of the Contract begins "January 1, 2010." Do these dates need to be revised? If yes, please provide an amendment.**

Answer: Yes, and the revised agreement will be submitted as soon as both parties have reviewed and agreed to the changes.

- d) **In the Introduction & Parties' Recitals section in Contract, no Execution Date is listed. Does the Contract tie the Execution Date to any specific event, such as approval by the Public Service Commission? If yes, please provide an explanation.**

Answer: The revised agreement will address this issue and will be submitted as soon as both parties have reviewed and agreed to the changes.

- e) **Section 11.4 of the Contract states that the Performance Security is to be adjusted "beginning January 1, 2007." Does this date need to be revised? If yes, please provide any necessary revisions.**

Answer: Yes, and the revised agreement will be submitted as soon as both parties have reviewed and agreed to the changes.

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2. **Section 11.1 of the Contract states that upon execution of the Contract that Vision will provide Progress with Eligible Collateral in an amount according to Table 2. Please provide the current expected amount that Vision would have to provide, and what type of collateral, in order to meet this requirement?**

Answer: Pursuant to Vision's request for more time to provide responses to Staff's data request to Vision, PEF is working with Vision to address this issue and will provide a response at the same time that Vision submits its responses to Staff.

3. **See Section 11 of the Contract identified as "Completion/Performance Security." Does this Contract provide that if the Contract is executed, but the Qualifying Facility is not completed by the date of the avoided unit's in service date, that Progress would retain the amount of the performance security mentioned in Section 11.1 of the contract?**

Answer: Pursuant to Vision's request for more time to provide responses to Staff's data request to Vision, PEF is working with Vision to address this issue and will provide a response at the same time that Vision submits its responses to Staff.

4. **Section 12.1 of the Contract states that Progress will provide Vision on a monthly basis with a calculation of the termination fee of the contract, using the formulas set out in Appendix B. Please provide an estimated amount of the termination fee annually for the duration of the contract, assuming termination happens each January 1st.**

Answer:

2010	\$0
2011	\$3,623,320
2012	\$7,393,778
2013	\$11,309,253
2014	\$10,214,370
2015	\$9,085,650
2016	\$7,913,424
2017	\$6,692,859
2018	\$5,426,372
2019	\$4,121,214
2020	\$2,762,882
2021	\$1,365,879
2022	\$0
2023	\$0
2024	\$0
2025	\$0
2026	\$0
2027	\$0
2028	\$0
2029	\$0
2030	\$0
2031	\$0

2032	\$0
2033	\$0
2034	\$0
2035	\$0

5. **What is the current status of the transmission interconnection agreement referenced in Section 6.4 of the Contract, and what is the projected date for completion of the interconnection?**

Answer: Pursuant to Vision's request for more time to provide responses to Staff's data request to Vision, PEF is working with Vision to address this issue and will provide a response at the same time that Vision submits its responses to Staff.

6. **Section 6.4 of the Contract states that Vision will be responsible for "all costs, expenses, taxes, fees, and charges associated with the delivery of energy to PEF." Please provide an estimate for each of these costs.**

Answer: Pursuant to Vision's request for more time to provide responses to Staff's data request to Vision, PEF is working with Vision to address this issue and will provide a response at the same time that Vision submits its responses to Staff.

7. **In Exhibit B of the Contract, "Calculation of Costs from the Vision Contract," includes an Excel Spreadsheet with a comparison of the payments to Vision Power Systems and the Avoided CC Unit costs. Please provide the Excel Spreadsheet shown, labeled "Vision Power Systems, Avoided Cost Analysis," which should include the termination fees mentioned above and the performance security mentioned above. Please allow for the spreadsheet to be manipulated for analysis by staff.**

Answer: Pursuant to Vision's request for more time to provide responses to Staff's data request to Vision, PEF is working with Vision to address this issue and will provide a response at the same time that Vision submits its responses to Staff.

8. **In the event that the Vision Qualifying Facility is unable to deliver some or all of the contracted 40 MW of firm capacity and energy provided for in the Contract, what effect would this have on Progress' ability to provide for its customer's electricity needs, including reserve capacity, and what measures would Progress take to replace the capacity and energy the Qualifying Facility would have provided?**

Answer: PEF currently does not have a need for additional capacity until 2013. In the event that Vision cannot perform under this agreement, PEF would still have time to make alternative plans if needed, such as building or purchasing generation/capacity.

9. **Appendix D, Table 3 of the Contract contains a series of capacity payments examples for the avoided unit. Please calculate and provide the annual capacity payments for a 40**

MW facility using Options A through D, for a 25 year term, from January 1, 2010 through December 31, 2034, and compare each of these to the capacity payments for the Avoided Unit described in Section 4 of the contract over the same time period.

Answer:

Year	Vision Power Systems 25-year term 2010-2034				Standard Offer 10-year term 2009-2022			
	Normal Capacity Payments \$/kW- mo.	Early Capacity Payments \$/kW- mo.	Levelized Capacity Payments \$/kW- mo.	Early Levelized Capacity Payments \$/kW- mo.	Normal Capacity Payments \$/kW- mo.	Early Capacity Payments \$/kW- mo.	Levelized Capacity Payments \$/kW- mo.	Early Levelized Capacity Payments \$/kW-mo.
2009						5.97		7.33
2010		7.50		10.85		6.20		7.33
2011		7.80		10.86		6.44		7.34
2012		8.10		10.87		6.69		7.35
2013	10.69	8.43	14.47	10.89	10.69	6.96	12.41	7.36
2014	11.11	8.78	14.48	10.90	11.11	7.23	12.42	7.37
2015	11.55	9.13	14.50	10.91	11.55	7.51	12.43	7.37
2016	12.00	9.48	14.51	10.92	12.00	7.80	12.45	7.38
2017	12.47	9.85	14.52	10.93	12.47	8.11	12.46	7.39
2018	12.95	10.25	14.54	10.94	12.95	8.43	12.48	7.40
2019	13.46	10.65	14.55	10.95	13.46	8.76	12.49	7.41
2020	13.99	11.10	14.57	10.96	13.99	9.10	12.51	7.42
2021	14.53	11.53	14.58	10.98	14.53	9.46	12.52	7.43
2022	15.10	12.00	14.60	10.99	15.10	9.83	12.54	7.44
2023	15.69	12.48	14.62	11.00				
2024	16.31	12.98	14.63	11.02				
2025	16.95	13.50	14.65	11.03				
2026	17.61	14.03	14.67	11.04				
2027	18.30	14.60	14.69	11.06				
2028	19.02	15.18	14.70	11.07				
2029	19.77	15.78	14.72	11.09				
2030	20.54	16.40	14.74	11.10				
2031	21.35	17.08	14.76	11.12				
2032	22.19	17.75	14.78	11.13				
2033	23.06	18.45	14.80	11.15				
2034	23.96	19.20	14.82	11.16				