

August 29, 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 supplemental 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. Bernett cms John T. Burnett

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

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?

<u>Answer</u>: Vision's credit class has not yet been determined. Upon determination of Vision's credit class, and in accordance to the modified agreement, the amount of the required Eligible will be determined from Table 2 and the form of collateral will comply with the definition of Eligible Collateral in the agreement.

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: Yes.

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.

<u>Answer</u>: The table originally submitted on August 20, 2008 inadvertently contained an error. The table below has the corrected information.

	Termination
	Fee at Dec
Year	31st \$000
2010	\$3,470
2011	\$6,796
2012	\$9,980
2013	\$10,809
2014	\$10,033
2015	\$9,286
2016	\$8,570
2017	\$7,883
2018	\$7,232
2019	\$6,610

2020	\$6,021
2021	\$5,454
2022	\$4,915
2023	\$4,397
2024	\$3,905
2025	\$3,435
2026	\$2,986
2027	\$2,557
2028	\$2,146
2029	\$1,752
2030	\$1,376
2031	\$1,018
2032	\$677
2033	\$350
2034	\$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: Vision has not yet secured a site for their project. Transmission studies cannot be completed to determine the cost or timing of an interconnection until a site has been secured.

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: Please see the response to Question 5.

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: Please see Attachment A.

Attachment A - Supplemental Response to Question 7

Vision Power Systems Avoided Cost Analysis

Dollars in \$000	NPV	Nomina	al i	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Discount Factor				0.98	0.93	0.86	0.79	0.73	0.67	0.62	0.57	0.52	0.48	0.45	0.41	0.38	0.35	0.32	0.30	0.27	0.25	0.23	0.21	0.20	0.18	0.17	0.15	0.14	0.13	0.12
Payments to Vision Power Systems:			300	0	D	12	12	• 2	12	12	12	12	•	12	••	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Capacity MW			40	0	0	40	12 40	12 40	40	40	40	40	12 40	40	12 40	40	12 40	40	40	40	40	40	40	40	40	40	40	40	40	
Energy MWh	2,967,85	4 7,801				311,853	311.853	312,708	311.853	311.853	311.853	312.708	311.853	311.853	311,853	312,708	311,853	311.853	311.853	312,708	311.853	311,853	311,853	312,708		311.853	311,853	312,708	311,853	
Capacity Factor			89%	0%	0%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%
Heat Rate						7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134	7134
Capacity \$/kw-mo.		\$ 1:	2.48 \$	- \$		\$ 7.50	\$ 7.80 9	8.10	\$ 8.43	\$ 8.78	\$ 9.13	\$ 9.48	\$ 9.85	\$ 10.25	\$ 10.65	\$ 11.10	\$ 11.53	\$ 12.00	\$ 12.48	5 12.98	\$ 13.SD	\$ 14.03	\$ 14.60	\$ 15.18	\$ 15.78	\$ 15.4D	\$ 17.08	\$ 17.75	\$ 18.45	\$ 19.20
Energy \$/MWh		\$ 69	9.99 \$	- \$		\$ 69.95	\$ 66.59	63.38	\$ 60.48	\$ 63.24	\$ 66.23	\$ 62.98	\$ 59.24	\$ 60.57	\$ 61.94	\$ 63.32	\$ 64.75	\$ 66.20	\$ 67.70	69.22	\$ 70.78	\$ 72.37	\$ 74.00	\$ 75.66	\$ 77.37	\$ 79.12	\$ 80.90	\$ 82.71	\$ 84.58	\$ 86.48
Total \$/MWh	\$ 83.18	8 \$ 8	9.19 \$	- \$	-	\$ 81.50	\$ 78.60	75.81	\$ 73.44	\$ 76.75	\$ 80.28	\$ 77.52	\$ 74.40	\$ 76.34	\$ 78.33	\$ 80.36	\$ 82.49	\$ 84.67	\$ 86.90	89.14	\$ 91.56	\$ 93.96	\$ 96.47	\$ 98.96	\$ 101.65	\$ 104.36	\$ 107,18	\$ 109.96	\$ 112.97	\$ 116.03
Capacity Payments	\$ 48,52	2 \$ 149,	748 \$	- \$	_	\$ 3,600	\$ 3,744 5	3.888	\$ 4,044	\$ 4,212	\$ 4.380	\$ 4,548	\$ 4,728	\$ 4,920	\$ 5,112	\$ 5.328	\$ 5,532	\$ 5,760	\$ 5,988 \$	6,228	\$ 6,480	\$ 6,732	\$ 7,008	\$ 7,284	\$ 7,572	\$ 7,872	\$ 8,196	\$ 8,520	\$ 8,856	\$ 9,216
Energy Payments	\$ 198,347	7 \$ 546,	028 \$	\$	-	\$ 21,815	\$ 20,767	19,819	\$ 18,860	\$ 19,723	\$ 20,655	\$ 19,693	\$ 18,474	\$ 18,888	\$ 19,315	\$ 19,802	\$ 20,194	\$ 20,646	\$ 21,113	21,646	\$ 22,072	\$ 22,570	\$ 23,078	\$ 23,661	\$ 24,128	\$ 24,673	\$ 25,228	\$ 25,865	\$ 26,375	5_26,968
Total Payments	\$ 246,869	9 \$ 695,	776 \$	- \$	-	\$ 25,415	\$ 24,511	23,707	\$ 22,904	\$ 23,935	\$ 25,035	\$ 24,241	\$ 23,202	\$ 23,808	\$ 24,427	\$ 25,130	\$ 25,726	\$ 26,406	\$ 27,101	27,874	\$ 28,552	\$ 29,302	\$ 30,086	\$ 30,945	\$ 31,700	\$ 32,545	\$ 33,424	\$ 34,385	\$ 35,231	\$ 36,184
2013 CC Avoided Costs:																														
Months			259	0	0	0	0	0	7	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
Energy MWh	2,967,854	7,801,	455		-	311,853	311,853	312,708	311,853	311,853	311,853	312,708	311,853	311,853	311,853	312,708	311,853	311,853	311,853	312,708	311,853	311,853	311,853	312,708		311,853	311,853	312,708	311,853	•
Capacity Factor				0	0	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	
Heat Rate				-	•	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134	7,134
Capacity \$/kw-mo.		\$ 14	4.32 \$	- \$	-	\$ -	\$ - 5		5 10.70	\$ 11.10	\$ 11.55	\$ 12.00	\$ 12.48	\$ 12.95	\$ 13.45	\$ 13.98	\$ 14.53	\$ 15.10	\$ 15.70	\$ 16.30	\$ 16.95	\$ 17.60	\$ 18.30	\$ 19.03	\$ 19.78	\$ 20.55	\$ 21.35	\$ 22.18	\$ 23.05	\$ 23.98
Energy \$/MWh		\$ 69	9.99 \$	- \$	-	\$ 69.95	\$ 66.59 \$	63.38	\$ 60.48	\$ 63.24	\$ 66.23	\$ 62.98	\$ 59.24	\$ 60.57	\$ 61.94	\$ 63.32	\$ 64.75	\$ 66.20	\$ 67.70	69.22	\$ 70.78	\$ 72.37	\$ 74.00	\$ 75.66	\$ 77.37	\$ 79.12	\$ 80.90	\$ 82.71	\$ 84.58	\$ 86.48
Total \$/MWh	\$ 83.18	3 \$ 92	2.02 \$	- \$	-	\$ 69.95	\$ 66.59	63.38	\$ 70.08	\$ 80.33	\$ 84.01	\$ 81.40	\$ 78.44	\$ 80.50	\$ 82.64	\$ 84.78	\$ 87.11	\$ 89.45	\$ 91.87	94.24	\$ 96.87	\$ 99.46	\$ 102.17	\$ 104.87	\$ 107.81	\$ 110.75	\$ 113.76	\$ 116.75	\$ 120.05	\$ 123.38
Capacity Cost	\$ 48,523	3 \$ 171.	896 \$	- \$		\$ -	5 - 5		\$ 2.996	\$ 5.328	S 5.544	\$ 5.760	\$ 5.988	\$ 6.216	\$ 6.456	5 6.708	\$ 6.972	\$ 7.248	\$ 7.536 5	5 7.824	\$ 8.136	5 8,448	5 8.784	\$ 9.132	\$ 9,492	\$ 9,864	\$ 10.248	\$ 10,644	\$ 11.064	\$ 11,508
Energy Cost	\$ 198,347	7 \$ 546,	028 \$	- \$	-	\$ 21,815	\$ 20,767																					\$ 25,865		
Total Avoided Cost	\$ 246,870	\$ 717,	924 \$	- \$	-	\$ 21,815	\$ 20,767	19,819	\$ 21,856	\$ 25,051	\$ 26,199	\$ 25,453	\$ 24,462	\$ 25,104	\$ 25,771	\$ 26,510	\$ 27,166	\$ 27,894	\$ 28,649	5 29,470	\$ 30,208	\$ 31,018	\$ 31,862	\$ 32,793	\$ 33,620	\$ 34,537	\$ 35,476	\$ 36,509	\$ 37,439	5 38,476
Net Benefit (Cost)	\$ 1	1 \$ 22.	.148 5	- \$	_	S (3,600)	\$ (3,744) 5	(3.888)	S (1,048)	\$ 1.116	5 1.164	5 1,212	\$ 1,260	\$ 1,296	\$ 1,344	5 1.380	\$ 1,440	\$ 1,488	\$ 1,548	\$ 1,596	\$ 1,656	\$ 1,716	\$ 1,776	\$ 1,848	\$ 1,920	\$ 1,992	\$ 2,052	\$ 2,124	\$ 2,208	\$ 2,292
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Payments to Vision Power Systems:																														
Annual NPV	\$ 246,869	•		-	-	21,747	19,334	17,234	15,348	14,785	14,256	12,722	11,225	10,618	10,042	9,521	8,985	8,502	8,043	7,624	7,199	5,811	6,446	6,111	5,770	5,461	5,170	4,902	4,630	4,383
Cumulative NPV					-	21,747	41,080	58,314	73,662	88,448	102,704	115,425	126,650	137,268	147,310	156,831	165,816	174,318	182,361	189,985	197,184	203, 99 5	210,441	216,552	222,323	227,784	232,954	237,856	242,486	246,869
2013 CC Avoided Costs:																														
Annual NPV	\$ 246,870)		-	-	18,666	16,380	14,407	14,646	15,475	14,919	13,358	11,834	11,195	10,594	10,044	9,488	8,981	8,503	8,061	7,617	7,210	6,827	6,476	6,120	5,795	5,488	5,205	4,920	4,661
Cumulative NPV				-	-	18,666	35,047	49,454	64,100	79,575	94,494	107,852	119,686	130,881	141,476	151,520	161,008	169,989	178,491	186,552	194,169	201,379	208,205	214,681	220,801	226,596	232,084	237,289	242,209	246,870
Net Benefit (Cost):																														
Annual NPV	\$ 1	ı		-		(3,080)	(2,953)	(2,826)	{702}	689	663	636	610	578	553	523	503	479	459	437	418	399	381	365	350	334	317	303	290	278
Cumulative NPV				-	-	(3,080)	(6,034)	(8,860)	(9,562)	(8,873)	(8,210)	(7,574)	(6,964)	(6,386)	(5,834)	(5,311)	(4,808)	(4,329)	(3,870)	(3,433)	(3,015)	(2,617)	(2,236)	(1,871)	(1,522)	(1,187)	(870)	(567)	(277)	1
Deposits and Fees:																														
Termination Fee (12/31) Completion/Performance Security						\$ 3,470	\$ 6,796	9,980	\$ 10,809	\$ 10,033	\$ 9,286	\$ 8,570	\$ 7,883	\$ 7,232	\$ 6,610	\$ 6,021	\$ 5,454	\$ 4,915	\$ 4,397	\$ 3,905	\$ 3,435	\$ 2,986	\$ 2,557	\$ 2,146	\$ 1,752	\$ 1,376	\$ 1,018	\$ 677	\$ 350	\$