

**Ruth Nettles**

---

**From:** Stright, Lisa [Lisa.Stright@pgnmail.com]  
**Sent:** Thursday, February 19, 2009 2:47 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Cayce Hinton; Burnett, John; Cecilia Bradley; Charles Rehwinkel; Curtis Young; James Brew; Jeff Stone; Jim Beasley; John Butler; John McWhirter; JR Kelly; Karin Torain; Keino Young; Lee Willis; Lewis Jr, Paul; Lisa Bennett; Mike Twomey; Natalie Smith; Norman Horton; Paula Brown; Russell Badders; Schef Wright; Steve Griffin; Susan Ritenour; Vicki Kaufman; Wade Litchfield  
**Subject:** PEF Responses to Staff Data Request - Dkt# 090001  
**Attachments:** FINAL - PEF Response to Staff DR (signed) 2.19.09.pdf

**This electronic filing is made by:**

**John T. Burnett**  
299 First Avenue North  
St. Petersburg, FL 33733  
(727) 820-5184  
[john.burnett@pgnmail.com](mailto:john.burnett@pgnmail.com)

**Docket No. 090001-EI**

**On behalf of Progress Energy Florida**

**Consisting of 8 pages.**

**The attached document for filing is PEF's Response  
To Staff's Data Request dated February 13, 2009.**

*Lisa Stright*

Regulatory Analyst - Legal Dept.  
Progress Energy Svc Co.  
106 E. College Ave., Suite 800  
Tallahassee, FL 32301  
direct line: (850) 521-1425  
VN 230-5095  
[lisa.stright@pgnmail.com](mailto:lisa.stright@pgnmail.com)



February 19, 2009

**VIA ELECTRONIC FILING**

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

*Re: Fuel and purchased power cost recovery clause with generating performance incentive factor; Docket No. 090001-EI*

Dear Ms. Cole:

Please find attached Progress Energy Florida, Inc.'s ("PEF") responses to Staff's Data Request dated February 13, 2009 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

JTB/lms

cc: Parties of Record

DOCUMENT NUMBER-DATE

01408 FEB 19 09

FPSC-COMMISSION CLERK

**PROGRESS ENERGY FLORIDA'S RESPONSES TO STAFF'S FEBRUARY 13, 2009  
DATA REQUESTS IN DOCKET NO. 090001**

Q1. Please provide the NYMEX forward curve for natural gas prices for each month of 2009 as of September 22, 2008, and as of the date of the rejections.

Answer:

	Henry Hub Forward Prices	
\$/MMBtu	9/22/2008	1/12/2009
Jan-09	8.53	--
Feb-09	8.56	5.54
Mar-09	8.43	5.52
Apr-09	8.21	5.57
May-09	8.24	5.65
Jun-09	8.34	5.75
Jul-09	8.45	5.87
Aug-09	8.53	5.97
Sep-09	8.56	6.03
Oct-09	8.64	6.14
Nov-09	8.93	6.60
Dec-09	9.29	7.10

Q2. Please provide the forward curve for light oil for each month of 2009 as of September 22, 2008, and as of the date of the rejections.

Answer:

	NYH 0.5 #2 Oil Forward Prices	
\$/Bbl	9/22/2008	1/12/2009
Jan-09	130.36	
Feb-09	130.99	61.84
Mar-09	130.83	61.80
Apr-09	130.07	61.90
May-09	129.31	62.32
Jun-09	128.85	62.93
Jul-09	129.02	64.05
Aug-09	129.54	65.45
Sep-09	130.36	66.88
Oct-09	131.16	68.20
Nov-09	131.98	69.23
Dec-09	132.76	70.22

NOTE: There are 42 gallons per barrel.

DOCUMENT NUMBER-DATE

01408 FEB 19 8

FPSC-COMMISSION CLERK

Q3. Please provide the forward curve for heavy oil (1% SO2) for each month of 2009 as of September 22, 2008, and as of the date of the reprojections.

Answer:

NYH 1% lbs #6 Oil		
Forward Prices		
\$/Bbl	9/22/2008	1/12/2009
Jan-09	90.55	--
Feb-09	90.50	34.80
Mar-09	90.45	35.50
Apr-09	90.30	36.45
May-09	90.90	37.40
Jun-09	91.50	38.35
Jul-09	92.10	39.30
Aug-09	92.70	40.25
Sep-09	93.00	40.85
Oct-09	93.30	41.45
Nov-09	93.60	42.20
Dec-09	93.90	42.95

Q4. Please provide the forward curve for heavy oil (1.5% SO2) for each month of 2009 as of September 22, 2008, and as of the date of the reprojections.

Answer: Please see below. The 1.5% SO2 is derived by using a weighted average of 25 percent from 1% SO2 and 75 percent of 3% SO2.

	NYH Converted			
	NYH 1%	to US Gulf 1%	US Gulf 3%	US Gulf 1.5%
\$/Bbl	9/22/2008	9/22/2008	9/22/2008	9/22/2008
Jan-09	90.55	91.47	87.20	90.40
Feb-09	90.50	91.53	87.75	90.58
Mar-09	90.45	91.70	88.10	90.80
Apr-09	90.30	91.61	88.35	90.80
May-09	90.90	91.85	88.60	91.04
Jun-09	91.50	92.21	88.85	91.37
Jul-09	92.10	92.86	89.10	91.92
Aug-09	92.70	94.13	89.35	92.94
Sep-09	93.00	95.29	89.60	93.86
Oct-09	93.30	95.49	89.85	94.08
Nov-09	93.60	94.55	90.10	93.44
Dec-09	93.90	94.08	90.30	93.13

	NYH 1%	NYH Converted to US Gulf 1%	US Gulf 3%	US Gulf 1.5%
\$/Bbl	1/12/2009	1/12/2009	1/12/2009	1/12/2009
Jan-09	--	--	--	
Feb-09	34.80	35.70	31.90	34.75
Mar-09	35.50	37.00	32.35	35.84
Apr-09	36.45	38.09	33.10	36.84
May-09	37.40	38.63	33.90	37.45
Jun-09	38.35	39.22	34.70	38.09
Jul-09	39.30	40.17	35.50	39.00
Aug-09	40.25	41.82	36.30	40.44
Sep-09	40.85	43.17	37.10	41.65
Oct-09	41.45	43.40	37.85	42.01
Nov-09	42.20	42.97	38.60	41.88
Dec-09	42.95	43.08	39.35	42.15

Q5. For coal at CR1 and CR2, please provide the forward curve for prices for each month of 2009 as of September 22, 2008, and as of the date of the reprojections.

Answer:

	CR1&2	
	Forward Prices	
\$/Ton	9/22/2008	1/12/2009
Jan-09	128.22	--
Feb-09	128.22	66.46
Mar-09	128.22	64.56
Apr-09	121.22	65.56
May-09	121.22	65.56
Jun-09	121.22	65.56
Jul-09	117.47	66.31
Aug-09	117.47	66.31
Sep-09	117.47	66.31
Oct-09	115.22	67.81
Nov-09	115.22	67.81
Dec-09	115.22	67.81

Q6. For coal at CR4 and CR5, please provide the forward curve for prices for each month of 2009 as of September 22, 2008, and as of the date of the rejections.

Answer:

CR4&5		
Forward Prices		
\$/Ton	9/22/2008	1/12/2009
Jan-09	116.50	--
Feb-09	116.50	66.27
Mar-09	116.50	65.00
Apr-09	113.50	67.00
May-09	113.50	67.00
Jun-09	113.50	67.00
Jul-09	111.50	66.50
Aug-09	111.50	66.50
Sep-09	111.50	66.50
Oct-09	109.50	67.00
Nov-09	109.50	67.00
Dec-09	109.50	67.00

Q7(a). Please explain how the trend in spot coal prices since July 1, 2008, has affected the cost of the UPS power supply agreement with Southern. Further, as part of the explanation, what portion of coal prices that affect this agreement are set by long-term contract, when were the contract prices established, and when will the contract(s) expire?

Answer: Southern Company has respectfully declined to answer questions pertaining to their coal buying practices; therefore, PEF has no information on how the trend in spot coal prices since July 1, 2008, has affected the cost of the UPS power supply agreement with Southern. Furthermore, PEF has no information on what portion of coal prices that affect this agreement are set by long-term contract, when the contract prices were established, or when the contract(s) expire. Southern Company is not required to provide this information under contract and believes it is sensitive to their business model. However, please see PEF's response to Question 7(b) below.

(b) In calculating the mid-course correction to fuel factors, did PEF reproject the cost of coal associated with the UPS power supply agreement? Please explain.

Answer: Yes. Southern Company provides monthly rate projections and actual monthly invoices that allow PEF to evaluate its current UPS forecast. After reviewing the aforementioned data, PEF did reproject the energy cost associated with the UPS power supply agreement when calculating the requested reduction.

Q8(a). For the power supply agreements with Shady Hills and with Osceola, does PEF provide the natural gas to these generators (tolling arrangements)?

Answer: Yes. PEF provides the natural gas to these tolling agreement generators.

- (b) In calculating the mid-course correction to fuel factors, did PEF reproject the cost of natural gas associated with these power supply agreements? Please explain.

Answer: Yes. PEF did reproject the cost of natural gas associated with the tolling agreements. Anytime PEF projects a change in natural gas prices the costs of these power supply agreements are updated.

- Q9. For power supply agreements not discussed in questions 7 and 8 above, did PEF reproject the cost of purchase power in calculating the mid-course correction to fuel factors? Please explain.

Answer: Yes. PEF received an updated energy price for the TECO purchase contract and incorporated it in the requested reduction.

- Q10. In calculating the mid-course correction to fuel factors, did PEF reproject the fuel costs and gains associated with power sales. Please explain.

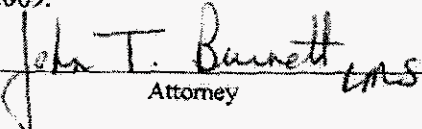
Answer: Yes. PEF did reproject the fuel costs and gains associated with power sales. The fuel cost of power sales is updated when fuel commodity prices are updated. The 2009 gains associated with power sales are now projected to be lower than the 3 year rolling-average gain as a result of these fuel cost rejections.

- Q11. In calculating the mid-course correction to fuel factors, did PEF reproject the cost of nuclear fuel? Please explain.

Answer: Yes. PEF did reproject the cost of nuclear fuel. The change is due to a more recent reload batch budget size assumption which caused the fuel amortization rate to increase slightly.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 19<sup>th</sup> day of February, 2009.

  
Attorney

<p>Lisa Bennett, Esq. Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 <a href="mailto:lbennett@psc.state.fl.us">lbennett@psc.state.fl.us</a></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 <a href="mailto:jmcwhirter@mac-law.com">jmcwhirter@mac-law.com</a></p>
<p>James D. Beasley, Esq. Lee L. Willis, Esq. Ausley &amp; McMullen Law Firm P.O. Box 391 Tallahassee, FL 32302 <a href="mailto:jbeasley@ausley.com">jbeasley@ausley.com</a> <a href="mailto:lwillis@ausley.com">lwillis@ausley.com</a></p>	<p>Norman H. Horton, Jr. Messer, Caparello &amp; Self, P.A. P.O. Box 15579 Tallahassee, FL 32317 <a href="mailto:nhorton@lawfla.com">nhorton@lawfla.com</a></p>
<p>John T. Butler, Esq./Wade Litchfield, Esq. Florida Power &amp; Light Co. 700 Universe Boulevard Juno Beach, FL 33408 <a href="mailto:John_butler@fpl.com">John_butler@fpl.com</a> <a href="mailto:Wade_litchfield@fpl.com">Wade_litchfield@fpl.com</a></p>	<p>J.R.Kelly / Charles Rehwinkel. Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, #812 Tallahassee, FL 32399 <a href="mailto:Kelly_jr@leg.state.fl.us">Kelly_jr@leg.state.fl.us</a> <a href="mailto:Rehwinkel.charles@leg.state.fl.us">Rehwinkel.charles@leg.state.fl.us</a></p>
<p>Natalie F. Smith Florida Power &amp; Light 215 S. Monroe Street, Ste. 810 Tallahassee, FL 32301-1859 <a href="mailto:Natalie_smith@fpl.com">Natalie_smith@fpl.com</a></p>	<p>Robert Scheffel Wright John T. LaVia, III Young van Assenderp, P.A. 225 S. Adams Street, Suite 200 Tallahassee, FL 32301 <a href="mailto:swright@vvlaw.net">swright@vvlaw.net</a></p>
<p>Jeffrey A. Stone, Esq. Russell A. Badders, Esq. Steven R. Griffin Beggs &amp; Lane Law Firm P.O. Box 12950 Pensacola, FL 32591 <a href="mailto:jas@beggslane.com">jas@beggslane.com</a> <a href="mailto:rab@beggslane.com">rab@beggslane.com</a> <a href="mailto:srg@beggslane.com">srg@beggslane.com</a></p>	<p>Curtis D. Young Florida Public Utilities Company P.O. Box 3395 West Palm Beach, FL 33402-3395 <a href="mailto:cyoung@fpuc.com">cyoung@fpuc.com</a></p>
<p>Ms. Paula K. Brown Tampa Electric Company P.O. Box 111 Tampa, FL 33601 <a href="mailto:regdept@tecoenergy.com">regdept@tecoenergy.com</a></p>	<p>Mr. James W. Brew, Esq. c/o Brickfield Law Firm 1025 Thomas Jefferson St., NW 8<sup>th</sup> Floor, West Tower Washington, DC 20007 <a href="mailto:jbrew@bbrslaw.com">jbrew@bbrslaw.com</a></p>
<p>Ms. Susan D. Ritenour Gulf Power Company One Energy Place Pensacola, FL 32520-0780 <a href="mailto:sdriteno@southernco.com">sdriteno@southernco.com</a></p>	<p>Keefe Law Firm Vicki Gordon Kaufman/Jon C. Moyle, Jr. 118 North Gadsden Street Tallahassee, FL 32301 <a href="mailto:vkaufman@asglegal.com">vkaufman@asglegal.com</a></p>



AARP  
c/o Mike Twomey  
P.O. Box 5256  
Tallahassee, FL 32314-5256  
[miketwomey@talstar.com](mailto:miketwomey@talstar.com)

PCS Administration (USA), Inc.  
Karin S. Torain  
Suite 400  
1101 Skokie Boulevard  
Northbrook, IL 60062  
[KSTorain@potashcorp.com](mailto:KSTorain@potashcorp.com)