



December 3, 2009

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COMMISSION
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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 Letter Agreement to Negotiated Purchase Power Contract with Pinellas County Resource Recovery by Progress Energy Florida, Inc.; Docket No. 090499-EQ*

Dear Ms. Cole:

Please find enclosed for filing on behalf of Progress Energy Florida, Inc. ("PEF") the original and five (5) copies of PEF's responses to Staff's Data Request No. 1 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 cms
John T. Burnett

JTB/lms

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PROGRESS ENERGY FLORIDA, INC.'S RESPONSES TO STAFF DATA REQUEST NO. 1

DOCKET No. 090499-EQ

Q1. The preamble of the petition indicates the letter of agreement is dated August 18, 2009. The petition filing date is November 2, 2009. Please explain the delay in filing the petition beyond the 30-day time criteria specified by Rule 25-17.0836, F.A.C.?

Answer: The Letter of Agreement reduced PEF's payments to PCRR for the September 2009 billing cycle. In accordance with Rule 25-17.082(4)(a) F.A.C., PEF wired the contractually modified payment to PCRR on October 29, 2009. PEF believes the 30 day notice criteria specified by Rule 25-17.0836(1) F.A.C. applies from October 29, 2009 when the original contract payment was modified and continues through November 28, 2009.

Q2. Please explain why a contract modification is required rather than simply reducing payments during the period of reduced capacity in accordance with the existing agreement?

Answer: PEF agrees with Staff that under the existing contract, PEF could simply reduce payments during the period of reduced capacity. In an abundance of caution, however, PEF filed the subject petition due to the fact that PEF is aware of other situations where similar types of curtailments have been provided to the Commission for review. If the Commission agrees that Commission approval is not required under this contract to reduce the payments to PCRR, PEF would withdraw its petition as moot. Additionally, please see Attachment A to this request, wherein PCRR has terminated this curtailment as of December 16, 2009, which may also render PEF's petition moot.

Q3. Paragraph 4 of the petition states that the contracted committed capacity of 54.75 MW will be reduced to 36.5 MW. What does PEF forecast for its reserve margin during each month of the curtailment?

Answer:

Time Period	Forecasted Reserve Margin
September 2009	21%
October 2009	28%
November 2009	22%
December 2009	Moot due to early curtailment termination
January 2010	Moot due to early curtailment termination
February 2010	Moot due to early curtailment termination

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March 2010	Moot due to early curtailment termination
April 2010	Moot due to early curtailment termination

Q4. How will the curtailment of 18.25 MW (54.74 MW – 36.5 MW = 18.25 MW) of committed capacity be replaced?

Answer: PEF will maintain its required reserve margin without the curtailed 18.25 MW, so the capacity will not be replaced.

Q5. What will replacement of the curtailed capacity cost per month?

Answer: Since the curtailed capacity will not be replaced, there is no additional cost.

Q6. Are the costs of replacing the curtailed capacity included in the savings to ratepayers shown in paragraph 5 of the petition and Exhibit B?

Answer: The cost of replacing the curtailed capacity is not shown in the savings to the ratepayers, as outlined in paragraph 5 of the petition and Exhibit B, since the cost is zero.

Q7. Please expand Exhibit B to show the “TOTAL CC reduction savings” less the replacement cost for the 18.25 MW of capacity as the “TOTAL cost impact to PEF customers.”

Answer: As a result of the early termination letter PEF received from PRCC dated December 1, 2009 (see Attachment A), savings occur only through December 2009. The chart below illustrates these savings:

	Replacement Capacity Cost	Total CC reduction savings	Total cost impact to PEF customers*
Sep-09	\$ 0	\$ 461,360.00	-\$ 461,360.00
Oct-09	\$ 0	\$ 865,050.00	-\$ 865,050.00
Nov-09	\$ 0	\$ 865,050.00	-\$ 865,050.00
Dec-09	\$ 0	\$ 502,287.10	-\$ 502,287.10
Total	\$ 0	\$ 2,693,747.10	-\$ 2,693,747.10

*The cost impact to PEF’s customers is shown as a negative value to illustrate the customer’s savings.

**BOARD OF COUNTY
COMMISSIONERS**

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December 1, 2009

Mr. David Gammon
Cogeneration Manager
Progress Energy Florida, Inc.
299 First Avenue North - PEF 155
St. Petersburg, FL 33701

**RE: Pinellas County Resource Recovery Facility
Electrical Capacity Commitment during Facility Capital Improvements
Letter of Understanding dated August 18, 2009**

Dear Mr. Gammon:

In accordance with the Letter of Understanding (LOU) dated August 18, 2009, the County elects to restore the Committed Capacity to the original 54.75 MW effective 0001 hours December 16, 2009.

It is understood that commencing at 0001 hours December 16, 2009, all specific terms and conditions related to the reduction in electrical capacity commitments contained in the LOU will be null and void and the terms, conditions and obligations of the Amended and Restated Electrical Power Purchase Agreement dated February 21, 1989 between the Parties ("AREPPA") shall remain binding.

Pinellas County greatly appreciates your continued cooperation.

Sincerely,

A handwritten signature in black ink that reads "Robert Hauser, Jr." in a cursive script.

Robert Hauser, Jr., Director
Utilities Solid Waste Operations

File: PEFtr.120109

PLEASE ADDRESS REPLY TO:
3095 - 114th Avenue North
St. Petersburg, Florida 33716
Phone: (727) 464-7500
FAX: (727) 464-7713
Website: www.pinellascounty.org

