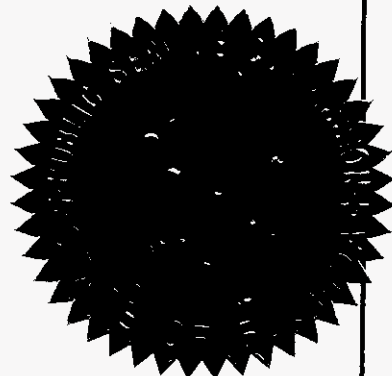


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

IN THE MATTER OF: DOCKET NO. 090001-EI

FUEL AND PURCHASED POWER COST RECOVERY
CLAUSE WITH GENERATING PERFORMANCE
INCENTIVE FACTOR. (PROGRESS ENERGY
FLORIDA, INC.)



PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 6

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, March 17, 2009

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

1 APPEARANCES:

2 JOHN T. BURNETT, appearing on behalf of Progress
3 Energy Florida, Inc.

4 ROBERT SCHEFFEL WRIGHT, ESQUIRE, appearing on
5 behalf of the Florida Retail Federation.

6 LISA BENNETT, ESQUIRE, and PETE LESTER, appearing
7 on behalf of Commission staff.

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P R O C E E D I N G S

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2 CHAIRMAN CARTER: And with that,
3 Commissioners, we turn our attention to Item 6, and give
4 staff a moment.

5 Staff, you are recognized.

6 MR. LESTER: Good morning, Commissioners. I'm
7 Pete Lester with staff.

8 Item 6 addresses whether the Commission should
9 approve Progress Energy Florida's petition for a
10 midcourse correction to its 2009 fuel factors. Progress
11 is also requesting a change in its capacity cost
12 recovery factors.

13 For Issue 1, staff is recommending that the
14 Commission approve the midcourse correction, which is a
15 reduction to fuel factors. This reduction is primarily
16 caused by the decline in 2009 natural gas prices.

17 For Issue 2, staff is recommending that the
18 Commission approve the reduction to 2009 capacity cost
19 recovery factors. This reduction is based on Progress
20 deferring \$198 million of approved capacity cost to the
21 year 2010.

22 For Issue 4, staff is recommending that the
23 Commission release Progress from the requirement that it
24 file a report estimating its ending 2009 true-up for
25 fuel cost and revenues using the fuel price outlook as

1 of the end of February. This originally was a
2 requirement of the last fuel order. Representatives of
3 the parties are here to speak, and staff is available to
4 answer your questions.

5 CHAIRMAN CARTER: Commissioners, why don't we
6 just hear from the parties before we begin our
7 deliberations.

8 Mr. Burnett, good morning to you.

9 MR. BURNETT: Good morning, sir. Thank you.
10 John Burnett on behalf of Progress Energy Florida.

11 Mr. Chairman, I'm pleased to announce that,
12 speaking with Mr. Wright and others who joined in his
13 response in opposition, that I believe we've come to an
14 agreement that if it's acceptable to the Commission, we
15 can work out the whole issue of the March 13 filing that
16 was required that staff just mentioned.

17 Speaking with Mr. Wright and others that
18 joined in this response in opposition, Progress Energy
19 Florida in May, in the middle part of April will begin
20 its fuel operational forecast, and that's the extensive
21 quarterly report that we do to get our projections that
22 we use for planning purposes in our August filing in the
23 fuel clause. That will be completed on May 18. So my
24 suggestion to Mr. Wright and others was that why
25 don't -- instead of the March 13 report, which we've

1 obviously passed, instead of filing, that on some sort
2 of time frame between that time, let's just go ahead and
3 file a report based on our May FOF on May 18. So what I
4 think we've agreed to is that Progress would file that
5 May, the results of the May 18 FOF, that fuel
6 operational forecast, and therefore the Commission would
7 have that data, the Intervenors would have that data and
8 everyone would have the same data, actually probably
9 more comprehensive data than they would have had on
10 March 13th.

11 CHAIRMAN CARTER: Okay. Mr. Wright.

12 MR. WRIGHT: Thank you, Mr. Chairman. Schef
13 Wright on behalf of the Retail Federation. And I can
14 represent to you I've conferred with all the other
15 parties who both joined and supported the relief that we
16 requested.

17 We agree that Progress's suggestion is
18 entirely reasonable and appropriate and we support it.
19 They'll use their April data, file on May 18th, and at
20 that point we'll know what the projected over- or
21 under-recovery is and we can make our decision whether
22 to ask for further relief. Thank you very much.

23 CHAIRMAN CARTER: Thank you.

24 Commissioners? Commissioner Skop, you're
25 recognized.

1 COMMISSIONER SKOP: Thank you. I just wanted
2 to start by again commending Progress by coming in on
3 its own initiative for looking at reducing the fuel
4 costs. Again, the savings to consumers based on the
5 January projection date is substantial.

6 And then also, too, on Issue 2, the deferral
7 of the nuclear costs, again, I just want to point out
8 that by seeking to defer such costs at the commercial
9 paper rate over and above the AFUDC rate that they may
10 be legally entitled to, essentially the savings to the
11 consumers in the interest alone and the carrying cost is
12 over \$17 million. So, again, that's a substantial show
13 of good faith, I think, by Progress.

14 As to the issue of the March 13th filing date,
15 I think that's been worked out between the parties.
16 Again, gas continues to decline but, again, it's pretty
17 much reached historical lows.

18 Just one question to staff with respect to
19 Mr. Wright's last comment about, you know, requesting the
20 Commission to act upon the data that may be forthcoming.
21 Would the Commission have any discretion to require any
22 additional action by the utilities based upon the, if the
23 May reforecast was under the 10 percent threshold? I just
24 want to have a better understanding of what options there
25 may be.

1 MS. BENNETT: Commissioner Skop, in my
2 opinion, yes, the Commission can act upon the
3 information that it has received from Progress, whatever
4 it is.

5 COMMISSIONER SKOP: Okay. Thank you.

6 CHAIRMAN CARTER: Thank you, Commissioner
7 Skop.

8 Anything further, Commissioners? Any
9 questions, any debate? Hearing none, Commissioner Skop,
10 you're recognized for a motion.

11 COMMISSIONER SKOP: Thank you, Mr. Chairman.
12 I would move to approve staff recommendation, subject to
13 the stipulation by the parties.

14 CHAIRMAN CARTER: Okay. I think you're
15 talking about the May 13th, is that the --

16 COMMISSIONER SKOP: Yes. It would be --
17 actually it's probably easier to do it this way. I'd
18 move to approve the staff recommendations as to Issue 1,
19 2, and 3. And then probably on Issue 4 it would be to
20 accept the recommendation of the parties that Progress
21 would update its calculations based on the May
22 calculation that would be performed. Is that more
23 appropriate?

24 COMMISSIONER EDGAR: May I ask a question?

25 CHAIRMAN CARTER: Commissioner Edgar, you're

1 recognized.

2 COMMISSIONER EDGAR: Thank you, Mr. Chairman.

3 Commissioner Skop, just for clarification, and
4 that, would that be with an understanding that staff
5 would review the information in the May 18th fuel
6 operation forecast as they would review other
7 information that would come to us?

8 COMMISSIONER SKOP: Yes, ma'am.

9 COMMISSIONER EDGAR: Okay. Then I'll second.

10 CHAIRMAN CARTER: It's been moved and properly
11 seconded. Commissioners, anything further? Any debate,
12 any questions?

13 COMMISSIONER SKOP: Actually Issue 5, too. It
14 would include the staff recommendation that the docket
15 would remain open.

16 COMMISSIONER EDGAR: I would have asked that
17 that be included as well.

18 COMMISSIONER SKOP: Thank you.

19 CHAIRMAN CARTER: Okay. Anything further,
20 Commissioners? Hearing none, all in favor, let it be
21 known by the sign of aye.

22 (Unanimous affirmative vote.)

23 All those opposed, like sign. Show it done.

24 Okay.

25 (Agenda Item 6 concluded.)

1 STATE OF FLORIDA)
 2 : CERTIFICATE OF REPORTER
 3 COUNTY OF LEON)

4 I, LINDA BOLES, RPR, CRR, Official Commission
 5 Reporter, do hereby certify that the foregoing proceeding
 6 was heard at the time and place herein stated.

7 IT IS FURTHER CERTIFIED that I stenographically
 8 reported the said proceedings; that the same has been
 9 transcribed under my direct supervision; and that this
 10 transcript constitutes a true transcription of my notes of
 11 said proceedings.

12 I FURTHER CERTIFY that I am not a relative,
 13 employee, attorney or counsel of any of the parties, nor am
 14 I a relative or employee of any of the parties' attorneys or
 15 counsel connected with the action, nor am I financially
 16 interested in the action.

17 DATED THIS 24th day of March,
 18 2009.

19 Linda Boles
 20 LINDA BOLES, RPR, CRR
 21 FPSC Official Commission Reporter
 22 (850) 413-6734
 23
 24
 25