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October 27, 2009

VIA HAND DELIVERY

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

Re: Petition of Progress Energy Florida, Inc. for approval of a negotiated purchase power contract with Florida Biomass Energy, LLC; **Docket No. 090372-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 2nd Data Request dated October 13, 2009 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
Attachment

- COM _____
- ECR 1
- GCL 1
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**PROGRESS ENERGY FLORIDA, INC.'S RESPONSES TO STAFF'S 2ND DATA REQUEST
DOCKET NO. 090372-EQ**

1. Please recalculate the capacity factor of Table 4, Comparison of Projected Payments, provided in your response to staff's first data request. Please recalculate using a 75 percent capacity factor.

Answer: Please see "Attachment A". PEF has provided a comparison of projected payments using a 75% capacity factor, as requested. In addition, and since the payment rate changes, if the capacity factor drops below 75%, PEF has also provided a comparison of projected payments using a 74% capacity factor. This comparison demonstrates the effect of the payment rate change.

Portions of "Attachment A" are confidential and the confidential documents have been filed separately with the Clerk's office along with its Request for Confidential Classification dated October 27, 2009.

2. When did the response date end for the Suwannee Combined Cycle Request for Proposal (RFP)? Please provide all supporting documentation.

Answer: The Suwannee River Combined Cycle RFP bidders submission of proposals were due on 8/12/08 by 3:00 p.m. EPT as shown below in the original RFP Schedule:

PEF 2013 RFP Schedule:

A schedule for critical dates for the solicitation, evaluation, screening of proposals, and subsequent negotiations follow:

A. Solicitation	
Pre-Release of RFP	5/29/08
Pre-Release Meeting	6/5/08
Pre-Release Draft Revision of RFP	6/6/08
Issuance of RFP	6/12/08
Bidders Meeting	6/19/08
Submission of Proposals	8/12/08 by 3:00 pm
B. Evaluation and Screening of Proposals	
Selection of Short List	Expected by 10/13/08
Selection of Finalist(s)	Expected by 11/12/08
C. Negotiations	
Initiate Negotiations	Expected November 2008
Clarifications and Adjustments	Expected November 2008
Award Announcement	Expected by 12/12/08
D. Regulatory Filings	
File for certification	Expected by 01/21/09

Progress Energy Florida reserves the right to revise the schedule at any time, at PEF's sole discretion. Depending on PEF's requirements to review the proposals, PEF may shorten or lengthen the schedule and revise the dates associated with the schedule.

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The Suwannee River Combined Cycle RFP schedule was delayed on October 13, 2008 as shown in the revised schedule below:

PEF 2013 RFP Schedule (Revised 10/13/08):

A schedule for critical dates for the solicitation, evaluation, screening of proposals, and subsequent negotiations follow:

A. Solicitation

Pre-Release of RFP	5/29/08
Pre-Release Meeting	6/5/08
Pre-Release Draft Revision of RFP	6/6/08
Issuance of RFP	6/12/08
Bidders Meeting	6/19/08

Submission of Proposals 3:00 pm	8/12/08 by
------------------------------------	------------

B. Evaluation and Screening of Proposals

Selection of Short List	Updated to: To Be Determined (TBD)
Selection of Finalist(s)	Updated to: (TBD)

C. Negotiations

Initiate Negotiations	Updated to:
TBD	
Clarifications and Adjustments	Updated to:
TBD	
Award Announcement	Updated to:
TBD	

D. Regulatory Filings

File for certification	Updated to:
TBD	

Progress Energy Florida reserves the right to revise the schedule at any time, at PEF's sole discretion. Depending on PEF's requirements to review the proposals, PEF may shorten or lengthen the schedule and revise the dates associated with the schedule.

Finally, the Suwannee River Combined Cycle RFP was cancelled on February 26, 2009 when the RFP News Release was published. A copy of the News Release is attached hereto as "Attachment B".

3. **Please refer to PEF's response to question 14 of staff's first data request. In its response to the chart request, PEF stated that Column 1 is the negotiated capacity payment rate in \$/kW-month. Why is this the case if the contract is not in kW-month?**

Answer: Column 1 is defined as the negotiated capacity payment and the entries were left blank. This formatting style was simply used for transparency, where it shows that the capacity payment to FB Energy is [REDACTED] and the capacity payment is included in the energy payment.

4. **Please refer to the e-mail submitted in Attachment A of PEF's response to staff's first data request. The permitting section states FB Energy has been told that if the application is made within the 2nd quarter of 2009, the project air permit should be complete and issued by the end of 2009. Please provide a detailed response of the status of the air permit.**

Answer: FB Energy reports that the air permit was filed in early October 2009. The initial (unofficial) review and feedback by the Department of Environmental Protection ("DEP") is that the application is acceptable, is pleased with the low emission commitments, and DEP does not see any problems with issuing the facility's permit. The expected timeframe for the permit to be issued would be January 2010.

5. **Please refer to the Project Overview. Please explain the 60 MW of electricity to Progress Energy/FPL grid, Solar-assisted biomass operation.**

Answer: FB Energy's project location is in the Port Encouragement Zone ("PEZ") of Port Manatee in Manatee County. The location is next to the FPL Buckeye substation and would interconnect through that station. The electricity would be wheeled to Progress. FB Energy has begun the interconnect study and agreement process. Preliminary conversations with FPL indicate there should be no issues.

It is FB Energy's goal to generate electricity with the lowest feasible emissions and believes that a solar-assisted, biomass facility may provide both environmental and economic benefits. The project is being initially permitted and built as a baseload biomass facility. Once operational, the addition of solar will be reviewed and only added as practical. FB Energy is not requesting any solar permits at this time. These are Phase 2 goals that FB Energy has and may pursue once the biomass facility is operational.

6. **Please refer to the Project Overview. Under the Timeline Section, a statement is made that zoning is to be completed by August 2009. Please provide an update regarding the status of the zoning.**

Answer: FB Energy began the land use and zoning approval process in April, 2009. The Comprehensive Land Use Plan approval process for a biomass facility has been completed and approved. FB Energy is currently in the process of the local re-zoning process. The site shall be re-zoned from the current light industrial zone to include a biomass power facility; and, based on initial discussions with County Staff and Commissioners, the project is well accepted and supported by both. While it has taken longer than expected for the full approvals, the local zoning approval should be received by January 2010.

Table 5
 Comparison of Projected Payments
 FB Energy vs. 2009 Standard Offer Contract at 75% Capacity Factor
 Discount rate 8.48%
 Discount Date 6/30/2009
 Capacity 60
 Capacity Factor 75%

Year	(1)			(2)				(3)	(4)			(5)	(6)	(7) (5) + (6)		(8)	(9)	(10)	(11) (9) + (10)		(12)	(13) (7)-(11)
	Negotiated Capacity Payments \$/kW-mo.	Negotiated Energy Payments \$/MWh	Delivery Voltage Adj. \$/MWh	Total Negotiated Energy Payments \$/MWh	SOC Capacity Payments \$/kW-mo.	SOC Energy Payments \$/MWh	Delivery Voltage Adj. \$/MWh	Total SOC Energy Payments \$/MWh	Negotiated Capacity Payments \$000	Negotiated Energy Payments \$000	Negotiated Total Payments \$000	Negotiated Total Payment \$/MWh	SOC Capacity Payments \$000	SOC Energy Payments \$000	SOC Total Payments \$000	SOC Total Payment \$/MWh	Difference Between Negotiated and SOC					
2009				\$ -			\$ -				\$ -						\$ -			\$ -		
2010				\$ -			\$ -				\$ -						\$ -			\$ -		
2011				\$ -			\$ -				\$ -						\$ -			\$ -		
2012				\$ -			\$ -				\$ -						\$ -			\$ -		
2013				\$ 71.00	\$ -	\$ 83.63	\$ 1.76	\$ 85.39		\$ 27,988	\$ 27,988	\$ 71.00	\$ -	\$ 33,663	\$ 33,663	\$ 85.39	\$ (5,674)					
2014				\$ 72.07	\$ 9.55	\$ 82.11	\$ 1.73	\$ 83.85		\$ 28,408	\$ 28,408	\$ 72.07	\$ 4,011	\$ 33,053	\$ 37,064	\$ 94.02	\$ (8,656)					
2015				\$ 73.15	\$ 9.92	\$ 85.18	\$ 1.80	\$ 86.97		\$ 28,834	\$ 28,834	\$ 73.15	\$ 7,140	\$ 34,282	\$ 41,422	\$ 105.08	\$ (12,588)					
2016				\$ 74.24	\$ 10.28	\$ 79.32	\$ 1.67	\$ 80.99		\$ 29,347	\$ 29,347	\$ 74.24	\$ 7,404	\$ 32,017	\$ 39,421	\$ 99.73	\$ (10,074)					
2017				\$ 75.36	\$ 10.68	\$ 72.10	\$ 1.52	\$ 73.62		\$ 29,706	\$ 29,706	\$ 75.36	\$ 7,692	\$ 29,022	\$ 36,714	\$ 93.13	\$ (7,008)					
2018				\$ 76.49	\$ 11.10	\$ 72.33	\$ 1.53	\$ 73.85		\$ 30,151	\$ 30,151	\$ 76.49	\$ 7,992	\$ 29,113	\$ 37,105	\$ 94.13	\$ (6,953)					
2019				\$ 77.63	\$ 11.52	\$ 73.39	\$ 1.55	\$ 74.94		\$ 30,604	\$ 30,604	\$ 77.63	\$ 8,292	\$ 29,543	\$ 37,835	\$ 95.98	\$ (7,232)					
2020				\$ 78.80	\$ 11.97	\$ 74.98	\$ 1.58	\$ 76.56		\$ 31,148	\$ 31,148	\$ 78.80	\$ 8,616	\$ 30,263	\$ 38,879	\$ 98.36	\$ (7,732)					
2021				\$ 79.98	\$ 12.42	\$ 79.07	\$ 1.67	\$ 80.74		\$ 31,528	\$ 31,528	\$ 79.98	\$ 8,940	\$ 31,828	\$ 40,768	\$ 103.42	\$ (9,239)					
2022				\$ 81.18	\$ 12.90	\$ 81.75	\$ 1.72	\$ 83.48		\$ 32,001	\$ 32,001	\$ 81.18	\$ 9,288	\$ 32,909	\$ 42,197	\$ 107.04	\$ (10,196)					
2023				\$ 82.40	\$ 13.40	\$ 85.55	\$ 1.81	\$ 87.35		\$ 32,481	\$ 32,481	\$ 82.40	\$ 9,648	\$ 34,435	\$ 44,083	\$ 111.83	\$ (11,601)					
2024				\$ 83.63	\$ 13.92	\$ 83.56	\$ 1.76	\$ 85.32		\$ 33,059	\$ 33,059	\$ 83.63	\$ 10,020	\$ 33,724	\$ 43,744	\$ 110.67	\$ (10,685)					
2025				\$ 84.89	\$ 14.45	\$ 88.45	\$ 1.87	\$ 90.31		\$ 33,463	\$ 33,463	\$ 84.89	\$ 10,404	\$ 35,600	\$ 46,004	\$ 116.70	\$ (12,540)					
2026				\$ 86.16	\$ 15.00	\$ 91.63	\$ 1.93	\$ 93.56		\$ 33,965	\$ 33,965	\$ 86.16	\$ 10,800	\$ 36,879	\$ 47,679	\$ 120.95	\$ (13,714)					
2027				\$ 87.45	\$ 15.58	\$ 97.35	\$ 2.05	\$ 99.40		\$ 34,475	\$ 34,475	\$ 87.45	\$ 11,220	\$ 39,184	\$ 50,404	\$ 127.86	\$ (15,929)					
2028				\$ 88.77	\$ 16.18	\$ 97.31	\$ 2.05	\$ 99.37		\$ 35,088	\$ 35,088	\$ 88.77	\$ 11,652	\$ 39,276	\$ 50,928	\$ 128.84	\$ (15,840)					
2029				\$ 90.10	\$ 16.82	\$ 99.53	\$ 2.10	\$ 101.63		\$ 35,517	\$ 35,517	\$ 90.10	\$ 12,108	\$ 40,065	\$ 52,173	\$ 132.35	\$ (16,656)					
2030				\$ 91.45	\$ 17.47	\$ 101.77	\$ 2.15	\$ 103.92		\$ 36,049	\$ 36,049	\$ 91.45	\$ 12,576	\$ 40,964	\$ 53,540	\$ 135.82	\$ (17,491)					
2031				\$ 92.82	\$ 18.13	\$ 104.06	\$ 2.20	\$ 106.26		\$ 36,590	\$ 36,590	\$ 92.82	\$ 13,056	\$ 41,888	\$ 54,944	\$ 139.38	\$ (18,353)					
2032				\$ 94.21	\$ 18.83	\$ 106.37	\$ 2.24	\$ 108.61		\$ 37,241	\$ 37,241	\$ 94.21	\$ 13,560	\$ 42,931	\$ 56,491	\$ 142.91	\$ (19,250)					
Total									\$ -	\$ 647,643	\$ 647,643		\$ 184,419	\$ 700,637	\$ 885,056		\$ (237,413)					
NPV									\$ -	\$ 231,036	\$ 231,036		\$ 58,402	\$ 249,463	\$ 307,866		\$ (76,829)					

Table 6
 Comparison of Projected Payments
 FB Energy vs. 2009 Standard Offer Contract at 74% Capacity Factor

Discount rate 8.48%

Discount Date 6/30/2009

Capacity 60

Capacity Factor 74%

Attachment A

Page 2 of 2

	(1)	(2)	(3)	(4)	(5)	(6)	(7) (5) + (6)	(8)	(9)	(10)	(11) (9) + (10)	(12)	(13) (7)-(11)				
Year	Negotiated Capacity Payments \$/kW-mo.	Negotiated Energy Payments \$/MWh	Delivery Voltage Adj. \$/MWh	Total Negotiated Energy Payments \$/MWh	SOC Capacity Payments \$/kW-mo.	SOC Energy Payments \$/MWh	Delivery Voltage Adj. \$/MWh	Total SOC Energy Payments \$/MWh	Negotiated Capacity Payments \$000	Negotiated Energy Payments \$000	Negotiated Total Payments \$000	Negotiated Total Payment \$/MWh	SOC Capacity Payments \$000	SOC Energy Payments \$000	SOC Total Payments \$000	SOC Total Payment \$/MWh	Difference Between Negotiated and SOC
2009				\$ -				\$ -									\$ -
2010				\$ -				\$ -									\$ -
2011				\$ -				\$ -									\$ -
2012				\$ -				\$ -									\$ -
2013				\$ 53.25	\$ -	\$ 83.63	\$ 1.76	\$ 85.39	\$ 20,711	\$ 20,711	\$ 53.25	\$ -	\$ 33,213	\$ 33,213	\$ 85.39	\$ (12,502)	
2014				\$ 54.05	\$ 9.55	\$ 82.11	\$ 1.73	\$ 83.85	\$ 21,022	\$ 21,022	\$ 54.05	\$ 4,011	\$ 32,611	\$ 36,622	\$ 94.16	\$ (15,600)	
2015				\$ 54.86	\$ 9.92	\$ 85.18	\$ 1.80	\$ 86.97	\$ 21,337	\$ 21,337	\$ 54.86	\$ 7,140	\$ 33,825	\$ 40,965	\$ 105.32	\$ (19,628)	
2016				\$ 55.68	\$ 10.28	\$ 79.32	\$ 1.67	\$ 80.99	\$ 21,717	\$ 21,717	\$ 55.68	\$ 7,404	\$ 31,591	\$ 38,995	\$ 99.98	\$ (17,278)	
2017				\$ 56.52	\$ 10.68	\$ 72.10	\$ 1.52	\$ 73.62	\$ 21,982	\$ 21,982	\$ 56.52	\$ 7,692	\$ 28,634	\$ 36,326	\$ 93.39	\$ (14,343)	
2018				\$ 57.37	\$ 11.10	\$ 72.33	\$ 1.53	\$ 73.85	\$ 22,312	\$ 22,312	\$ 57.37	\$ 7,992	\$ 28,724	\$ 36,716	\$ 94.40	\$ (14,403)	
2019				\$ 58.23	\$ 11.52	\$ 73.39	\$ 1.55	\$ 74.94	\$ 22,647	\$ 22,647	\$ 58.23	\$ 8,292	\$ 29,150	\$ 37,442	\$ 96.27	\$ (14,796)	
2020				\$ 59.10	\$ 11.97	\$ 74.98	\$ 1.58	\$ 76.56	\$ 23,049	\$ 23,049	\$ 59.10	\$ 8,616	\$ 29,861	\$ 38,477	\$ 98.66	\$ (15,428)	
2021				\$ 59.99	\$ 12.42	\$ 79.07	\$ 1.67	\$ 80.74	\$ 23,331	\$ 23,331	\$ 59.99	\$ 8,940	\$ 31,404	\$ 40,344	\$ 103.73	\$ (17,013)	
2022				\$ 60.89	\$ 12.90	\$ 81.75	\$ 1.72	\$ 83.48	\$ 23,681	\$ 23,681	\$ 60.89	\$ 9,288	\$ 32,467	\$ 41,755	\$ 107.35	\$ (18,074)	
2023				\$ 61.80	\$ 13.40	\$ 85.55	\$ 1.81	\$ 87.35	\$ 24,036	\$ 24,036	\$ 61.80	\$ 9,648	\$ 33,976	\$ 43,624	\$ 112.16	\$ (19,588)	
2024				\$ 62.73	\$ 13.92	\$ 83.56	\$ 1.76	\$ 85.32	\$ 24,464	\$ 24,464	\$ 62.73	\$ 10,020	\$ 33,274	\$ 43,294	\$ 111.01	\$ (18,830)	
2025				\$ 63.67	\$ 14.45	\$ 88.45	\$ 1.87	\$ 90.31	\$ 24,763	\$ 24,763	\$ 63.67	\$ 10,404	\$ 35,127	\$ 45,531	\$ 117.06	\$ (20,768)	
2026				\$ 64.62	\$ 15.00	\$ 91.63	\$ 1.93	\$ 93.56	\$ 25,134	\$ 25,134	\$ 64.62	\$ 10,800	\$ 36,389	\$ 47,189	\$ 121.32	\$ (22,055)	
2027				\$ 65.59	\$ 15.58	\$ 97.35	\$ 2.05	\$ 99.40	\$ 25,511	\$ 25,511	\$ 65.59	\$ 11,220	\$ 38,662	\$ 49,882	\$ 128.25	\$ (24,370)	
2028				\$ 66.57	\$ 16.18	\$ 97.31	\$ 2.05	\$ 99.37	\$ 25,965	\$ 25,965	\$ 66.57	\$ 11,652	\$ 38,754	\$ 50,406	\$ 129.24	\$ (24,441)	
2029				\$ 67.57	\$ 16.82	\$ 99.53	\$ 2.10	\$ 101.63	\$ 26,283	\$ 26,283	\$ 67.57	\$ 12,108	\$ 39,529	\$ 51,637	\$ 132.76	\$ (25,354)	
2030				\$ 68.59	\$ 17.47	\$ 101.77	\$ 2.15	\$ 103.92	\$ 26,677	\$ 26,677	\$ 68.59	\$ 12,576	\$ 40,420	\$ 52,996	\$ 136.26	\$ (26,320)	
2031				\$ 69.62	\$ 18.13	\$ 104.06	\$ 2.20	\$ 106.26	\$ 27,077	\$ 27,077	\$ 69.62	\$ 13,056	\$ 41,329	\$ 54,385	\$ 139.83	\$ (27,308)	
2032				\$ 70.66	\$ 18.83	\$ 106.37	\$ 2.24	\$ 108.61	\$ 27,558	\$ 27,558	\$ 70.66	\$ 13,560	\$ 42,360	\$ 55,920	\$ 143.38	\$ (28,362)	
Total									\$ -	\$ 479,259	\$ 479,259		\$ 184,419	\$ 691,299	\$ 875,718		\$ (396,459)
NPV									\$ -	\$ 170,968	\$ 170,968		\$ 58,402	\$ 246,137	\$ 304,539		\$ (133,571)



news release

Progress Energy Florida changes near-term generation option at Suwannee plant

ST. PETERSBURG, Fla. (February 26, 2009) – Progress Energy Florida today announced the cancellation of the Suwannee 2013 Request for Proposals (RFP), which will delay building additional generation at its Suwannee power plant, near Live Oak, Fla. The decision was primarily based on a reduction in the demand and energy forecast along with the ability to maintain system reliability requirements with existing generation and efficiency programs.

“Progress Energy Florida has a thoughtful, long-term planning process in place to ensure the company meets our customers’ future energy needs,” said Jeff Lyash, president and chief executive officer of Progress Energy Florida. “We regularly evaluate plans and make changes based on many factors such as customer growth forecasts and energy use patterns. The decisions we make are ultimately based on what is in the best interest of the customer in terms of safe and reliable service, affordable electricity and a cleaner environment.”

On June 12, 2008, Progress Energy Florida began seeking Request for Proposals (RFP) to supply approximately 1,200 megawatts of generating capacity beginning in 2013 at the Suwannee plant. The need for additional power was identified in the company’s 10-year site plan, an annual forecast of growth. With the economic slowdown, Progress Energy Florida experienced a reduction of customer growth in 2008 and expects this trend to continue for the next few years. This forecasted reduction is significant enough to delay the need requirements of the proposed Suwannee additions beyond 2013.

Progress Energy Florida expects that the Suwannee plant will remain a strategic gas generation site for planned generation additions that are needed beyond 2013. The company will continue to evaluate the Suwannee River site for new generation unit additions as well as options for the existing generation units on the current site.

To ensure the Suwannee site remains a viable option for future development, Progress Energy Florida will move forward with the request to amend the comprehensive Suwannee County plan. This will ensure that when the company decides to develop the site in the future, it will be possible to proceed in a more timely and efficient manner.

The decision to delay the Suwannee project does not affect plans for the proposed Levy nuclear plant. On January 5, 2009 the company announced a contract agreement for the engineering, procurement and construction of the two nuclear units for the proposed plant and is on schedule to have substantial joint ownership in the project. Nuclear generation serves an important long-term need given the challenges of climate change,

fuel volatility and future energy demand. The proposed Levy nuclear plant is needed to meet long-term demand growth with carbon-free, baseload generation. The Levy plant will also help to further diversify

our fuel mix, which will lead to more stable prices in the future and direct fuel savings to customers.

The existing Suwannee plant is fired with either natural gas or No. 6 oil. It currently generates approximately 144-megawatts from three steam units. The complex also contains combustion turbines capable of producing 164-megawatts using oil or gas.

Progress Energy Florida, a subsidiary of Progress Energy (NYSE: PGN), provides electricity and related services to more than 1.6 million customers in Florida. The company is headquartered in St. Petersburg, Fla., and serves a territory encompassing more than 20,000 square miles including the cities of St. Petersburg and Clearwater, as well as the Central Florida area surrounding Orlando. Progress Energy Florida is pursuing a balanced strategy for a secure energy future. That balance includes aggressive energy-efficiency programs, investments in renewable energy technologies and a state-of-the-art electricity system. For more information about Progress Energy, visit the company's Web site at www.progress-energy.com.

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Media contact: Progress Energy Florida 24-hour media line (866) 520-6397