

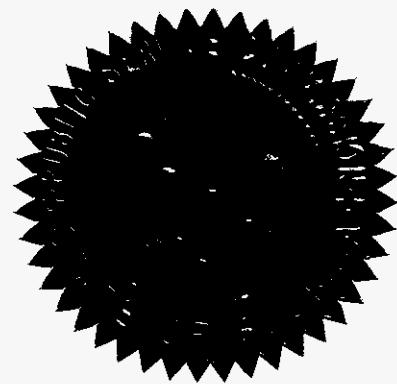
BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 090372-EQ

PETITION FOR APPROVAL OF
NEGOTIATED PURCHASE POWER
CONTRACT WITH FB ENERGY,
LLC BY PROGRESS ENERGY
FLORIDA.

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PROCEEDINGS: AGENDA CONFERENCE
 ITEM NO. 10

COMMISSIONERS
PARTICIPATING: CHAIRMAN MATTHEW M. CARTER, II
 COMMISSIONER LISA POLAK EDGAR
 COMMISSIONER NANCY ARGENZIANO
 COMMISSIONER NATHAN A. SKOP
 COMMISSIONER DAVID E. KLEMENT

DATE: Tuesday, December 1, 2009

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

REPORTED BY: JANE FAUROT, RPR
 Official FPSC Reporter
 (850) 413-6732

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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P R O C E E D I N G S

CHAIRMAN CARTER: Now, Commissioners and staff, let's go ahead and get ready for Item Number 10.

(Pause.)

CHAIRMAN CARTER: Everybody ready? Staff, you're recognized.

MR. BROWN: Good morning. Shevie Brown from the Division of Regulatory Analysis.

Item 10 is Progress Energy Florida's petition for approval of a negotiated purchase power contract with Florida Biomass Energy. The conditions of the contract provide Progress to purchase 60 megawatts of biomass from Florida Biomass for a 20-year term commencing January 1st, 2013 through December 31st, 2032.

Staff analyzed the energy payments using the 2008 and 2009 standard offer contracts. The results tend to illustrate that Progress' customers could experience savings between 34.2 million up to 80.2 million. Staff recommends the proposed contract for approval. Not only will the modified contracts bring savings to Progress' ratepayers, but it will also result in the additional benefit of fuel diversity on the PEF system. We're available

1 for any questions you have.

2 **CHAIRMAN CARTER:** Okay. Thank you.

3 Commissioner Skop, you're recognized.

4 **COMMISSIONER SKOP:** Thank you, Mr.

5 Chairman. Just a couple of questions to staff. On
6 Page 2 of the petition, and I don't know if they
7 have that available, but Paragraph 4 on Page 2 of
8 the filing petition indicated that the comparison
9 was based on the 2008 10-year site plan fuel
10 forecast and resulted in a ratepayer savings of
11 approximately \$34.2 million over the life of the
12 contract. What -- I guess, have these numbers been
13 rerun for a more current fuel forecast?

14 **MR. BROWN:** Yes, sir, they have. We asked
15 the company to provide us the 2009 fuel forecasts
16 based on the 2009 standard offer contracts.

17 **COMMISSIONER SKOP:** Okay. And so that
18 would be Page 8 of the revised recommendation, or
19 the recommendation?

20 **MR. BROWN:** Correct.

21 **COMMISSIONER SKOP:** Okay. And if you
22 could help me interpret that basically based on the
23 revised fuel savings, it would be -- I guess, are
24 those in thousands of dollars?

25 **MR. BROWN:** Well, it's in millions, but

1 with -- the thousands, correct, I'm sorry.

2 **COMMISSIONER SKOP:** Okay. So, basically
3 based on Page 8, the difference between -- in Column
4 13, the difference between the negotiated and the
5 standard offer contract for 2009 shows a savings
6 of -- is that, I guess \$80 million?

7 **MR. BROWN:** Correct.

8 **COMMISSIONER SKOP:** Okay. Why would that
9 be noting that fuel has gone down?

10 **MR. BALLINGER:** I may be able to answer
11 that. It's a combination. It's not only fuel
12 prices, but it's also a change in the unit. The '08
13 standard offer was based on a combined cycle unit,
14 the Suwannee unit which is no longer planned to be
15 built. The 2009 standard offer contract is based on
16 a CT which has a much higher heat rate, so any fuel
17 impact you have is going to be much greater, and you
18 can see that in the difference in the energy
19 payments. That's really what's making up the
20 difference.

21 **COMMISSIONER SKOP:** Okay. Thank you.

22 **CHAIRMAN CARTER:** Commissioners, any
23 further questions? Hearing no further questions,
24 the Chair is open for a motion.

25 **COMMISSIONER ARGENZIANO:** I move the staff

1 recommendation.

2 **CHAIRMAN CARTER:** Do we have a second?

3 **COMMISSIONER KLEMENT:** Second.

4 **CHAIRMAN CARTER:** Moved by Commissioner
5 Argenziano, seconded by Commissioner Klement. We
6 have a motion and a second. Is there any further
7 discussion, any questions, any debate? Hearing
8 none, all in favor, let it be known by the sign of
9 aye. All those opposed, like sign? Show it done.

10 Thank you, staff.

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STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 15th day of December, 2009.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
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