

ORIGINAL



JAMES A. MCGEE
ASSOCIATE GENERAL COUNSEL
PROGRESS ENERGY SERVICE CO., LLC

October 27, 2003

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 030001-EI; **Notice of Intent
to Request Confidential Classification.**

Dear Ms. Bayó:

Enclosed for filing in the subject docket on behalf of Progress Energy Florida, Inc., formerly Florida Power Corporation, are an original and 15 copies of its Notice of Intent to Request Confidential Classification. Also enclosed is a sealed envelope containing the document subject to the Notice, with the confidential information highlighted. **This document should be held as Confidential Information in accordance with Rule 25-22.006, F.A.C.** A public copy of the document in which the confidential information has been redacted is attached to each copy of the Notice.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. A 3½ inch diskette containing the above-referenced Notice in WordPerfect format is also enclosed. Thank you for your assistance in this matter.

Very truly yours,

James A. McGee

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power Cost
Recovery Clause and Generating
Performance Incentive Factor.

Docket No. 030001-EI

Submitted for filing:
October 28, 2003

**NOTICE OF INTENT TO REQUEST
CONFIDENTIAL CLASSIFICATION**

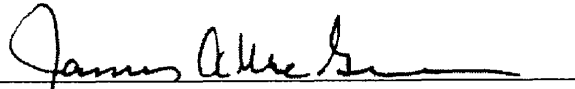
Progress Energy Florida, Inc., formerly Florida Power Corporation, (Progress Energy) pursuant to Rule 25-22.006, Florida Administrative Code, hereby files this notice of its intent to request Confidential Classification of the highlighted portions of the enclosed Responses of Progress Energy to Staff's Fifth Set of Interrogatories, Nos. 48, 49, 59, 76, 78, and 82 - 84 (the Interrogatory Responses), and the documents responsive to Staff's Second Request for Production of Documents, Nos. 5, 6, 9, 10 and 14 (the POD Documents), all of which are contained in the sealed envelope enclosed with this request. A public version of the Interrogatory Responses and the POD Documents, with the confidential information redacted, are attached to each filed copy of this Request. In addition, Progress Energy waives any claim of confidentiality with respect to the highlighted information in its response to Interrogatory 77 and the highlighted information on POD Document 5 entitled "Total Weighted % Change". Accordingly, Progress Energy hereby submits the following:

1. A separate, sealed envelope containing one copy of the Interrogatory Responses and the POD Documents, with the information for which Progress Energy

intends to request confidential classification highlighted. **This information should be accorded confidential treatment pending the filing of Progress Energy's request and a decision thereon by the Commission.**

2. As an attachment to this Notice, a copy of the Interrogatory Responses and the POD Documents, with the information for which Progress Energy intends to request confidential classification redacted.

Respectfully submitted,



James A. McGee
Associate General Counsel
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

Attorney for
PROGRESS ENERGY FLORIDA, INC.

PROGRESS ENERGY FLORIDA

DOCKET NO. 030001-EI

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of Progress Energy Florida's Notice of Intent to Request Confidential Classification has been furnished to the following individuals by regular U.S. Mail the 28 day of October, 2003:

Wm. Cochran Keating IV, Esquire
Office of General Counsel
Economic Regulation Section
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Robert Vandiver, Esquire
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400

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Tallahassee, FL 32302

John W. McWhirter, Jr., Esquire
McWhirter, Reeves, et al.
100 N. Tampa Street, Suite 2900
Tampa, FL 33602

Vicki Gordon Kaufman, Esquire
McWhirter, Reeves, et al.
117 S. Gadsden Street
Tallahassee, FL 32301



Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power DOCKET NO. 030001-EI
 cost recovery clause with
 generating performance DATED: OCTOBER 20, 2003
 incentive factor.

RESPONSE OF PROGRESS ENERGY FLORIDA TO
 STAFF'S FIFTH SET OF INTERROGATORIES (NOS. 48 - 85)

48. Please identify PEFI's 2004 coal sources by compliance and noncompliance coal, including the total quantities under all contracts for each type of coal; the quantities and type of coal to be delivered under each contract; the supplier in each contract; the effective dates (month/year of start and end) for each contract; and price per ton (commodity and delivered) under each of PEFI's 2004 coal contracts. For coal purchases not yet committed, identify the amount and quantity not yet committed and the expected price per ton as projected.

<u>Supplier</u>	<u>Coal Type*</u>	<u>Tons (000)</u>	<u>Commodity</u>	<u>Delivered</u>	<u>Term</u>
Quaker	A	480			01/01/02-12/31/04
Consol	A	1,000			01/01/02-12/31/04
Massey	A	600			06/01/99-03/31/05
Spot	A	160			
Amvest	D	200			
Alliance	D	300			01/01/02-12/31/04
Quaker	D	400			01/01/99-12/31/04
Massey	D	600			
Spot	D	230			
Massey	D	633			
Foreign	D	500			
Foreign	D	200			
Spot	D	779			

49. Please identify PEFI's 2005 coal sources by compliance and noncompliance coal, including the total quantities under all contracts for each type of coal; the quantities and type of coal to be delivered under each contract; the supplier in each contract; the effective dates (month/year of start and end) for each contract; and price per ton (commodity and delivered) under each of PEFI's 2005 coal contracts. For coal purchases

not yet committed, identify the amount and quantity not yet committed and the expected price per ton as projected.

Response:

<u>Supplier</u>	<u>Coal Type</u>	<u>Tons (000)</u>	<u>Commodity</u>	<u>Delivered</u>	<u>Term</u>
Massey	A	600	████████	████████	01/01/03-03/31/05
Potentials:					
Consol	A	1,000	████████	████████	
Quaker	A	400	████████	████████	
Spot	A	292	████████	████████	
Alliance	D	1300	████████	████████	01/01/04-12/31/05
Potentials:					
Massey	D	200	████████	████████	
Amvest	D	212	████████	████████	
Spot	D	286	████████	████████	
Guasare	D	150	████████	████████	
Guasare	D	650	████████	████████	
Potential:					
PFC	D	750	████████	████████	
Spot	D	550	████████	████████	

50. How much coal is the equivalent of a single burn-day at Crystal River?

Response: 16,900 tons

51. What was the average monthly tonnage of coal stored at Crystal River in 2002?

Response: 802,000 tons

52. What was the average monthly tonnage of coal stored at IMT on behalf of PEFI in 2002?

Response: 628,000 tons

53. Please indicate the expected level of coal storage (in tons) at each storage location (Crystal River, IMT, and any other location) for PEFI for the years 2004 and 2005.

Response:

Response: In March 1996, coal storage levels decreased to their lowest level of 226,567 tons and 13 burn days in the past ten years. Available records do not indicate the reason for this occurrence.

57. Was the lowest storage level of coal (as measured in both burn-days and quantity of tons) recorded at Crystal River in the last ten years mitigated by the storage available at IMT?

Response: Yes

58. Does PEFI consider its coal in storage at IMT when calculating its coal inventory in terms of burn-days and tonnage? Please explain your response.

Response: No. PEFI does not have ownership of the coal at IMT. Therefore, it cannot include coal storage at IMT. Also, for reliability purposes, only coal inventory on site at Crystal River is included.

59. Please indicate the amount of coal actually taken by PEFI in 2002 and projected to be taken in 2003 and 2004, separately for waterborne, rail, and truck delivery modes. Please also provide the average rate paid or projected to be paid for each coal transportation option.

Response:

<u>Year</u>	<u>Rail Tons</u>	<u>Rail Transport Rate</u>	<u>Water Tons</u>	<u>Market Proxy Water Transport Rate *</u>
2002	3,699,839		2,025,980	
2003	3,969,700		2,104,300	
2004	3,970,000		2,112,000	

*Note: The market proxy rate is based on weighting of domestic and foreign coal shipments.

60. What is the acreage of each coal storage supply location (IMT, Crystal River, other) used on behalf of PEFI=s coal supply needs?

Response: The measure of storage capability for IMT is based on tonnage capacity rather than acreage. However, the acreage at Crystal River is 39.

75. Please provide a breakdown of the costs to integrate, coordinate, and schedule all components of waterborne coal transportation service on behalf of PEFI in 2002.

Response: PFC's total cost charged to PEF for general and administrative, depreciation, interest, miscellaneous income, taxes, and equity return for delivering coal to Crystal River in 2002 was \$2,624,490. These costs are not separated by rail and water, nor are they segregated as to integration, coordination, and scheduling costs.

76. In 2002, what was PFC's weighted average contractual cost per ton for each of the following components to get coal shipped by water from the mine to the Crystal River plant: (Please identify tons, percentages, and contractual costs)

1. Up-River (e.g., trucking and rail cost, storage and transfer fees);
2. River barge (i.e., MEMCO);
3. Gulf terminal (i.e., IMT);
4. Cross-Gulf (i.e., DFL); and
5. Other.

Response:

	Dollars	%	Tons
1. Upriver	██████████	27%	1,270,329
2. River Barge	██████████	37%	1,776,017
3. Gulf Terminal	██████████	9%	2,058,992
4. Cross-Gulf	██████████	26%	2,025,980
5. Other	██████████	1%	0
Total	██████████	100%	2,025,980

77. In 2002, what was PFC's weighted average indirect (non-contractual) cost per ton for each of the following components to get coal shipped by water from the mine to the Crystal River plant?

1. Up-River (e.g., trucking and rail cost, storage and transfer fees);
2. River barge (i.e., MEMCO);
3. Gulf terminal (i.e., IMT);
4. Cross-Gulf (i.e., DFL); and
5. Other.

Response:

Cost per
Ton

	\$
1. Upriver	█
2. River Barge	█
3. Gulf Terminal	█
4. Cross-Gulf	█
5. Other	█
Total	█

78. For all synthetic coal that PEFI purchased in 2002, please provide the following:

1. coal supplier (mine);
2. coal quantity bought;
3. coal commodity price; and
4. whether the coal commodity contract was FOB barge or FOB mine.

Response:

<u>Supplier</u>	<u>Quantity</u>	<u>Price</u>
Blackhawk	91,124.14	█
Blackhawk	111,562.96	█
Blackhawk	340,498.35	█
KRT	326,193.93	█
KRT/Marmet	395,640.63	█

79. What was the average annual transportation cost for coal delivered to PEFI's Crystal River site for each year from 1986 through 1992, separately for barge transportation and railroad transportation, as expressed in \$/ton and \$/ton mile?

Response: PEFI does not pay a separate transportation cost for barge and rail transportation. However, the following is the cost booked for PFC for 2002, excluding overhead taxes and return on equity. Neither PFC nor PEFI tracks cost as \$/ton mile.

<u>Year</u>	<u>Rail</u>	<u>Water</u>
1992	\$20.09	\$23.00

Information is not available prior to 1992.

80. What are the depth and navigation limits at Crystal River that impact deliveries of coal to the Crystal River plant site?

Response: Limiting factors are 1) the depth of the channel (which is 21 feet mean low tide, the small size of the turning basin), 2) narrowing of the channel to only 150 feet width at the entrance to the turning basin, 3) the hard limestone

82. What is the 2004 market price proxy for PEFI's waterborne coal transportation service that PEFI used to calculate the 2004 fuel cost recovery factors included in PEFI's September 12, 2003, Projection Filing? Please provide the basis for using this market price proxy.

Response: [REDACTED] weighted average domestic and foreign. The basis for using this market proxy was 1993 FSPC Order Nos. PFC-94-0390-FOF-EI, PFC-94-0266-PHO-EI, PFC-93-1331-FOF-EI.

83. What is the 2003 market price proxy for PEFI's waterborne coal transportation service that PEFI used to true-up the cost of its waterborne coal transportation service for purposes of calculating its 2004 fuel cost recovery factors?

Response: [REDACTED] weighted average domestic and foreign. The basis for using this market proxy was 1993 FSPC Order Nos. PFC-94-0390-FOF-EI, PFC-94-0266-PHO-EI, PFC-93-1331-FOF-EI.

84. What is the 2002 market price proxy for PEFI's waterborne coal transportation service that PEFI used to true-up the cost of its waterborne coal transportation service for purposes of calculating its 2004 fuel cost recovery factors?

Response: [REDACTED] weighted average domestic and foreign. The basis for using this market proxy was 1993 FSPC Order PFC-94-0390-FOF-EI, PFC-94-0266-PHO-EI, PFC-93-1331-FOF-EI.

85. What actions does PEFI take to ensure that it is receiving a market price for its waterborne coal transportation services?

Response:

No such actions are necessary or required, since the price Progress Energy pays for waterborne transportation services has been established by the Commission through its approval of the Company's waterborne transportation market proxy mechanism. This mechanism is the means intended by the Commission to ensure that Progress Energy and its customers pay for waterborne transportation services based on a reasonable approximation of the market price. Progress Energy verifies that the price charged for waterborne transportation services has been calculated in accordance with the Commission-approved market proxy mechanism through internal audit.

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PROGRESS FUELS CORPORATION

Estimated
2003

TOTAL WEIGHTED % CHANGE

[REDACTED]

1/1/04

River: WWU Tax

[REDACTED]

Offshore Component =====>

50.2%

[REDACTED]

H 5

ELECTRIC FUELS CORP
FPC Fuel Price Forecasts
2003 - 2012

15-Oct-03
08 14 AM
DJC

Water Transportation

'03 Q2 Planning Model Update

Forecast
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec AVG
2004

CR 4 & 5 WATER:

Massey - Elkrun (BH)

- Tons
- Btu's

- Total Frt

- Total Cost
- \$/MBtu

Panther (FOB) / Spot '05

- Tons
- Btu's

- Total Frt

- Total Cost
- \$/MBtu

Foreign - Venez/Columbia

- Tons
- Btu's

- Total Frt

- Total Cost
- \$/MBtu

Foreign - Emerald/Poland

- Tons
- Btu's

- Total Frt

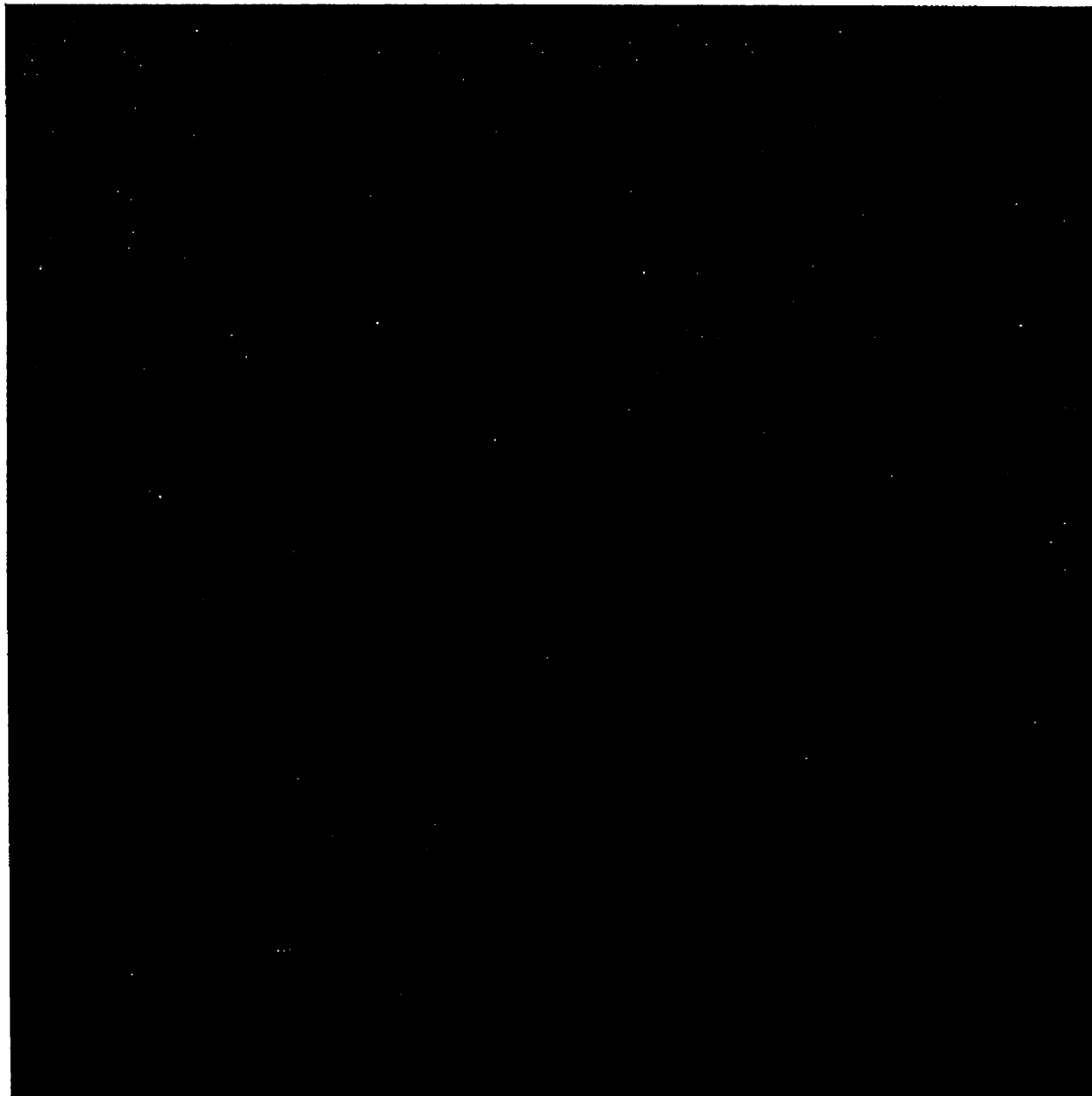
- Total Cost
- \$/MBtu

SPOT (Blackhawk / NR)

- Tons
- Btu's

- Total Frt

- Total Cost
- \$/MBtu

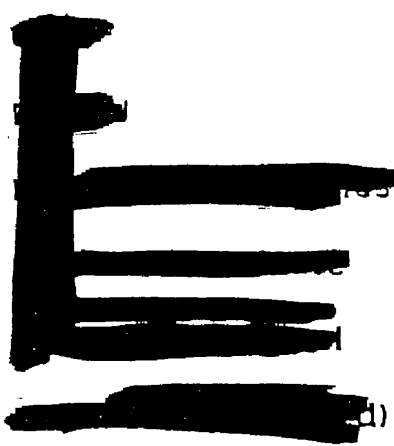



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Exhibit "A"
Coal Supply and Delivery
Agreement for Crystal
River Units 1 & 2 between
Florida Power Corporation
and Electric Fuels
Corporation

Sheet 1 of 2

COMPOSITE INDEX FOR ANNUAL ADJUSTMENT
OF WATERBORNE TRANSPORTATION RATE

Indices	Weighting
 Total	 <u>100.0%</u>

DWA
HR 11/15/15

EXAMPLE CALCULATION OF ANNUAL ADJUSTMENT

<u>COMPONENT</u>	<u>REFERENCE</u>	<u>WEIGHT</u>	1992 AVERAGE INDEX VALUE	1993 AVERAGE INDEX VALUE (a)	% CHG
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		<u>100.0%</u>			

WATERBORNE TRANSPORTATION MARKET PRICE

1/1/93
\$23.00

ESTIMATE

The \$23.00 per ton waterborne transportation market price shall be escalated/de-escalated every January 1st beginning January 1, 1994, based upon the weighted average annual percent change to the Index components as defined above.

All calculations shall be rounded to two decimal places as shown in the example.

The waterborne transportation market price shall also be adjusted for applicable changes in laws, regulations or other governmental impositions after December 31, 1992. The per ton adjustments for laws compliance will not be subject to the above stated escalation provision.

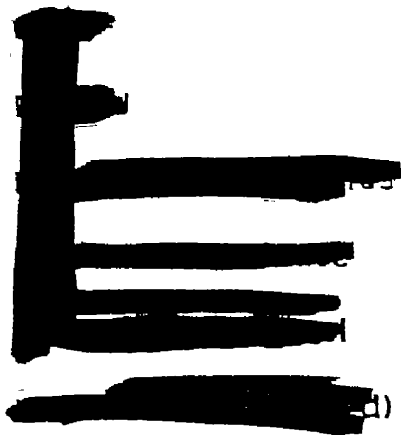

NOTE (a): Average Index values through August 1993 are shown for example purposes.

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Exhibit "A"
Coal Supply and Delivery
Agreement for Crystal
River Units 1 & 2 between
Florida Power Corporation
and Electric Fuels
Corporation

Sheet 1 of 2

COMPOSITE INDEX FOR ANNUAL ADJUSTMENT
OF WATERBORNE TRANSPORTATION RATE

Indices	Weighting
	
Total	<u>100.0%</u>

DWH
HR 11/15/15

EXAMPLE CALCULATION OF ANNUAL ADJUSTMENT

<u>COMPONENT</u>	<u>REFERENCE</u>	<u>WEIGHT</u>	<u>1992 AVERAGE INDEX VALUE</u>	<u>1993 AVERAGE INDEX VALUE (a)</u>	<u>% CHG</u>
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<u>100.0%</u>					
WATERBORNE TRANSPORTATION MARKET PRICE				1/1/93 \$23.00	[REDACTED] ESTIMATE

The \$23.00 per ton waterborne transportation market price shall be escalated/de-escalated every January 1st beginning January 1, 1994, based upon the weighted average annual percent change to the Index components as defined above.

All calculations shall be rounded to two decimal places as shown in the example.

The waterborne transportation market price shall also be adjusted for applicable changes in laws, regulations or other governmental impositions after December 31, 1992. The per ton adjustments for laws compliance will not be subject to the above stated escalation provision.

NOTE (a): Average Index values through August 1993 are shown for example purposes.

Davis, Donna

From: Donna Thompson [Donna.Thompson@kirbycorp.com]
Sent: Thursday, August 28, 2003 9:55 AM
To: Davis, Donna
Cc: Ken Bush
Subject: Re: PFC Budget

Donna,

Below are some updated numbers. These are very rough estimates because Jules has not completed his budgets.

2004 - [REDACTED] total, including [REDACTED] capital
2005 - [REDACTED] total, including [REDACTED] capital
2006 - \$ [REDACTED] total, including [REDACTED] capital
2007 - \$ [REDACTED] total, including [REDACTED] capital
2008 - [REDACTED] total, no major shipyards scheduled

>

ROGRESS FUELS CORPORATION
 Average Indices - FPC Waterborne Rate
 2002 Rate

CONFIDENTIAL

Waterborne rate estimated based upon YTD average indices.

	<u>Jan-01</u>	<u>Feb-01</u>	<u>Mar-01</u>	<u>Apr-01</u>	<u>May-01</u>	<u>Jun-01</u>	<u>Jul-01</u>	<u>Aug-01</u>	<u>Sep-01</u>	<u>Oct-01</u>	<u>Nov-01</u>	<u>Dec-01</u>	<u>AVERAGE</u>			<u>WATER RATE</u>		
													<u>2001</u>	<u>2000</u>	<u>% CHG</u>	<u>2001</u>	<u>2002</u>	<u>Variance</u>
100%													TOTAL WEIGHTED AVERAGE PERCENT CHANGE					
													Waterway User Tax					
													Total Waterborne rate					
													Offshore rate - 50.2%					

Note: 2002 Rate calculation is based on 2001 YTD Average Indices.

CONGRESS FUELS CORPORATION
 Average Indices - FPC Waterborne Rate
 2003 Rate

CONFIDENTIAL

Waterborne rate estimated based upon YTD average indices.

<u>Jan-02</u>	<u>Feb-02</u>	<u>Mar-02</u>	<u>Apr-02</u>	<u>May-02</u>	<u>Jun-02</u>	<u>Jul-02</u>	<u>Aug-02</u>	<u>Sep-02</u>	<u>Oct-02</u>	<u>Nov-02</u>	<u>Dec-02</u>	<u>AVERAGE</u>			<u>WATER RATE</u>			
												<u>2002</u>	<u>2001</u>	<u>% CHG</u>	<u>2002</u>	<u>2003</u>	<u>Variance</u>	

100%

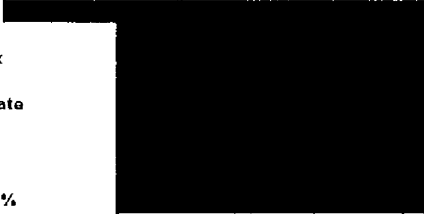
TOTAL WEIGHTED AVERAGE PERCENT CHANGE

Waterway User Tax

Total Waterborne rate

Offshore rate - 50.2%

Note: 2003 Rate calculation is based on 2002 YTD Average Indices.



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PROGRESS FUELS CORPORATION

Estimated
2003

TOTAL WEIGHTED % CHANGE

[REDACTED]

1/1/04

River WWU Tax

[REDACTED]

Offshore Component ==>>>>

50.2%

[REDACTED]