

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of two unit power sales agreements with Southern Company Services, Inc. for purposes of cost recovery through capacity and fuel cost recovery clauses, by Progress Energy Florida, Inc. | DOCKET NO. 041393-EI
| DATED: MAY 23, 2005

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-05-0432-PCO-EI, filed April 20, 2005, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

None at this time.

b. All Known Exhibits

None at this time. Staff reserves the right to identify additional exhibits at the Prehearing Conference and at hearing for purposes of cross-examination.

c. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

d. Staff's Position on the Issues

ISSUE 1: Whether PEF adequately considered alternatives to the proposed UPS agreements.

POSITION: No position at this time.

ISSUE 2: Whether PEF's cost-effectiveness analysis is reasonable and supported by the evidence.

POSITION: No position at this time.

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ISSUE 2A: Whether the claimed savings associated with the agreements are supported by the evidence.

POSITION: No position at this time.

ISSUE 2B: Whether PEF has adequately identified and justified costs that will be borne by ratepayers.

POSITION: No position at this time.

ISSUE 3: Whether PEF's claimed "non-price" benefits of the UPS agreements are supported and reasonable:

ISSUE 3A: Access to transmission on the Southern system;

POSITION: No position at this time.

ISSUE 3B: Potential for savings from economy energy purchases;

POSITION: No position at this time.

ISSUE 3C: Fuel diversity;

POSITION: No position at this time.

ISSUE 3D: Increased reliability; and

POSITION: No position at this time.

ISSUE 3E: Planning flexibility.

POSITION: No position at this time.

ISSUE 4: Whether PEF's customers or stockholders should bear the risk if PEF's claimed cost and "non-price" benefits are not realized.

POSITION: No position at this time.

ISSUE 5: Whether there is sufficient reliable transmission available to support the proposed agreements on the Southern system.

POSITION: No position at this time

ISSUE 6: Whether PEF has demonstrated that the UPS agreements would postpone the need for other generation.

POSITION: No position at this time.

ISSUE 7: Whether the UPS agreements are reasonable and prudent and should be approved.

POSITION: No position at this time.

e. Stipulated Issues

There are no issues that have been stipulated at this time.

f. Pending Motions

There are no pending motions.

g. Pending Confidentiality Claims or Requests

PEF's Request for Confidential Classification filed December 13, 2004

PEF's Request for Confidential Classification filed February 18, 2005

PEF's Request for Confidential Classification filed April 15, 2005

PEF's Request for Confidential Classification filed May 19, 2005


PEF's Request for Confidential Classification filed May 20, 2005

h. Compliance with Order No. PSC-05-0432-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket

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Respectfully submitted this 23rd day of May, 2005.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Staff's Prehearing Statement was furnished to the following, by U.S. Mail, on this 23rd day of May, 2005.

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