

**PEF'S RESPONSES TO STAFF DATA REQUEST DATED JUNE 12, 2008
DOCKET NO. 080001-EI**

This data request is for information to support the mid-course correction petition which is scheduled for the July 1, 2008 agenda conference.

1. Please provide Fuel Cost Recovery Schedule E-10s for the period August through December 2008 and January through December 2009 for each of the following four scenarios based upon the best information currently available to PEF regarding projected utility costs, customer counts, sales, etc.: (A) PEF's petition for mid-course correction is approved, (B) PEF's petition for mid-course correction is denied (C) Commission requires 50% of requested mid-course underrecovery to be collected in 2008 and the remaining 50% collected in 2009 (D) The Commission requires the requested mid-course underrecovery to be collected over the 17 month period of August 2008 through December 2009.

Response: Refer to Attachment titled "E-10 Schedules for 2008 & 2009".

2. For Data Request 1 above, please identify all cost drivers (e.g. nuclear cost recovery, GBRA for Plant X, fuel price hedging, etc) that cause a change in rates of more than \$0.50 on the residential 1,000 KWH bill for 2009 and quantify each drivers impact on a \$/1,000 KWH basis.

Response: Refer to Attachment titled "E-10 Schedules for 2008 & 2009"

3. Please complete the four tables in Attachment 1.

Response: Please see attached hereto the completed tables for Attachment 1.

4. Please refer to PEF's 2008 original E-1 Schedule and to PEF's mid-course E1-B Schedule.

Those schedules list the following dollar amounts and numbers of mWhs:

	<u>Estimated</u>	<u>Estimated/Actual</u>
Total Jurisdictional Fuel Revenue ("Revenue")	\$1,913,554,662	\$1,794,293,048
Jurisdictional Fuel Costs ("Expenses")	\$2,082,324,008	\$2,158,990,236
True-up and GPIF	-\$168,769,346	-\$168,769,346
mWh	41,591,068	39,438,904

\$/mWh calculations based on the above numbers of dollars and mWh's follow.

	<u>Estimated</u>	<u>Estimated/Actual</u>
Total Jurisdictional Fuel Revenue	\$46.00878876	\$45.49550992
Jurisdictional Fuel Costs	\$50.06661546	\$54.74265299
True-up and GPIF	-\$4.057826695	-\$4.27926055

Staff has calculated PEF's 2008 Estimated/Actual Net Fuel Revenue Less Expense and expressed the calculation as follows, based on estimated/actual mWhs and \$/mWhs. Staff's expression consists of three parts.

- 1) (Estimated Revenue per mWh – Estimated/Actual Revenue per mWh) * Estimated/Actual mWh = $(\$45.49550992 - \$46.00878876) * 39,438,904 = -\$20,243,155$
- 2) (Estimated Expenses per mWh – Estimated/Actual Expenses per mWh) * Estimated/Actual mWh = $(50.06661546 - 54.74265299) * 39,438,904 = -\$184,417,795$
- 3) (Estimated/Actual mWh – Estimated mWh) * True-up and GPIF \$/mWh = $(39,438,904 - 41,591,068) * -\$4.057826695 = \$8,733,109$

Based on these calculations, PEF's estimated 2008 underrecovery is:

$$-\$20,243,155 - \$184,417,795 + \$8,733,109 = -\$195,927,841$$

- A. Does PEF agree that the estimated Jurisdictional Fuel Costs per mWh plus the estimated True-up and GPIF, or $\$50.06661546 - \$4.057826695 = \$46.00878877$ is a \$/mWh representation of PEF's cost recovery factor excluding Revenue Taxes? If not, please explain why not?

Response: Yes.

- B. Does PEF agree that the $-\$20,243,155$ is a fair estimate of the revenue decrease that will result from variation in the proportions by which the rate classes use energy? If not, please explain why not?

Response: Yes.

- C. Does PEF agree that the $+\$8,733,109$ is a fair estimate of the unrefunded True-up and GPIF dollars for 2008? If not, please explain why not?

Response: Yes.

- D. Does PEF agree that the two above dollar amounts, $-\$20,243,155$ and $+\$8,733,109$ are small compared to PEF's 2008 estimated/actual Net Fuel Revenue ($\$1,963,062,394$)? If not, please explain why not.

Response: Yes. In comparison to Net Fuel Revenue, these amounts are relatively small, but consistent with the Commission rules and applicable policies, these amounts should be included and are recoverable.

- E. Does PEF agree that the remaining underrecovery dollars, -\$184,417,795, account for nearly all of PEF's estimated/actual 2008 underrecovery? If not, please explain why not.

Response: Yes. PEF agrees that the \$184,414,795 accounts for nearly all of PEF's estimated/actual 2008 under recovery. In addition to this amount, the 2007 true-up amount of \$16,807,030 should also be included.

- F. Does PEF agree that the increased 2008 Fuel and Purchased Power price estimates (as expressed above in \$/mWh) are the main cause of PEF's 2008 estimated/actual underrecovery? If not, please explain why not.

Response: Yes.

- G. Does PEF agree that neither the difference between estimated mWh's and estimated/actual mWh's nor the difference between the estimated revenue \$/mWh and the estimated/actual revenue \$/mWh has any significant effect of the estimated/actual underrecovery. If not, please explain why not.

Response: Yes.

Please refer to PEF's response to Question 10 in PEF's Responses to Staff Data Request Dated June 6, 2008, PEF's original 2008 E-3 Schedule, and PEF's revised 2008 E-3 Schedule in its mid-course petition.

- H. Are the dollar amounts listed in PEF's response to Question #10 the difference between estimated dollar amounts and the corresponding estimated/actual dollar amounts, not adjusted for the accompanying differences between estimated mWh amounts and their corresponding actual/estimated mWh amounts? If not, please explain why not.

Response: Yes.

- I. Does PEF agree that the sum of Other Sales through Adjustment to Fuel Cost represents Jurisdictional Fuel Cost? If not, please explain why not.

Response: Yes.

- J. Does PEF agree that the annual sum of Other Sales through Adjustment to Fuel Cost from the table is -\$91,675,700? If not, please explain why not.

Response: Yes.

- K. Does PEF agree that the sum, -\$91,675,700, understates by about 50% the effect of increased Fuel and Purchased Power prices (-\$184,417,795) on PEF's actual/estimated 2008 underrecovery? If not, please explain why not and please explain how PEF's underrecovery can contain -\$99,021,079 due to the decrease in mWh sales when 1) PEF's 2008 True-up and GPIF dollars total only \$168,769,346, 2) the estimated decrease in mWh sales is only by 5.2 percent, 3) the total amount (True-up and GPIF dollars) is being refunded, and 4) the

Jurisdictional MWH Sales (revenues and expenses) vary according to the number of mWh's sold.

Response: Yes.

REDACTED

Answer to Question #1

Residential Price Impact @ 1000 kWh:

	(A) Approve Petition Collect \$213m Aug 08 - Dec 08		(B) Deny Petition Collect \$213m Jan 09 - Dec 09		(C) Approve 50% in '08 & 50% in '09 Collect \$106.5m in '08 + \$106.5m in '09		(D) Approve 17 month Recovery Collect \$213m Aug 08 - Dec 09	
	Jan-Jul 08	Aug-Dec 08	Jan-Dec 09	Jan-Dec 09	Aug-Dec 08	Jan-Dec 09	Aug-Dec 08	Jan-Dec 09
		% change	% change	% change	% change	% change	% change	% change
Base Rate	\$43.91							
Fuel Cost Recovery	42.78							
Capacity Cost Recovery	11.92							
Energy Conservation Cost Recovery	2.01							
Environmental Cost Recovery	1.18							
Storm Cost Recovery Surcharge	3.61							
Nuclear Cost Recovery - CR3 Uprate	0.00							
Nuclear Cost Recovery - Levy	0.00							
Subtotal	105.41							
Gross Receipts Tax	2.70							
Total	\$108.11							

Note: 2009 rates are preliminary estimates and are subject to change.

Answer to Question #2

1. The incremental amount presented for Fuel Cost Recovery is due to the increasing cost of underlying commodities and their respective transportation costs, as well as replacement fuel costs for planned outages due to CAIR projects at Crystal River 4
2. The incremental amount presented for Environmental Cost Recovery is due to the CAIR projects at Crystal River 4&5
3. The amount presented for the CR3 Uprate is the residential rate from the May 1 Cost Recovery filing in Docket No. 080009-EI.
4. The amount presented for Levy is based on the residential rate from the nuclear need filing. Please refer to Docket No. 080149-EI for detail.
5. The rates for the capacity, and ecrc clauses are preliminary estimates based on the most current projections of 2009 expenses, but these rates are expected to change with the 2009 projection filings which will be made in early August 2008.

Question # 3

Table 1 – 2008				
	Deny Mid-Course	Approve Mid-Course	Collect ½ in 2008 & ½ in 2009	Collect Over 17 Months
Levelized Fuel Cost Recovery Factor	4.604	5.809	5.207	4.969
Residential 1,000 KWH Bill	42.78	54.85	48.81	46.43
Deferral As of 31-Dec-08	(212,822,859)	649,473	(105,801,485)	(147,823,197)
Interest Included in Deferral	(87,987)	1,216,873	566,186	309,326

Table 2 – 2009				
	Deny Mid-Course	Approve Mid-Course	Collect ½ in 2008 & ½ in 2009	Collect Over 17 Months
Levelized Fuel Cost Recovery Factor	6.822	6.299	6.559	6.663
Residential 1,000 KWH Bill	64.99	59.71	62.36	63.39

Table 3 – Percent Increases from Current for 2008				
	Deny Mid-Course	Approve Mid-Course	Collect ½ in 2008 & ½ in 2009	Collect Over 17 Months
Levelized Fuel Cost Recovery Factor	0%	26%	13%	8%
Residential 1,000 KWH Bill	0%	28%	14%	9%

Table 4 – Percent Increases from 2008 (August-December) to 2009				
	Deny Mid-Course	Approve Mid-Course	Collect ½ in 2008 & ½ in 2009	Collect Over 17 Months
Levelized Fuel Cost Recovery Factor	48%	8%	26%	34%
Residential 1,000 KWH Bill	52%	9%	28%	37%

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- 4L. The June 12, 2008, Data Request, Question 4, included a staff calculation of PEF's actual/estimated fuel and purchased power under recovery expressed in terms of estimated \$/MWH, estimated/actual \$/MWH, and estimated/actual MWH. The attached tables contain a similar calculation (using c/kWh) and the detailed calculations by source of fuel and purchased power. Due to rounding, the total jurisdictional MWH sales under recovery is slightly different from the calculation shown on Page 2 of the June 12 Data Request. The source of the data used for these calculations is the Company's original 2008 E Schedules and the Company's 2008 Mid-course E Schedules. Does PEF agree with the results in the attached Table 3, Column (e)? If not, please explain why not.

RESPONSE: Yes, PEF agrees with the results in Table 3, Column (e).

Table 1
Annual Estimate
Progress Energy Florida
2008

Source of Jurisdictional KWH Sales (a)	Dollars (b)	MWH (c)	cKWh (Ratio) (d)	Estimated Weight (mWh/ Jurisdictional mWh) (e)	Weighted cKWh [(d)*(e)] (f)	Line-Loss Factor Times Weighted cKWh (g)
Coal	\$465,804,633	15,520,789	2.959279967	0.373176015	1.115154420	1.116871758
Heavy Oil	418,839,555	4,444,519	9.419231960	0.106882344	1.006881204	1.008111309
Light Oil	99,432,868	314,676	31.598290316	0.007566000	0.236072646	0.239440821
Natural Gas	914,424,744	11,852,959	7.714738100	0.284988089	2.198608470	2.201994327
Nuclear Fuel	24,944,041	8,833,840	0.376012099	0.159501555	0.069674514	0.069098675
Total Fuel	1,921,245,829	38,768,785	4.955907045	0.932094022	4.619371229	4.626485361
Non-Fuel Generation	(4,230,820)	0	-	0.000000000	0.000000000	0.000000000
Total Generation	1,917,015,009	38,768,785	4.944994043	0.932094022	4.609198285	4.616297452
Power Sold & Gains	(204,434,827)	(3,510,006)	5.824344086	-0.064393264	-0.491535411	-0.492232375
Purchased Power	245,062,379	5,692,323	4.305138324	0.136954074	0.589218769	0.590126166
Qualifying Facilities	149,198,340	4,317,842	3.455319825	0.163911761	0.358702935	0.359255237
Economy Energy	48,955,777	677,979	7.220871683	0.016351000	0.117707429	0.117836596
Net Inadvertent Interchange & Wheeling	0	0	-	0.000000000	0.000000000	0.000000000
Unbilled Sales, T&D Losses & Company Use	0	(2,814,341)	-0.000000000	-0.067669597	0.000000000	0.000000000
System KWH Sales	2,155,786,878	43,130,379	4.998302653	1.037010615	5.183292908	5.1912175179
Wholesale KWH Sales	79,664,718	1,539,311	4.980458581	0.037010615	0.184325760	0.184613828
Jurisdictional KWH Sales	2,079,122,162	41,591,068	4.998963148	1.000000000	4.998963148	5.006661551

Estimated Line-Loss Factor: 1.001540

Table 2
Mid-Course Estimated/Actual
Progress Energy Florida
2008

Source of Jurisdictional KWH Sales (a)	Dollars (b)	MWH (c)	cKWh (Ratio) (d)	Estimated/Actual Weight (mWh/ Jurisdictional mWh) (e)	Weighted cKWh [(d)*(e)] (f)	Line-Loss Factor Times Weighted cKWh (g)
Coal	\$542,282,321	15,545,371	3.488958942	0.394183362	1.374993892	1.377111382
Heavy Oil	335,374,383	3,183,873	10.531055890	0.080724175	0.850110902	0.851419972
Light Oil	69,385,973	191,291	36.272471261	0.004850312	0.175932312	0.176203749
Natural Gas	1,049,205,963	13,342,872	7.893419232	0.338175155	2.680332455	2.684429267
Nuclear Fuel	23,912,887	6,398,503	0.373726276	0.162238357	0.060632737	0.060726112
Total Fuel	2,020,061,727	38,661,710	5.224967357	0.980293722	5.122002898	5.12890582
Non-Fuel Generation	(3,638,266)	0	-	0.000000000	0.000000000	0.000000000
Total Generation	2,016,423,461	38,661,710	5.215568652	0.980293722	5.112777940	5.120613117
Power Sold & Gains	(278,918,017)	(4,837,610)	5.682937202	-0.122960663	-0.679060468	-0.698133562
Purchased Power	274,858,119	5,244,027	5.241359506	0.13295840	0.569921291	0.579794550
Qualifying Facilities	159,548,332	4,094,752	3.896410137	0.163825198	0.404845552	0.405168552
Economy Energy	71,545,677	813,623	8.793467859	0.020629660	0.181408888	0.181688257
Net Inadvertent Interchange & Wheeling	0	25,272	0.000000000	0.00040789	0.000000000	0.000000000
Unbilled Sales, T&D Losses & Company Use	0	(2,898,192)	-0.000000000	-0.053251073	0.000000000	0.000000000
System KWH Sales	2,247,462,575	41,393,593	5.363413652	1.062849398	5.635522379	5.703389712
Wholesale KWH Sales	92,481,937	2,484,890	3.751478566	0.062493623	0.234443475	0.234804518
Jurisdictional KWH Sales	2,155,000,637	39,438,904	5.464149402	1.000000000	5.464149402	5.472564192

Table 3
Differences Times Jurisdictional KWh's
Progress Energy Florida
2008

Source of Jurisdictional KWH Sales (a)	Estimated Line-Loss Factor Times Weighted cKWh (b)	Estimated/Actual Line-Loss Factor Times Weighted cKWh (c)	Difference [(b)-(c)] (d)	Difference Times Jurisdictional mWh * 10 (e)
Coal	1.118871758	1.377111382	-0.260239625	(5102.835,656)
Heavy Oil	1.008111309	0.851419972	0.156691336	61,797,346
Light Oil	0.239440821	0.176203749	0.063237072	24,940,008
Natural Gas	2.201994327	2.684429267	-0.482435039	(182,379,311)
Nuclear Fuel	0.069098675	0.060726112	0.008372563	(259,996)
Total Fuel	4.626485361	5.12989582	-0.503405522	(198,537,620)
Non-Fuel Generation	0.000000000	0.000000000	0.000000000	(374,016)
Total Generation	4.616297452	5.120613117	-0.504315665	(198,911,637)
Power Sold & Gains	-0.492232375	-0.698133962	0.205841587	81,181,666
Purchased Power	0.590126166	0.697394550	-0.107268384	(42,542,108)
Qualifying Facilities	0.359255237	0.405168552	-0.045913315	(18,107,708)
Economy Energy	0.117836596	0.181688257	-0.063739558	(25,181,847)
Net Inadvertent Interchange & Wheeling	0.000000000	0.000000000	0.000000000	0
Unbilled Sales, T&D Losses & Company Use	0.000000000	0.000000000	0.000000000	0
System KWH Sales	5.1912175179	5.707389712	-0.516092533	(203,541,633)
Wholesale KWH Sales	0.184613828	0.234804518	-0.050190690	(19,794,737)
Jurisdictional KWH Sales	5.006661551	5.472564192	-0.465902641	(5183,748,896)
Line-Loss Correction				(870,897)
Total Jurisdictional MWH Sales Under Recovery:				(5154,417,792)

January 2008 Jurisdictional KWH Sales: 5121,980,055

Line-Loss Correction: February through December Actual/Estimated Jurisdictional KWH Sales Dollars * (1.00154 - 1.00187)
= \$2,155,000,637 * 5121,980,055 * (1.00154 - 1.00187)
= -\$870,897