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Public Service Commission

September 23, 2008

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John T. Burnett, Esquire
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, FL 33733-4042

STAFF DATA REQUEST

Re: DOCKET NO. 080533-EQ - Petition for approval of negotiated power purchase contract for purchase of firm capacity and energy with Horizon Energy Group, LLC, by Progress Energy Florida, Inc.

Dear Mr. Burnett:

By this letter, the Commission staff requests that Progress Energy Florida, Inc. ("PEF" or utility) provide responses to the following data requests.

Please refer to the Petition of Progress Energy Florida, Inc. (PEF) for approval of a negotiated purchased power contract with Horizon Energy Group, LLC (Horizon) and the contract set forth as Exhibit A and the "Calculation of Costs from the Horizon Contract" set forth as Exhibit B. For Question 13 set out below, please also refer to the Petition of Progress Energy Florida, Inc. for approval of a negotiated purchase power contract with Vision / FL, LLC (Vision contract) in Commission Docket No. 080512-EQ.

1. Has Horizon obtained financing for the proposed facility described in the Petition? If not, when will Horizon obtain financing for the proposed facility?
2. Has Horizon purchased a site for the proposed facility? If not, has Horizon set a deadline for land acquisition ?
3. Has Horizon entered into any fuel supply contracts? If so, with whom? What is the term of the contract(s)?
4. Please explain how the location of the facility site may impact fuel supply costs and availability.
5. Please explain how the location of the facility site may impact transmission interconnection costs, such as any transmission system network upgrade charges.

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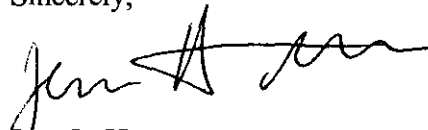
6. Please review the megawatts (MW) of Committed Capacity referenced in Sections 6.2 (b) and (c) of the contract and provide an explanation as to the amounts stated.
7. Please explain why the Horizon Petition refers to a Committed Capacity of 60 MW, while the associated contract states that approximately 36 MW is the gross electric output expected for the facility.
8. Please confirm that the type of fuel referenced in Section 7.1 of the contract is municipal solid waste or indicate what other type of fuel is referenced.
9. Please clarify the reference to "Environmental Attributes in the form of RECs" in section 8.2(e) of the contract; do the terms "Environmental Attributes" and "RECs" have identical meanings? If not, please explain their different meanings.
10. Please explain in detail whether the contract entitles PEF to own the environmental attributes and/or RECs generated by the facility.
11. Please explain why the Capacity Cost Recovery Clause would apply to this contract when the contract between PEF and Horizon is based only on payments for energy which would be recovered through the Fuel Adjustment Clause.
12. Please refer to the "Calculation of Costs from the Horizon Contract" set forth as Exhibit B. Please define the term "As Available Energy" and explain in detail how the rate shown was calculated.
13. Please explain in detail why some of the values shown in Horizon contract differ from those shown in the Vision contract. For example, the values for "Energy" and "Capacity" costs are different in the respective contracts yet both reference the same avoided unit.
14. Please explain in detail why the Horizon contract reflects a capacity factor of 89% for the avoided unit, while the capacity factor of 65% is listed in the RFP for the Suwannee River 4 avoided unit.
15. The values shown in Exhibit B of the Horizon Contract use 60 MW for the calculations of payments to Horizon Energy. Please also provide payment calculations using 36 MW.
16. The Petition states that under the performance provisions of the contract, the total payment rate is reduced by 10% if the twelve-month rolling capacity factor drops below 70%. Is this a sliding scale? If Horizon performs at 90%, 80% or 70% capacity factor, would payments stay the same? If not, please explain the payment calculations.
17. Please explain in detail how PEF plans to compensate for energy should there be reduced performance by Horizon.
18. The Petition refers to a committed capacity of 60 MW, but contract appears to states that approximately 36 MW is the gross electric output expected for the facility, but Section 6.2(b)

appears to allow for the committed capacity to be greater. Please indicate if this analysis is correct or explain why is not.

19. If Horizon provides less than 60 MW, how does PEF intend to compensate for energy resulting from this lower committed capacity given its goal established in the Petition?
20. According to Section 6.9(e) of the contract, PEF will receive 100% of the applicable security established in Section 6.9(c) of the contract, in the case of a Seller Non-Remedial Event. What does PEF intend to do with this security?
21. Section 17.1(a)(xi) of the contract states that if the Seller fails to maintain a given Annual Capacity Billing Factor of at least (confidential) % for 12 months or more, the failure is considered a "Remediable Event of Default by Seller." Section 17.1(b)(ii) of the contract appears to indicate that, after the capacity commencement date, if the facility fails for 12 months to maintain an Annual Capacity Billing Factor of at least (confidential) %, the failure is considered a "Non-Remedial Event of Default by Seller." Please explain in detail how these sections relate to each other.
22. Please explain in detail why PEF choose to negotiate this project with Horizon outside a request for proposal process.

Please file the original and five copies of the requested information by Tuesday, September 30, 2008, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6193 if you have any questions.

Sincerely,



Jean E. Hartman
Senior Attorney

JEH:th

cc: Office of Commission Clerk
Office of Strategic Analysis & Governmental Affairs (Lewis, Clemence, Ellis)