

Eric Fryson

From: Roddy, Lisa [Lisa.Roddy@pgnmail.com]
Sent: Wednesday, October 31, 2012 12:25 PM
To: Filings@psc.state.fl.us
Cc: Martha Barrera; Michael Barrett; Beth Keating; rlmgee@southernco.com; Captain Samuel Miller; Charles Rehwinkel; Cheryl Martin; J.R. Kelly; Robert Scheffel Wright; James D. Beasley; James W. Brew; Jeffrey Stone; John T. Butler; Jon C. Moyle, Jr.; Vicki Gordon Kaufman; Kenneth Hoffman; Paula K. Brown; Russell Badders; Steven R. Griffin; Triplett, Dianne; Burnett, John
Subject: E-Filing & E-Service: PEF Mid Course Notification Letter - Dkt# 120001
Attachments: Final PEF Mid Course Notification Letter.pdf.pdf

This electronic filing is made by:

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DOCKET NO. 120001-EI

On Behalf of Progress Energy Florida, Inc.

Consisting of 2 Pages.

**The attached document for filing is PEF's
Mid Course Notification Letter in the above
referenced docket.**

Lisa Roddy

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FPSC-COMMISSION CLERK

10/31/2012



October 31, 2012

VIA ELECTRONIC FILING

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: *Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor*; Docket No. 120001-EI

Dear Ms. Cole:

Pursuant to Commission Order Number PSC-07-0333-PAA-EI and Rule 25-6.0424(2), F.A.C., Progress Energy Florida, Inc. ("PEF" or "the Company") submits this letter regarding PEF's fuel costs to inform the Commission, its Staff, and the other parties to this docket that a greater than ten percent under-recovery is now projected to occur for the remainder of 2012 and through 2013. Based on the Company's most recent Fuel and Operations Forecast ("FOF"), and in accordance with the formula set forth in Order PSC-07-0333-PAA-EI, PEF has calculated the end of period total net true-up under-recovery to be \$176.4 million. This under-recovery results in a percentage difference of 14.5% from the Company's 2013 projection filing. Specifically, the percentage is calculated by taking the 2013 end-of-period total net true-up under-recovery of \$176.4 million and dividing it by 2013 estimated jurisdictional fuel revenue applicable to period of \$1,219.8 million.

At this time, PEF is not pursuing a mid-course correction of its fuel cost recovery factors. The major driver of the under-recovery is an increase in natural gas forecast prices. The under-recovery is also driven, to a lesser degree, by increased coal forecast prices and an updated sales forecast reflecting lower-than-expected retail sales. PEF is not requesting a mid-course correction at this time, so that it can determine whether the recent increase in natural gas prices is temporary in nature or whether the upward trend in forecasted prices is expected to continue longer-term. PEF believes that an immediate adjustment to its fuel cost recovery factors is therefore impractical given the status of the forecasted natural gas prices. Consistent

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with its obligations as set forth by the Commission in the above order and rule, PEF will continue to monitor the forward market price of natural gas, and its impact on the Company's fuel cost under-recovery, and will update the Commission accordingly.

If any additional information is needed, please do not hesitate to contact me at 727-820-5184.

Respectfully,

A handwritten signature in black ink that reads "John T. Burnett" with a stylized flourish at the end.

John T. Burnett
Deputy General Counsel