

REDACTED

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Progress Energy Florida, Inc.'s)
petition for approval of long-term fuel) Docket No.: 041414-EI
supply and transportation contracts for)
Hines Unit 4 and additional system)
supply and transportation.)**

**PROGRESS ENERGY FLORIDA, INC.'S RESPONSES TO
COMMISSION STAFF'S FIRST SET OF INTERROGATORIES TO
PROGRESS ENERGY FLORIDA, INC. (NOS. 1-51)**

Pursuant to Fla. Admin. Code R. 28-106.206, and Rule 1.340, Fla. R. Civ. P., Progress Energy Florida, Inc. ("PEF") responds to the Staff of the Florida Public Service Commission's First Set of Interrogatories (Nos. 1-51) and states as follows:

GENERAL RESPONSES

PEF intends to respond fully to Staff's Interrogatories whenever possible but, PEF must object to any interrogatory that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law. Also, in certain circumstances, PEF may determine upon investigation and analysis that information responsive to certain interrogatories is confidential and proprietary and should be produced only under an appropriate confidentiality agreement, protective order, or the procedures otherwise provided by law. Accordingly, PEF will make every effort to respond but PEF cannot waive but must insist upon appropriate protection of confidential information under the Florida Rules of Civil Procedure and other applicable statutes, rules and legal principles.

2. Please describe the circumstances that would cause PEF to accept a request from BG for an alternate pricing mechanism as provided by Section 3.3.

Answer:

PEF would accept a request from BG for an alternate pricing mechanism if, at the time the request was made by BG, the price was deemed favorable for PEF and its ratepayers.

3. Please describe the circumstances that would cause PEF to request a fixed pricing mechanism from BG as provided by Section 3.6.

Answer:

Please see response to Question #1.

4. Please describe the circumstances that would cause PEF to accept a request from BG for a fixed pricing mechanism as provided by Section 3.6.

Answer:

Please see response to Question # 2.

5. Please elaborate further on the circumstances that would implement Sections 3.6(1) and (2).

Answer:

A circumstance such as a force majeure event (e.g., hurricane or pipeline outage) that might limit the amount of gas the Seller can deliver to Buyer would cause the pricing structure, as outlined in Section 3.6 (1) or (2), to be invoked.

6. Please describe the process by which PEF and BG will determine which party is responsible for imbalance charges as contemplated in Section 4.3.

Answer:

PEF will run a pipeline confirmation report during the nomination cycles. PEF will utilize this report to determine the volume of gas that was confirmed to flow by the pipeline against what was scheduled. If the supply volumes that are confirmed by the pipeline are less than the volume scheduled, then the pipeline will enter a code on the report explaining the reason for the cut in supply. This report will then be utilized to determine which party was responsible for the difference in gas supply.

7. Please describe the circumstances that would cause the actual quantity of gas delivered from BG to PEF not to be known by the billing date as referenced in Section 7.1.

Answer:

Typically the actual quantity is known by the billing date, however if it is not known, scheduled volumes will be used for the respective month's invoicing. This provision allows a mechanism for the BG to bill PEF if the actual quantity is not known. Some circumstances may occur where the meter malfunctions or goes out of service and this may cause the actual quantities of gas not be known by the billing date.

8. If PEF withholds payment of a disputed amount under Section 7.4, would PEF owe BG interest on this disputed amount as contemplated under Section 7.5?

Answer:

If PEF were to withhold a disputed amount, [REDACTED]. In such case, one of two scenarios would occur: (1) [REDACTED]; or (2) [REDACTED].

9. What is the maximum applicable lawful interest rate as referenced by Section 7.5(ii)?

Section 19.5 of the Contract states that the Contract and each of its provisions

[REDACTED]

Please refer to Exhibit PRM-2 (*i.e.*, Precedent Agreement By and Between Southern Natural Gas Company and Florida Power Corporation d/b/a Progress Energy Florida, dated December 2, 2004) to Pamela R. Murphy's December 20, 2004 pre-filed testimony for Interrogatory Nos. 10-13.

10. Please list and describe the types of FERC-approved generally applicable charges or surcharges contemplated by Part 1(e).

Answer:

A. 1/ Surcharges applicable to service under Rate Schedule FT.

Storage Cost Reconciliation

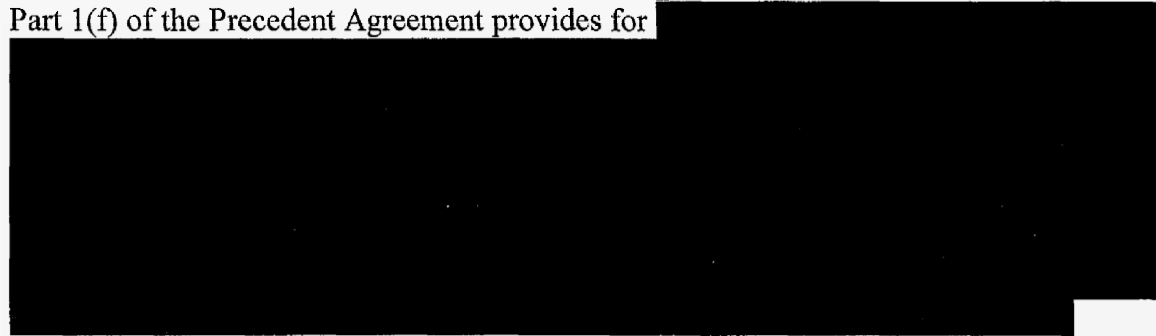
Mechanism Volumetric Surcharge: \$.003 applicable to each Dth transported

GRI Surcharge:	\$.000 applicable to Reservation Quantities of high load factor shippers and
	\$.000 is applicable to reservation quantities of low load factor shippers.
	\$.0000 applicable to each Dth transported.
ACA Surcharge:	\$.0019 applicable to each Dth transported.

11. Please clarify PEF's rights to intervene in FERC proceedings involving Southern Natural Gas Company (Southern Natural) as contemplated by Part 1(f)(i) and (ii).

Answer:

Part 1(f) of the Precedent Agreement provides for



Progress agreed to these provisions in recognition of the fact that during the primary term of the Precedent/Service Agreements, Progress will be charged a negotiated rate for its service. As such, Progress has no direct interest in the generally applicable recourse rates charged by Southern Natural for service similar to that provided under the Precedent/Service Agreements.

12. Please describe PEF's actions to date and future planned actions to satisfy the conditions set forth in Part 5(b)(vi).

Answer:

Southern Natural has informed PEF in writing that PEF currently meets the credit requirements set forth in the Precedent Agreement and that no additional action is required at this time to meet the conditions set forth in Part 5(b)(vi).

13. Please define “recourse rate” as used in Part 9.

Answer:

The reference to “recourse rate” as used in Part 9 means the applicable maximum tariff rate under Southern Natural Gas Company’s Firm Transportation Service Rate Schedule for delivery in Zone 3.

Please refer to Exhibit PRM-3 (two December 2, 2004, letters from Florida Gas Transmission to Ms. Murphy and a "Firm Transportation Service Agreement" between Florida Gas Transmission and Florida Power Corporation d/b/a Progress Energy Florida, Inc.) to Pamela R. Murphy's December 20, 2004 pre-filed testimony for Interrogatory Nos. 14-16.

14. When did or will Florida Gas Transmission (FGT) conduct its open season for the 2007-2008 expansion of its system as referenced in paragraph 1.a. of FGT's first December 2, 2004, letter to Ms. Murphy?

Answer:

FGT "Notice of Open Season" Proposed Phase VII Mainline Expansion conducted its open season from December 1, 2004 through December 31, 2004.

15. To the best of PEF's knowledge, how would FGT determine that FGT can economically provide PEF with the necessary capacity as referenced in paragraph 1.b. of FGT's first December 2, 2004, letter to Ms. Murphy?

Answer:

It is our understanding from FGT that the revenue stream generated by firm transportation service agreements, over the term of such agreements, would be sufficient to allow them to recover their incremental capital costs, earn a rate of return and cover any O&M costs associated with this expansion.

16. When did or will FGT and PEF meet the requirements set forth in paragraph 2 of FGT's first December 2, 2004, letter to Ms. Murphy?

Answer:

FGT and PEF will meet the requirements by [REDACTED]

26. Please list and describe the reasons for the difference in capital investment between the first and second alternatives.

Answer:

Certain gas infrastructure facility additions and/or improvements are required in conjunction with delivering natural gas to the Hines 4. The following table summarizes the facility additions and/or improvements along with estimated capital costs.

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

The amount of capital investment reflected in each alternative is a function of how much capital each of the bidders was willing to absorb and recover through its respective proposed transportation rates. The bidder for the GOM Based alternative was willing to absorb \$ [REDACTED] of capital investment (summarized above), resulting in Progress Energy Florida to fund the remaining \$ [REDACTED] of capital. For the Cypress alternative, FGT was willing absorb the cost for [REDACTED], resulting in Progress Energy Florida to fund the \$ [REDACTED]. For the Bahamas Based alternative, the bidder was willing to absorb the [REDACTED], resulting in Progress Energy Florida to fund the \$ [REDACTED].

27. Please list and describe the reasons for the difference in transportation between the second and third alternatives.

Answer:

The difference in transportation is due to difference in transportation rates proposed by the respective bidders. The second alternative (Cypress) reflects negotiated transportation rates associated with Southern Natural Gas' Cypress Pipeline Expansion project as well transportation rates associated with the Florida Gas Transmission (FGT) system. The third alternative (Bahamas Based) reflects the bidder's bundled proposed transportation rates associated with two components of transportation: (1) transportation associated with a new undersea pipeline to be built by an affiliate of the bidder from the bidder's proposed Greenfield LNG gasification facility located in the Bahamas and terminating at an interconnection with the FGT system; and (2) transportation capacity acquired by the bidder on the FGT system. The following table summarizes the proposed transportation rates for the second and third alternatives.

Alternative	Fixed Transportation -\$/Dt		Commodity Charge \$/Dt	Fuel Charge
	Summer	Winter		
Second – Cypress:				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Third – Bahamas Based				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

28. For each alternative, please indicate the rate at which PEF discounted cash flows back to the present.

Answer:

Discount Rate used was 8.16%.

29. Please provide the reasons for the date selected in footnote (d).

Answer:

The analysis that is summarized in Exhibit PRM-5 to Pamela R. Murphy's December 20, 2004, pre-filed testimony is the same analysis relied upon by Progress Energy Florida management when it approved execution of agreements with BG LNG Services, LLC, Southern Natural Gas Company and Florida Gas Transmission System during the 3rd Quarter of 2004. The forward curve for HH as of 8/5/04 was the latest available at the time the analysis was prepared.

Please refer to Exhibit PRM-5 to Pamela R. Murphy's December 20, 2004, pre-filed testimony for Interrogatory Nos. 17-29.

17. For the first alternative listed in the table, please provide the nominal and present value amounts for each year during the projected period for the transportation, supply, and capital investment components separately.

Answer:

GOM Based Annual Summary
Nominal Dollars

Year (May - Apr)	Transportation	Capital Investment	Supply	Total
2008				(89,421,100)
2009				(118,620,134)
2010				(119,273,135)
2011				(119,310,787)
2012				(120,424,597)
2013				(123,089,163)
2014				(127,060,759)
2015				(130,313,661)
2016				(132,402,019)
2017				(134,812,419)
2018				(137,270,626)
2019				(140,074,115)
2020				(142,331,576)
2021				(144,937,046)
2022				(147,593,388)
2023				(150,623,923)
2024				(152,381,201)
2025				(152,408,617)
2026				(152,433,824)
2027				(152,778,837)
Total:				(2,687,560,927)

GOM Based Annual Summary
Present Value

Year (May - Apr)	Transportation	Capital Investment	Supply	Total
2008				(66,677,201)
2009				(81,473,063)
2010				(75,741,198)
2011				(70,038,100)
2012				(65,349,338)
2013				(61,751,145)
2014				(58,941,852)
2015				(55,891,234)
2016				(52,498,721)
2017				(49,424,217)
2018				(46,531,100)
2019				(43,897,682)
2020				(41,236,835)
2021				(38,825,703)
2022				(36,556,336)
2023				(34,491,152)
2024				(32,263,211)
2025				(29,836,123)
2026				(27,591,219)
2027				(25,566,538)
Total:				(994,581,968)

18. For the second alternative listed in the table, please provide the nominal and present value amounts for each year during the projected period for the transportation, supply, and capital investment components separately.

Answer:

Cypress Annual Summary
Nominal Dollars

Year (May - Apr)	Transportation	Capital Investment	Supply	Total
2008				(84,028,040)
2009				(118,629,568)
2010				(119,216,487)
2011				(119,171,805)
2012				(120,242,886)
2013				(122,855,408)
2014				(126,786,356)
2015				(129,983,126)
2016				(132,044,896)
2017				(134,415,127)
2018				(136,835,536)
2019				(139,587,037)
2020				(141,829,203)
2021				(144,405,106)
2022				(147,034,963)
2023				(150,023,548)
2024				(151,773,838)
2025				(151,774,384)
2026				(151,774,140)
2027				(152,077,588)
Total:				(2,674,489,041)

Cypress Annual Summary
Present Value

Year (May - Apr)	Transportation	Capital Investment	Supply	Total
2008				(62,616,537)
2009				(81,570,534)
2010				(75,789,347)
2011				(70,034,652)
2012				(65,322,572)
2013				(61,700,250)
2014				(58,875,912)
2015				(55,806,508)
2016				(52,409,573)
2017				(49,327,058)
2018				(46,428,447)
2019				(43,786,689)
2020				(41,129,593)
2021				(38,718,618)
2022				(36,450,762)
2023				(34,384,093)
2024				(32,162,620)
2025				(29,737,855)
2026				(27,495,751)
2027				(25,471,433)
Total:				(989,218,803)

19. For the third alternative listed in the table, please provide the nominal and present value amounts for each year during the projected period for the transportation, supply, and capital investment components separately.

Answer:

Bahamas Based Annual Summary
Nominal Dollars

Year (May - Apr)	Capital Investment			Total
	Transportation	Investment	Supply	
2008				(79,139,773)
2009				(111,434,008)
2010				(112,015,050)
2011				(111,972,356)
2012				(113,031,172)
2013				(114,822,536)
2014				(118,714,125)
2015				(121,876,677)
2016				(123,920,012)
2017				(126,266,511)
2018				(128,662,685)
2019				(131,384,427)
2020				(133,606,352)
2021				(136,156,464)
2022				(138,759,989)
2023				(141,716,441)
2024				(143,451,415)
2025				(143,451,956)
2026				(143,451,714)
2027				(143,749,915)
Total:				(2,517,583,578)

Bahamas Based Annual Summary
Present Value

Year (May - Apr)	Capital Investment			Total
	Transportation	Investment	Supply	
2008				(58,922,180)
2009				(76,550,596)
2010				(71,144,190)
2011				(65,740,987)
2012				(61,346,847)
2013				(57,621,248)
2014				(55,086,144)
2015				(52,287,847)
2016				(49,149,509)
2017				(46,304,084)
2018				(43,625,174)
2019				(41,185,506)
2020				(38,719,116)
2021				(36,482,969)
2022				(34,377,147)
2023				(32,459,507)
2024				(30,380,185)
2025				(28,089,804)
2026				(25,971,954)
2027				(24,061,680)
Total:				(929,506,672)

20. For the first alternative listed in the table, please provide the annual and cumulative present value revenue requirements for PEF's system for the projected period segregated into capital, O&M, and fuel components.

Answer:

GOM Based Revenue Requirement
Nominal Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(83,603,454)
2009					(119,789,956)
2010					(120,399,658)
2011					(120,394,306)
2012					(121,465,383)
2013					(124,087,472)
2014					(128,016,827)
2015					(131,227,708)
2016					(133,274,177)
2017					(135,642,721)
2018					(138,059,091)
2019					(140,820,762)
2020					(143,036,424)
2021					(145,600,114)
2022					(148,214,697)
2023					(151,203,493)
2024					(152,919,053)
2025					(152,904,774)
2026					(152,888,307)
2027					(153,191,075)
Total:					(2,696,739,452)

GOM Based Revenue Requirement
Cumulative Present Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(62,158,944)
2009					(144,430,361)
2010					(220,882,399)
2011					(291,552,635)
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					

21. For the first alternative listed in the table, please provide the same analysis as provided in Interrogatory No. 22, except assume that natural gas prices will increase at a 25 percent faster rate than currently projected.

Answer:

GOM Based Revenue Requirement
Nominal Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(85,870,462)
2009					(124,070,585)
2010					(125,423,552)
2011					(125,931,958)
2012					(127,327,566)
2013					(130,238,229)
2014					(134,456,392)
2015					(137,949,776)
2016					(140,487,288)
2017					(143,383,809)
2018					(146,348,473)
2019					(149,701,500)
2020					(152,485,281)
2021					(155,661,708)
2022					(158,911,712)
2023					(162,587,773)
2024					(164,890,332)
2025					(165,320,318)
2026					(165,749,168)
2027					(166,530,731)
Total:					(2,863,326,614)

GOM Based Revenue Requirement
Cumulative Present Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(63,838,412)
2009					(149,038,202)
2010					(228,672,415)
2011					(302,587,125)
2012					(371,673,719)
2013					(437,003,637)
2014					(499,369,322)
2015					(558,528,054)
2016					(614,225,626)
2017					(666,785,708)
2018					(716,387,890)
2019					(763,297,027)
2020					(807,470,395)
2021					(849,164,149)
2022					(888,519,311)
2023					(925,745,812)
2024					(960,653,699)
2025					(993,013,950)
2026					(1,023,012,086)
2027					(1,050,876,948)

22. For the second alternative listed in the table, please provide the annual and cumulative present value revenue requirements for PEF's system for the projected period segregated into capital, O&M, and fuel components.

Answer:

Cypress Revenue Requirement
Nominal Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(83,104,484)
2009					(118,858,476)
2010					(119,437,091)
2011					(119,384,399)
2012					(120,447,744)
2013					(123,052,784)
2014					(126,976,486)
2015					(130,166,231)
2016					(132,221,107)
2017					(134,584,477)
2018					(136,998,045)
2019					(139,742,723)
2020					(141,978,085)
2021					(144,547,204)
2022					(147,170,297)
2023					(150,152,139)
2024					(151,895,706)
2025					(151,889,552)
2026					(151,882,630)
2027					(152,178,828)
Total:					(2,676,668,488)

Cypress Revenue Requirement
Cumulative Present Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(61,897,857)
2009					(143,624,610)
2010					(219,553,159)
2011					(289,711,841)
2012					(355,144,898)
2013					(416,943,573)
2014					(475,907,148)
2015					(531,791,712)
2016					(584,270,727)
2017					(633,659,490)
2018					(680,142,687)
2019					(723,977,870)
2020					(765,150,333)
2021					(803,906,784)
2022					(840,390,861)
2023					(874,804,222)
2024					(906,992,483)
2025					(936,752,743)
2026					(964,268,008)
2027					(989,756,278)

23. For the second alternative listed in the table, please provide the same analysis as provided in Interrogatory No. 20, except assume that natural gas prices will increase at a 25 percent faster rate than currently projected.

Answer:

**Cypress Revenue Requirement
Nominal Value**

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(85,377,028)
2009					(123,149,559)
2010					(124,473,254)
2011					(124,935,575)
2012					(126,324,244)
2013					(129,218,563)
2014					(133,431,778)
2015					(136,904,715)
2016					(139,451,834)
2017					(142,344,470)
2018					(145,307,671)
2019					(148,645,149)
2020					(151,450,018)
2021					(154,633,370)
2022					(157,893,436)
2023					(161,564,222)
2024					(163,896,221)
2025					(164,335,418)
2026					(164,774,899)
2027					(165,551,062)
Total:					(2,843,662,485)

**Cypress Revenue Requirement
Cumulative Present Value**

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(63,581,427)
2009					(148,243,704)
2010					(227,362,199)
2011					(300,773,280)
2012					(369,390,025)
2013					(434,277,174)
2014					(496,231,055)
2015					(555,000,495)
2016					(610,341,632)
2017					(662,570,643)
2018					(711,866,140)
2019					(758,486,994)
2020					(802,399,705)
2021					(843,854,244)
2022					(882,990,662)
2023					(920,013,818)
2024					(954,739,772)
2025					(986,933,566)
2026					(1,016,779,678)
2027					(1,044,503,159)

24. For the third alternative listed in the table, please provide the annual and cumulative present value revenue requirements for PEF's system for the projected period segregated into capital, O&M, and fuel components.

Answer:

Bahamas Based Revenue Requirement
Nominal Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(78,038,216)
2009					(111,675,002)
2010					(112,248,611)
2011					(112,198,499)
2012					(113,249,913)
2013					(115,033,890)
2014					(118,918,110)
2015					(122,073,310)
2016					(124,109,310)
2017					(126,448,491)
2018					(128,837,367)
2019					(131,551,828)
2020					(133,766,492)
2021					(136,309,363)
2022					(138,905,666)
2023					(141,854,918)
2024					(143,582,712)
2025					(143,576,095)
2026					(143,568,718)
2027					(143,859,807)
Total:					(2,519,806,319)

Bahamas Based Revenue Requirement
Cumulative Present Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(58,066,057)
2009					(134,781,121)
2010					(206,072,689)
2011					(271,945,610)
2012					(333,410,430)
2013					(391,137,073)
2014					(446,317,268)
2015					(498,688,938)
2016					(547,913,046)
2017					(594,283,438)
2018					(637,967,462)
2019					(679,205,111)
2020					(717,970,339)
2021					(754,494,016)
2022					(788,907,023)
2023					(821,398,048)
2024					(851,805,858)
2025					(879,919,812)
2026					(905,912,812)
2027					(929,992,767)

25. For the third alternative listed in the table, please provide the same analysis as provided in Interrogatory No. 24, except assume that natural gas prices will increase at a 25 percent faster rate than currently projected.

Answer:

**Bahamas Based Revenue Requirement
Nominal Value**

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(80,288,006)
2009					(115,923,121)
2010					(117,234,348)
2011					(117,694,093)
2012					(119,067,573)
2013					(121,137,933)
2014					(125,308,767)
2015					(128,744,324)
2016					(131,267,638)
2017					(134,130,786)
2018					(137,063,791)
2019					(140,365,118)
2020					(143,143,586)
2021					(146,294,539)
2022					(149,521,438)
2023					(153,152,736)
2024					(155,463,070)
2025					(155,897,345)
2026					(156,331,902)
2027					(157,098,149)
Total:					(2,685,128,261)

**Bahamas Based Revenue Requirement
Cumulative Present Value**

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(59,732,769)
2009					(139,353,965)
2010					(213,803,539)
2011					(282,896,294)
2012					(347,512,925)
2013					(408,297,119)
2014					(466,437,680)
2015					(521,665,339)
2016					(573,722,912)
2017					(622,905,113)
2018					(669,373,279)
2019					(713,368,707)
2020					(754,846,744)
2021					(794,041,495)
2022					(831,080,287)
2023					(866,154,976)
2024					(899,075,070)
2025					(929,598,192)
2026					(957,898,700)
2027					(984,191,487)

Please refer to Exhibit PRM-6 to Pamela R. Murphy's December 20, 2004, pre-filed testimony for Interrogatory Nos. 30-37.

30. For the first alternative listed in the table, please provide the nominal and present value amounts for each year during the projected period for the transportation, supply, and capital investment components separately.

Answer:

Cypress Annual Summary				
Nominal Dollars				
Year (May - Apr)	Transportation	Capital Investment	Supply	Total
2007				(91,265,485)
2008				(118,264,946)
2009				(148,286,961)
2010				(149,020,608)
2011				(148,964,756)
2012				(150,303,608)
2013				(153,569,260)
2014				(158,482,945)
2015				(162,478,908)
2016				(165,056,120)
2017				(168,018,908)
2018				(171,044,420)
2019				(174,483,796)
2020				(177,286,503)
2021				(180,506,383)
2022				(183,793,703)
2023				(187,529,435)
2024				(189,717,297)
2025				(189,717,980)
2026				(189,717,675)
Total:				(3,257,509,697)

Cypress Annual Summary				
Present Value				
Year (May - Apr)	Transportation	Capital Investment	Supply	Total
2007				(73,603,656)
2008				(87,941,469)
2009				(101,963,167)
2010				(94,736,684)
2011				(87,543,315)
2012				(81,653,215)
2013				(77,125,313)
2014				(73,594,890)
2015				(69,758,135)
2016				(65,511,966)
2017				(61,658,822)
2018				(58,035,559)
2019				(54,733,362)
2020				(51,411,991)
2021				(48,398,273)
2022				(45,563,453)
2023				(42,980,116)
2024				(40,203,275)
2025				(37,172,318)
2026				(34,369,689)
Total:				(1,287,958,667)

31. For the second alternative listed in the table, please provide the nominal and present value amounts for each year during the projected period for the transportation, supply, and capital investment components separately.

Answer:

Market Proxy Annual Summary
Nominal Dollars

Year (May - Apr)	Transportation	Capital Investment	Supply	Total
2007				(96,604,204)
2008				(118,120,939)
2009				(148,190,093)
2010				(149,007,028)
2011				(149,056,653)
2012				(150,452,956)
2013				(153,788,442)
2014				(158,763,168)
2015				(162,833,720)
2016				(165,441,340)
2017				(168,458,094)
2018				(171,533,665)
2019				(175,041,302)
2020				(177,866,397)
2021				(181,126,505)
2022				(184,450,619)
2023				(188,240,763)
2024				(190,439,959)
2025				(190,477,182)
2026				(190,510,467)
Total:				(3,270,403,497)

Market Proxy Annual Summary
Present Value

Year (May - Apr)	Transportation	Capital Investment	Supply	Total
2007				(77,955,316)
2008				(87,736,138)
2009				(101,782,909)
2010				(94,622,908)
2011				(87,499,577)
2012				(81,644,443)
2013				(77,152,281)
2014				(73,648,147)
2015				(69,839,032)
2016				(65,599,130)
2017				(61,759,210)
2018				(58,145,354)
2019				(54,856,004)
2020				(51,532,111)
2021				(48,520,118)
2022				(45,685,233)
2023				(43,104,975)
2024				(40,321,273)
2025				(37,288,577)
2026				(34,483,263)
Total:				(1,293,175,998)

32. For the first alternative listed in the table, please provide the annual and cumulative present value revenue requirements for PEF's system for the projected period segregated into capital, O&M, and fuel components.

Answer:

Cypress Revenue Requirement
Nominal Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(90,341,929)
2009					(118,493,853)
2010					(148,507,565)
2011					(149,233,203)
2012					(149,169,614)
2013					(150,500,983)
2014					(153,759,390)
2015					(158,666,050)
2016					(162,655,118)
2017					(165,225,471)
2018					(168,181,417)
2019					(171,200,106)
2020					(174,632,678)
2021					(177,428,601)
2022					(180,641,717)
2023					(183,922,294)
2024					(187,651,304)
2025					(189,832,465)
2026					(189,826,470)
2027					(189,818,914)
Total:					(3,259,689,144)

Cypress Revenue Requirement
Cumulative Present Value:

Year (May - Apr)	Transportation:	Supply:	Capital:	O&M:	Total Rev Req:
2008					(72,826,201)
2009					(160,936,628)
2010					(263,050,348)
2011					(357,921,180)
2012					(445,584,011)
2013					(527,343,675)
2014					(604,563,799)
2015					(678,243,113)
2016					(748,076,366)
2017					(813,655,070)
2018					(875,373,105)
2019					(933,461,114)
2020					(988,240,851)
2021					(1,039,693,759)
2022					(1,088,128,064)
2023					(1,133,723,171)
2024					(1,176,731,025)
2025					(1,216,958,531)
2026					(1,254,151,955)
2027					(1,288,539,854)

33. For the first alternative listed in the table, please provide the same analysis as provided in Interrogatory No. 32, except assume that natural gas prices will increase at a 25 percent faster rate than currently projected.

Answer:

Cypress Revenue Requirement
Nominal Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(91,876,016)
2009					(121,805,277)
2010					(153,871,419)
2011					(155,528,407)
2012					(156,108,584)
2013					(157,846,608)
2014					(161,466,613)
2015					(166,735,165)
2016					(171,078,224)
2017					(174,263,879)
2018					(177,881,409)
2019					(181,587,138)
2020					(185,760,711)
2021					(189,268,517)
2022					(193,249,424)
2023					(197,326,218)
2024					(201,916,407)
2025					(204,833,108)
2026					(205,383,802)
2027					(205,934,251)
Total:					(3,453,721,179)

Cypress Revenue Requirement
Cumulative Present Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(74,054,824)
2009					(164,613,870)
2010					(270,396,996)
2011					(369,255,260)
2012					(460,983,589)
2013					(546,722,864)
2014					(627,803,581)
2015					(705,220,778)
2016					(778,660,124)
2017					(847,816,482)
2018					(913,084,826)
2019					(974,688,211)
2020					(1,032,950,037)
2021					(1,087,828,253)
2022					(1,139,635,169)
2023					(1,188,545,702)
2024					(1,234,815,801)
2025					(1,278,215,423)
2026					(1,318,450,765)
2027					(1,355,752,222)

34. For the second alternative listed in the table, please provide the annual and cumulative present value revenue requirements for PEF's system for the projected period segregated into capital, O&M, and fuel components.

Answer:

Market Proxy Revenue Requirement
Nominal Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(90,786,558)
2009					(119,290,761)
2010					(149,316,617)
2011					(150,090,547)
2012					(150,097,440)
2013					(151,451,265)
2014					(154,744,510)
2015					(159,677,215)
2016					(163,705,878)
2017					(166,271,642)
2018					(169,246,559)
2019					(172,280,311)
2020					(175,746,150)
2021					(178,529,465)
2022					(181,747,814)
2023					(185,030,189)
2024					(188,778,616)
2025					(190,936,116)
2026					(190,931,666)
2027					(190,922,704)
Total:					(3,279,582,022)

Market Proxy Revenue Requirement
Cumulative Present Value

Year (May - Apr)	Transportation:	Supply:	Capital:	O&M:	Total Rev Req:
2008					(73,067,547)
2009					(161,667,138)
2010					(264,218,852)
2011					(359,525,465)
2012					(447,632,248)
2013					(529,815,105)
2014					(607,444,144)
2015					(681,513,729)
2016					(751,724,555)
2017					(817,650,891)
2018					(879,697,394)
2019					(938,094,292)
2020					(993,169,847)
2021					(1,044,892,889)
2022					(1,093,578,426)
2023					(1,139,406,331)
2024					(1,182,633,721)
2025					(1,223,059,386)
2026					(1,260,436,379)
2027					(1,294,993,792)

35. For the second alternative listed in the table, please provide the same analysis as provided in Interrogatory No. 34, except assume that natural gas prices will increase at a 25 percent faster rate than currently projected.

Answer:

Market Proxy Revenue Requirement
Nominal Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(92,316,907)
2009					(122,594,118)
2010					(154,667,403)
2011					(156,370,414)
2012					(157,019,505)
2013					(158,778,993)
2014					(162,432,957)
2015					(167,726,672)
2016					(172,108,463)
2017					(175,288,031)
2018					(178,922,919)
2019					(182,642,038)
2020					(186,847,072)
2021					(190,340,537)
2022					(194,324,806)
2023					(198,401,458)
2024					(203,008,967)
2025					(205,900,214)
2026					(206,451,096)
2027					(206,998,780)
Total:					(3,473,141,351)

Market Proxy Revenue Requirement
Cumulative Present Value

Year (May - Apr)	Transportation	Supply	Capital	O&M	Total Rev Req
2008					(74,293,177)
2009					(165,335,422)
2010					(271,547,602)
2011					(370,831,933)
2012					(462,994,309)
2013					(549,147,082)
2014					(630,627,309)
2015					(708,425,670)
2016					(782,233,805)
2017					(851,729,078)
2018					(917,317,241)
2019					(979,220,950)
2020					(1,037,770,111)
2021					(1,092,910,117)
2022					(1,144,960,048)
2023					(1,194,095,302)
2024					(1,240,576,989)
2025					(1,284,167,042)
2026					(1,324,578,541)
2027					(1,362,042,415)

36. For each alternative, please indicate the rate at which PEF discounted cash flows back to the present.

Answer:

Discount Rate used was 8.16%.

37. Please provide the reasons for the date selected in footnote (d).

Answer:

The analysis that is summarized in Exhibit PRM-6 to Pamela R. Murphy's December 20, 2004, pre-filed testimony is the same analysis relied upon by Progress Energy Florida management when it approved execution of agreements with BG LNG Services, LLC, Southern Natural Gas Company and Florida Gas Transmission System during the 3rd Quarter of 2004. The forward curve for HH as of 8/5/04 was the latest available at the time the analysis was prepared.

38. Please refer to page 6, lines 2 and 3 of Pamela R. Murphy's December 20, 2004, pre-filed testimony. Please indicate the degree of volatility that PEF has experienced in the "basis" adder for gas supplied from the Mobile Bay-Destin production zones.

Answer:

Over the past 5 years (2000 – 2004), volatilities of Transco Zone 4 Gas Daily prices have trended upward reaching a peak of 96.4% in 2003. During this 5 year period, volatilities at Transco Zone 4 have exceeded the volatilities at Henry Hub 3 out of the 5 years, implying an increase in the volatility of the basis. Probably more pertinent is the trending upward of the Mobile Bay-Destin production area basis (Transco Zone 4 minus Henry Hub) over this same time period.

39. Please identify the Bahamas-based LNG supplier referenced at page 9, line 12 of Pamela R. Murphy's December 20, 2004, pre-filed testimony.
Response:

Answer:

The Bahamas-based LNG supplier was

[REDACTED]

[REDACTED]

40. When is the most likely in-service date for the Bahamas-based LNG supplier referenced in the prior interrogatory?

Answer:

It is difficult to precisely estimate what a most-likely in-service date for the Bahamas-based alternative would be. While late 2008 appears to be the earliest optimistic date, we believe a much later in-service date is more likely. In addition to obtaining approval from the Bahamas government, the developers of the Bahamas-based alternative still needs to secure upstream long-term LNG supply as well as arrangements regarding downstream onshore pipeline transportation. Considering the magnitude of the [REDACTED] capital investment estimate and a conservative 3-year construction timeline estimate provided by the developer of the Bahamas-based alternative, the project developer is likely to want to secure sufficient market support prior to making definitive financial commitments regarding construction and securing long-term upstream LNG supply. Thus, we consider securing sufficient market support to be the one of the most critical aspects with respect to estimating an in-service date. Based on the magnitude of the volumes stated in its August 2004 RFP, Florida Power & Light (FPL) will be the major anchor customer supporting any Bahamas-based LNG project. However, FPL has created more uncertainty with respect to the timing of development by indicating in its RFP that deliveries to FPL can commence as late as December 2010. Additionally, FPL's target date for completion of definitive agreements cited in their RFP has been delayed from April 28, 2005 to June 1, 2005. These overall factors contribute, in our opinion, to the uncertainty as to the timing of the commercial operation of a Bahamas-based LNG project.

41. If the proposed Cypress pipeline will interconnect with the FGT pipeline, why did PEF only identify the Hines Unit 4, the Anclote Plant, and the tolling contract with Shady Hills as the only delivery points of the regasified LNG?


Answer:

These delivery points are considered by FGT to be firm “in the path” for the FGT expansion to Hines.

42. Please refer to page 11, lines 18-23 of Pamela R. Murphy's December 20, 2004, pre-filed testimony. Please describe how PEF would use its existing resources to "bridge the gap" if the in-service date of the Cypress pipeline is after May 1, 2007.

Answer:

PEF could



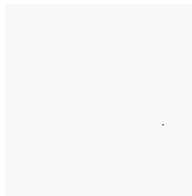
43. Did PEF include the expected value of using its existing resources to “bridge the gap” when evaluating the cost effectiveness of the six proposals received in response to PEF’s RFP for natural gas supply for Hines Unit 4?

Answer:

No, we do not expect a delay in the in-service date of the Cypress pipeline. Additionally, if a delay in the in-service date of the Cypress pipeline does occur, it is expected to be not more than a few months, the impacts of which would not materially alter the economics of the Cypress alternative relative to the other alternatives.

44. Will BG be the exclusive supplier of regasified LNG for PEF at the Elba Island, Georgia terminal during the initial term of the Gas Sale and Purchase Contract between BG and PEF? If not, please explain.

Answer:



45. Will BG be the exclusive supplier of natural gas for PEF through the Cypress pipeline during the initial term of the Precedent Agreement By and Between Southern Natural Gas and PEF?

Answer:

[REDACTED]

46. Please refer to page 4, lines 8-18 of Robert F. Caldwell's December 20, 2004, pre-filed testimony. Please compare and contrast (qualitatively, quantitatively, or both) the impact to PEF on the following aspects of the Elba Island, Georgia LNG terminal and the Bahamas-based terminal:

- A. Geographic diversity;
- B. Enhanced reliability;
- C. Operating flexibility; and
- D. Create value for additional generation sites.

Answer:

A. Geographic Diversity

Geographic diversity of supply reduces PEF dependence on Mobile Bay/Destin supply area. Having a supply of re-gasified LNG at Elba Island or from a Bahamas-based terminal would provide geographic diversity to the PEF portfolio. This diversity will provide protection during times when hurricanes in the Gulf of Mexico force offshore Gulf Coast platforms to shut-in production, such as what happened during the summer of 2004 with Hurricane Ivan and Tropical Storm Bonnie. Hurricane Ivan resulted in the prolonged shut-in of substantial amounts of gas production in the Gulf of Mexico. Both the Elba Island LNG terminal and a Bahamas-based terminal would normally not be impacted by hurricanes in the Gulf of Mexico. However, hurricanes have hit the Bahamas and subsequently moved into the Gulf without impacting areas further north along the east coast of the US. Thus, Elba Island provides geographic diversity that is different than that provided by a Bahamas-based terminal alone.

B. Enhanced Reliability

A major reason we consider a diversified portfolio approach to meet our gas supply needs is to enhance reliability of supply to meet our customers' needs. Both Elba Island and a Bahamas-based LNG terminal and pipeline provide enhanced reliability for the customers of PEF and the State of Florida relative to dependence on the Gulf of Mexico. Both will bring a new major pipeline source into the State. Both will bring significant access to additional gas supply in the form of re-gasified LNG. Both will have a positive impact on enhancing the reliability of gas supply to generate electricity to meet customer needs. Future accessibility to two separate and geographically diverse LNG terminals (i.e. – Elba Island and a completed Bahamas-based terminal) will further enhance fuel supply reliability for PEF and the entire State of Florida. However, Elba Island is an existing, operating terminal. It is connected to the existing interstate pipeline system. There is much more certainty that reliability will be enhanced with Elba Island in the time frame to meet our needs for Hines 4. A Bahamas-based terminal and undersea pipeline must still be constructed. Approval from the Bahamian government is also still needed for the LNG terminal.

C. Operating Flexibility

With respect to supply, assuming that the Bahamas-based option is built, both alternatives provide: (1) operational flexibility as described above; (2) long-term security of supply, and (3) the ability to serve other PEF plants. The Cypress alternative provides additional volumes of both supply and firm transportation that can be used by PEF to meet other system needs. Additionally, the Cypress alternative allows: (1) PEF the opportunity to release transportation capacity and/or sell a bundled (gas and transportation) product on Southern Natural's pipeline system in event it is not needed for PEF's generation requirements; and (2) the ability to serve PEF's current and possibly [REDACTED] gas-fired generation through segmentation and/or further expansion of the Cypress pipeline. This flexibility is not available with the Bahamas-based option.

D. Create Value For Additional Generation Sites

The pipeline infrastructure associated with the Southern Natural's Cypress pipeline and a Bahamas-based alternative provide opportunities for future PEF generation development due to: (1) existing generation sites that could support future expansion of gas-fired generation; and (2) potential greenfield generation sites. However, the Elba LNG facility and Southern Natural's Cypress pipeline are better positioned to facilitate future expansion of generation at PEF's [REDACTED]. Therefore, the Cypress alternative is considered more valuable than the Bahamas-based alternative with respect to creating value for future PEF generation.

47. On Page 6, lines 21-22, of the prefiled direct testimony of Robert Caldwell, filed December 20, 2004, the statement is made that the magnitude of PEF's supply would not support development of a Bahamas LNG facility on its own. Please explain this statement coupled with the fact that based upon the quantities stated within the RFP a Bahamas-based bid was received.

Answer:

Considering the magnitude the [REDACTED] capital investment needed by the developer of the Bahamas-based alternative and the construction timeframe required to develop a Greenfield Bahamas-based LNG terminal and associated undersea pipeline to southern Florida, a project developer would likely to want to secure sufficient market support prior to making definitive financial commitments regarding construction and securing long-term upstream LNG supply. The quantities reflected in the Bahamas-based bid for Progress Energy Florida represent only [REDACTED] Dt/d total capacity of the proposed LNG gasification facility and associated pipeline. PEF's [REDACTED] commitment alone is not sufficient to support an [REDACTED] project. There is significant uncertainty that a Bahamas-based project would get approval to move forward with just the commitment of PEF and without a significant majority of the capacity subscribed by customers to provide the revenue to support the investment.

A Bahamas-based bid was received. However, due to the uncertainty regarding this bidder's ability to: (1) successfully complete a Bahamas-based terminal; (2) construct the necessary undersea pipeline; and 3) arrange the transportation on FGT to Hines 4 on a firm basis (in addition to risk associated with lack of market support), PEF determined a more certain option was in the Company's and customers' best interests. PEF needs the certainty that a physical supply of gas will be delivered to its power plants to meet the electrical demands of its customers.

48. On page 7, lines 18-20, of the prefiled direct testimony of Bruce Hughes, filed December 20, 2004, reference is made to the open season beginning on December 3, 2004 and ending on January 17, 2005. To date, what has been the response in committing the remaining 10% of the project?

Answer:

Southern Natural is currently evaluating bids received during the open season. [REDACTED]

[REDACTED]

49. On page 11, lines 22-23, of the prefiled direct testimony of Pamela Murphy, filed December 20, 2004, short term alternatives for natural gas are referenced. What are these alternatives and how is short term defined?

Answer:

Short term is defined as the duration between May 1, 2007 and when the Cypress Pipeline service commences. Any delay in the in-service date of the Cypress pipeline, if it were to occur, is expected to be not more than a few months. Please see the response to Question #42 for the short-term alternatives referred to in the referenced testimony.

50. Couldn't the short term alternatives for natural gas referred to in Interrogatory No. 49 be used to bridge the gap for completion of a Bahamas-based source of gas?

Answer:

Due to the uncertainty as to if, when, and which Bahamas Project would actually be built, the duration of time between the in-service date of Hines 4 and a Bahamas-based alternative could not be reasonably determined. As a result, it is difficult to determine if these short term alternatives could be used to bridge the longer-term gap expected in conjunction with the Bahamas-based alternative.

51. On page 4, lines 2-4, of the prefiled direct testimony of Pamela Murphy, filed December 20, 2004, it states that when analyzed on both price and non-price factors the BG/Cypress/FGT contracts are the most cost-effective alternative. In making this determination, please detail the analysis used in determining the cost-effectiveness of non-price factors.

Answer:

Please refer to the Detailed Comparative Analysis on pages 11 through 13 contained in the Business Analysis Package produced in response to Staff's First Request for Production of Documents (Nos. 1-4).

AFFIDAVIT

STATE OF NORTH CAROLINA)

COUNTY OF WAKE)

I hereby certify that on this 28th day of January 2005, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared, Pamela R. Murphy, who is personally known to me, and she acknowledged before me that the answers to interrogatory numbers 1-51 from the from the Staff of the Florida Public Service Commission in Docket No(s). 041414-EI were provided from the following individuals:

Interrogatory 1 through 45: Pamela R. Murphy
Interrogatory 46: Robert F. Caldwell
Interrogatory 47: Robert F. Caldwell
Interrogatory 48 through 51: Pamela R. Murphy

and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 28th day of January, 2005.

Linda L. Norberg
Notary Public

My Commission Expires: March 11, 2007

[REDACTED]

[REDACTED]

[REDACTED]

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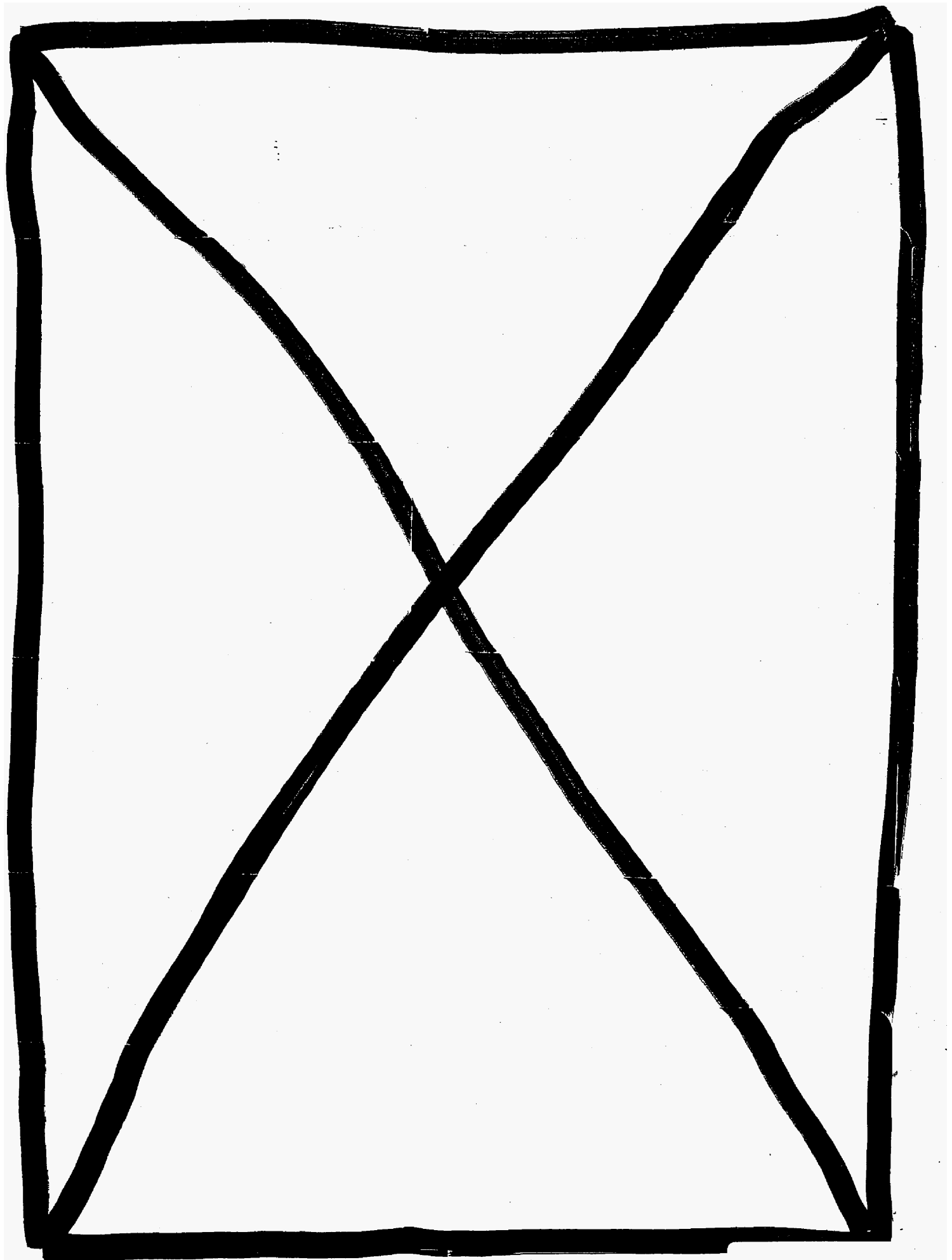
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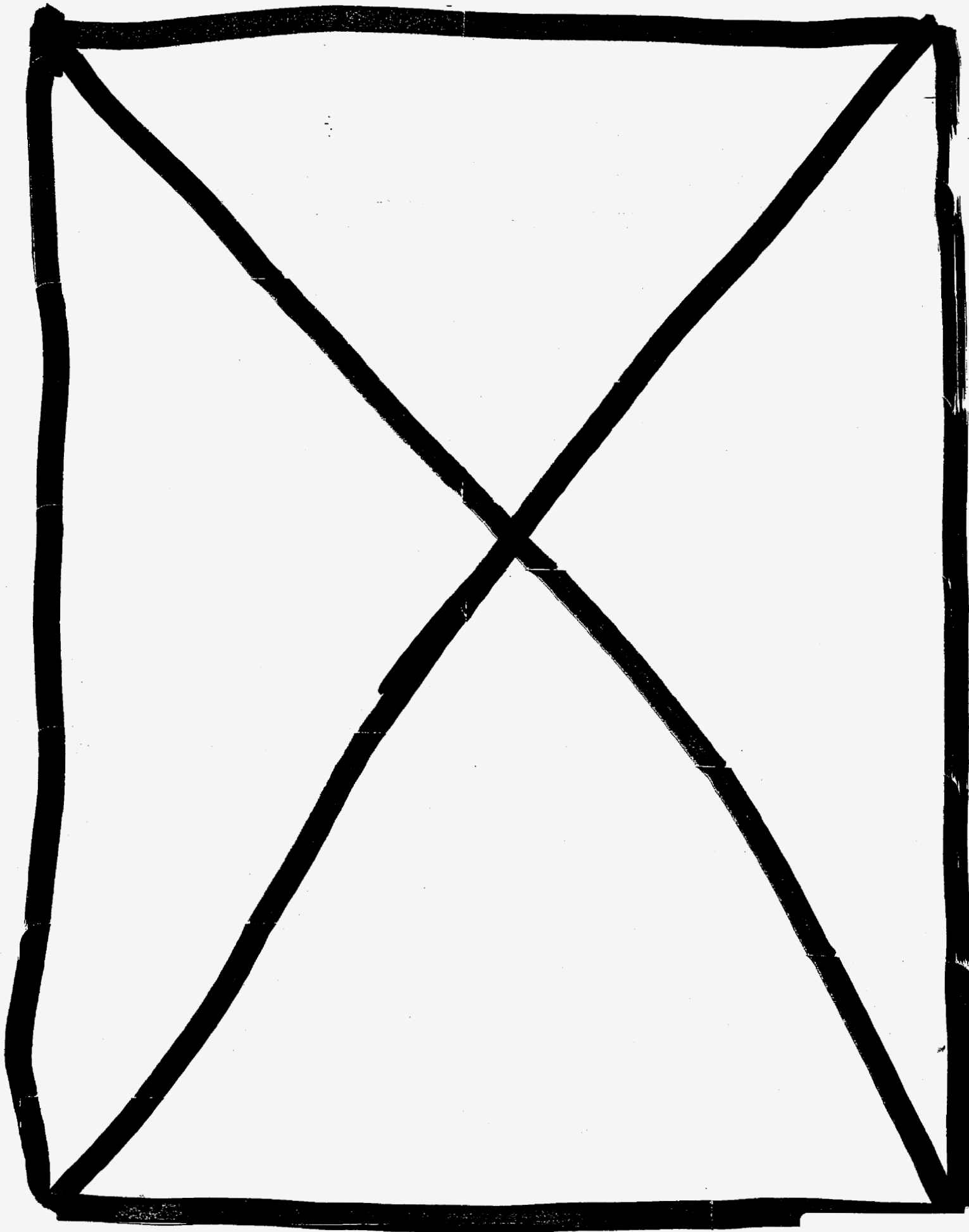
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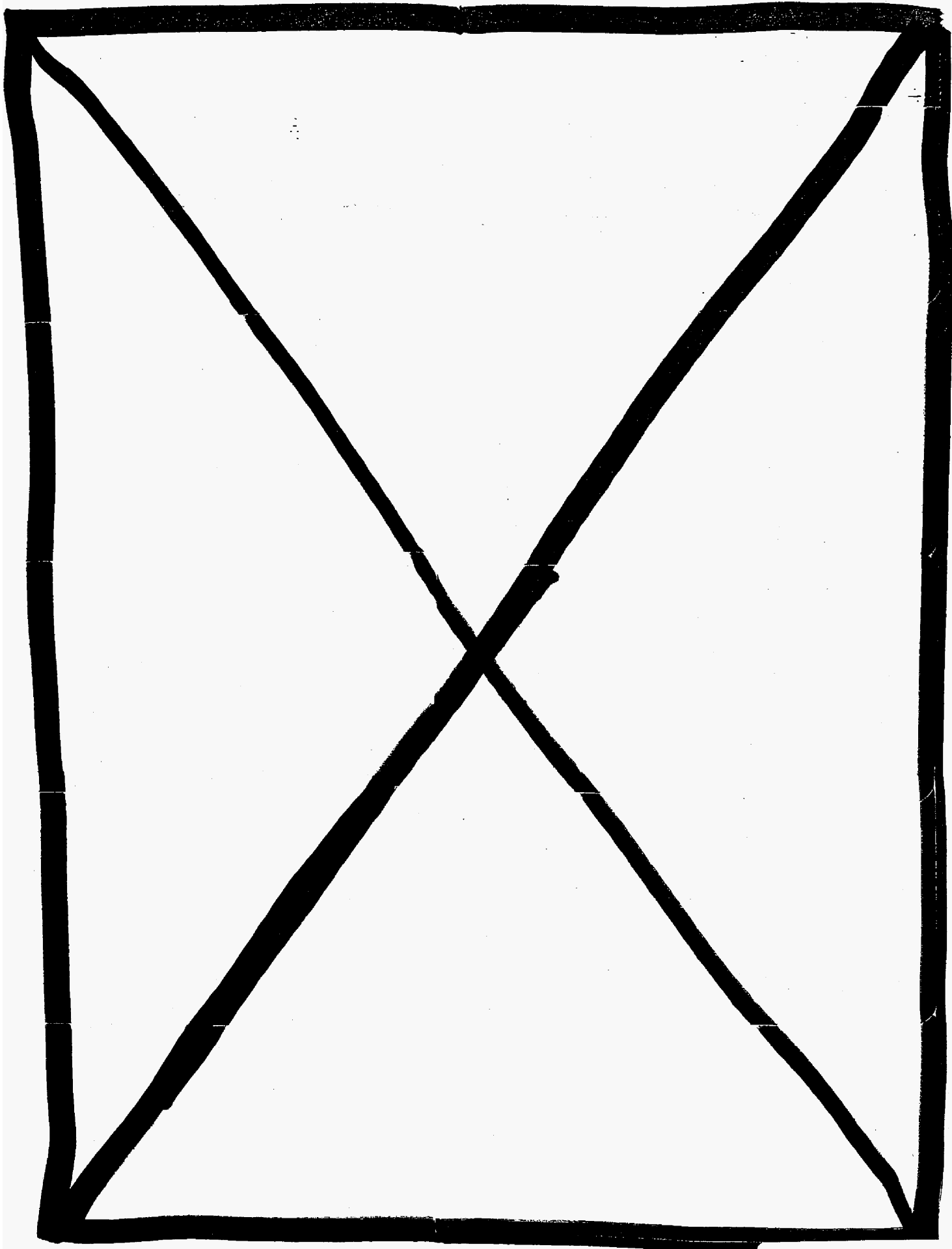
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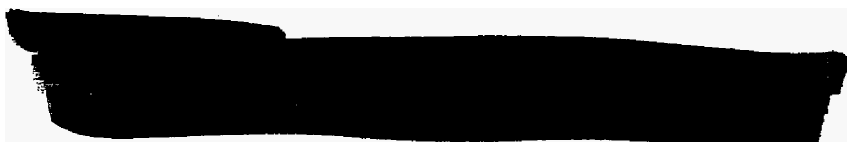
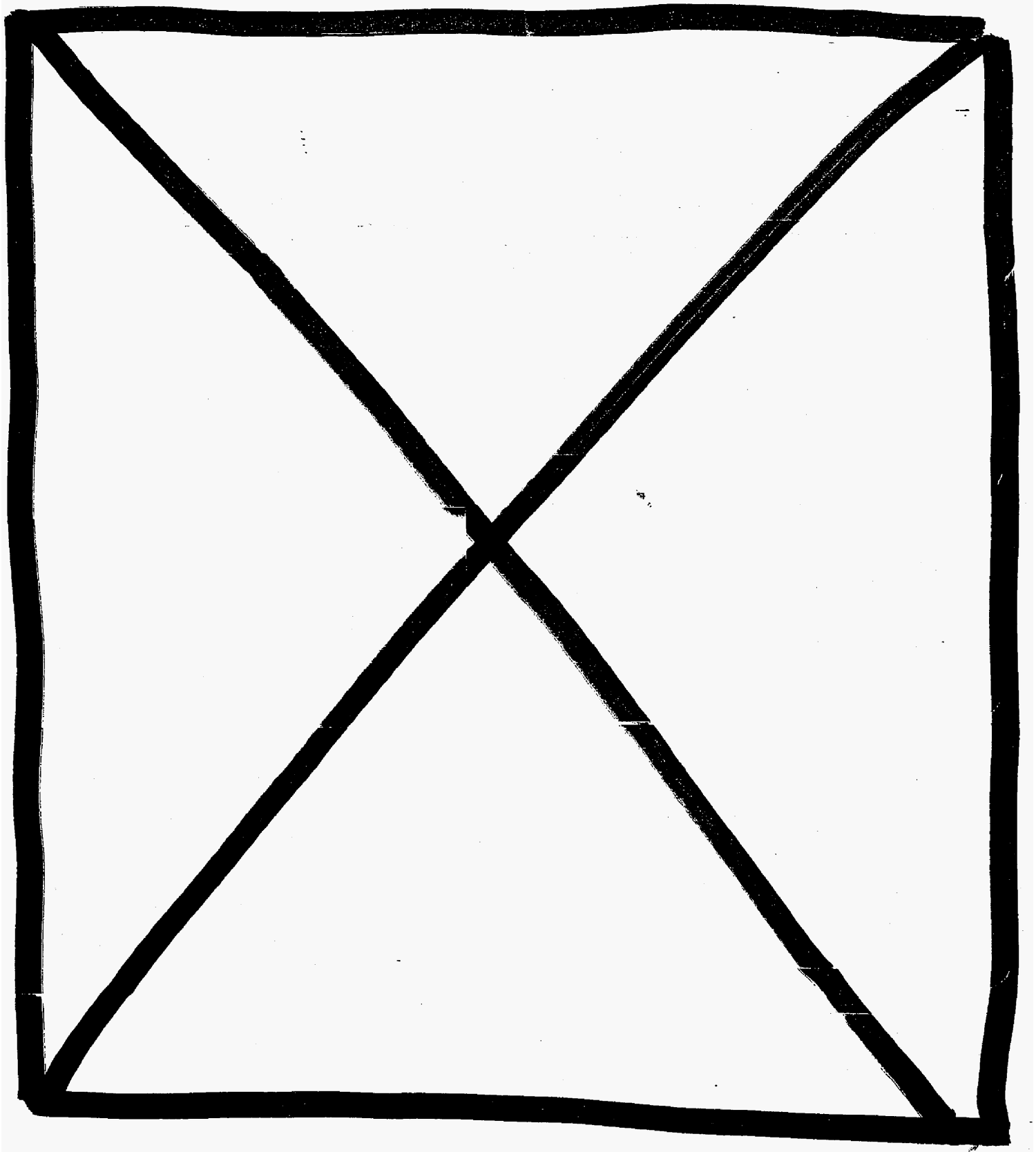
Appendix B – PEF Forecasted Gas Usage & Firm Transportation..... 28

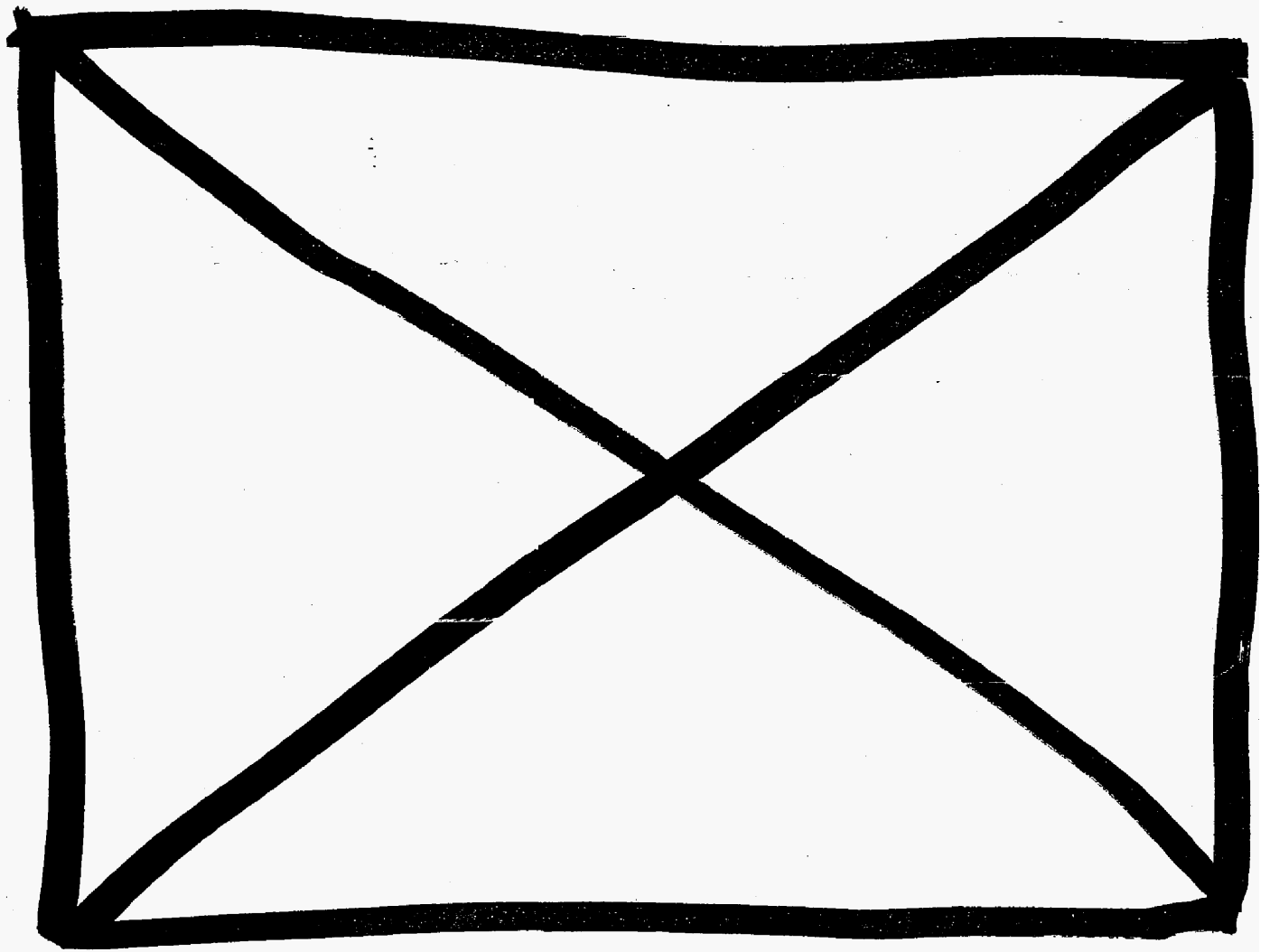
Appendix C – PEF Supply Portfolio 29

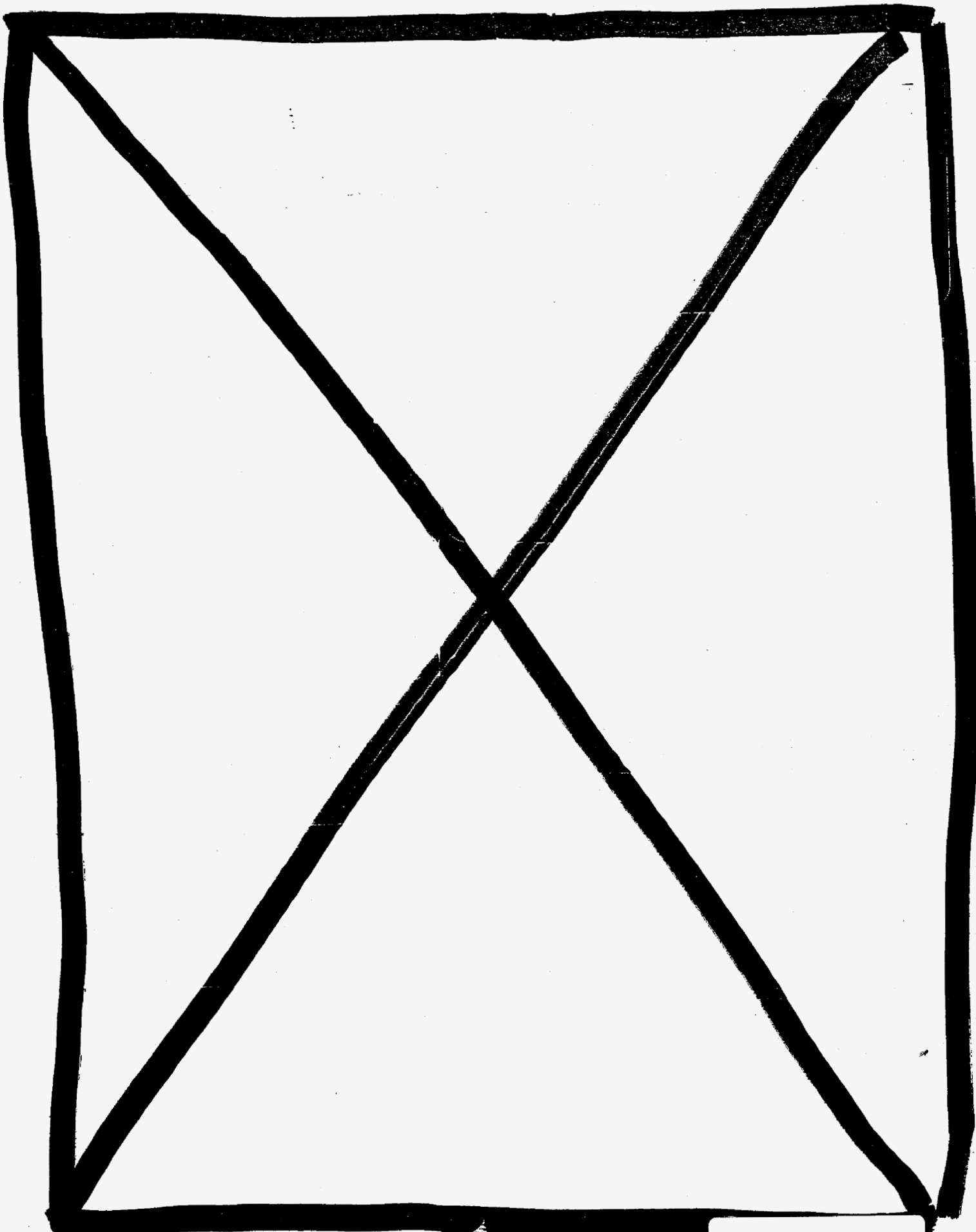


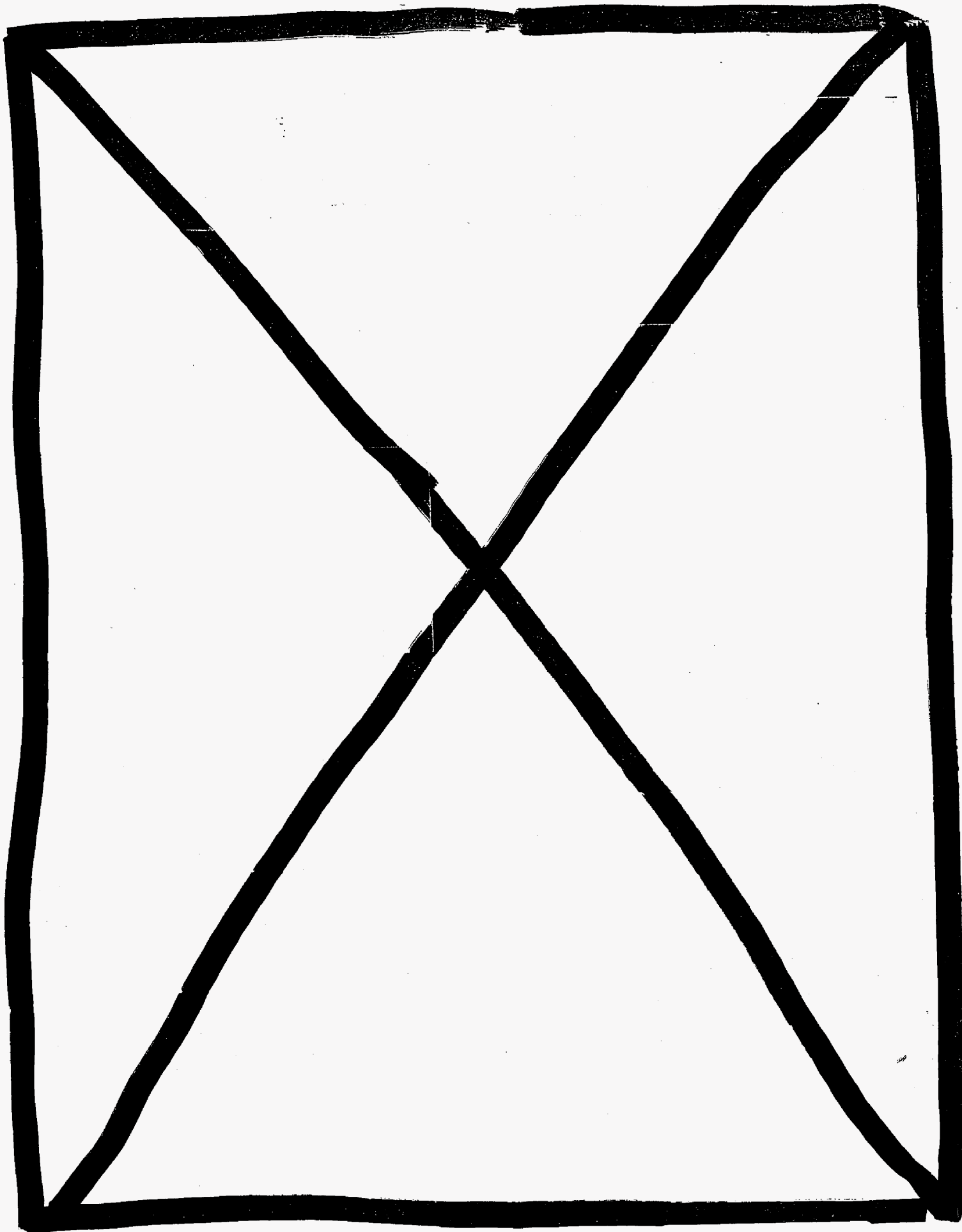


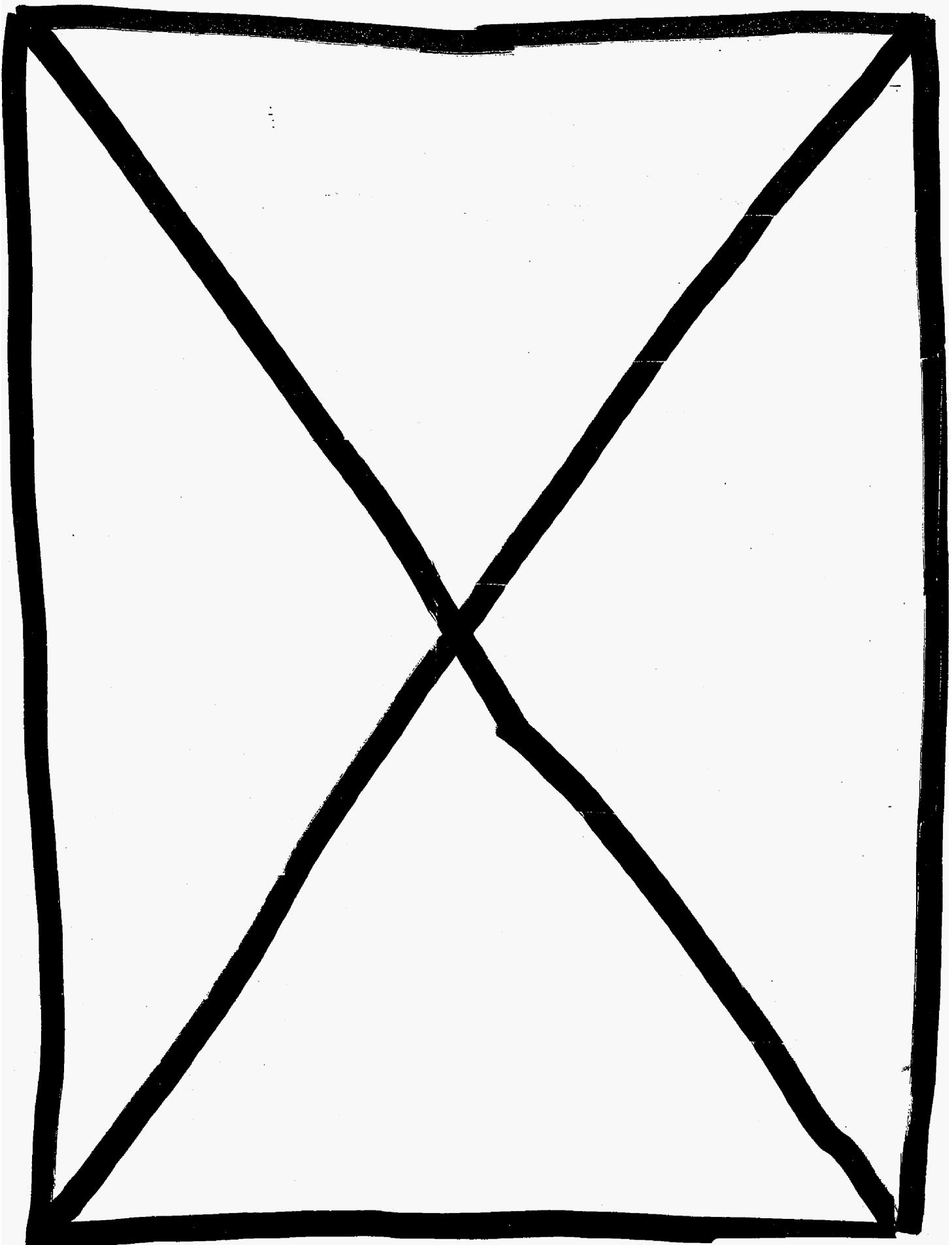


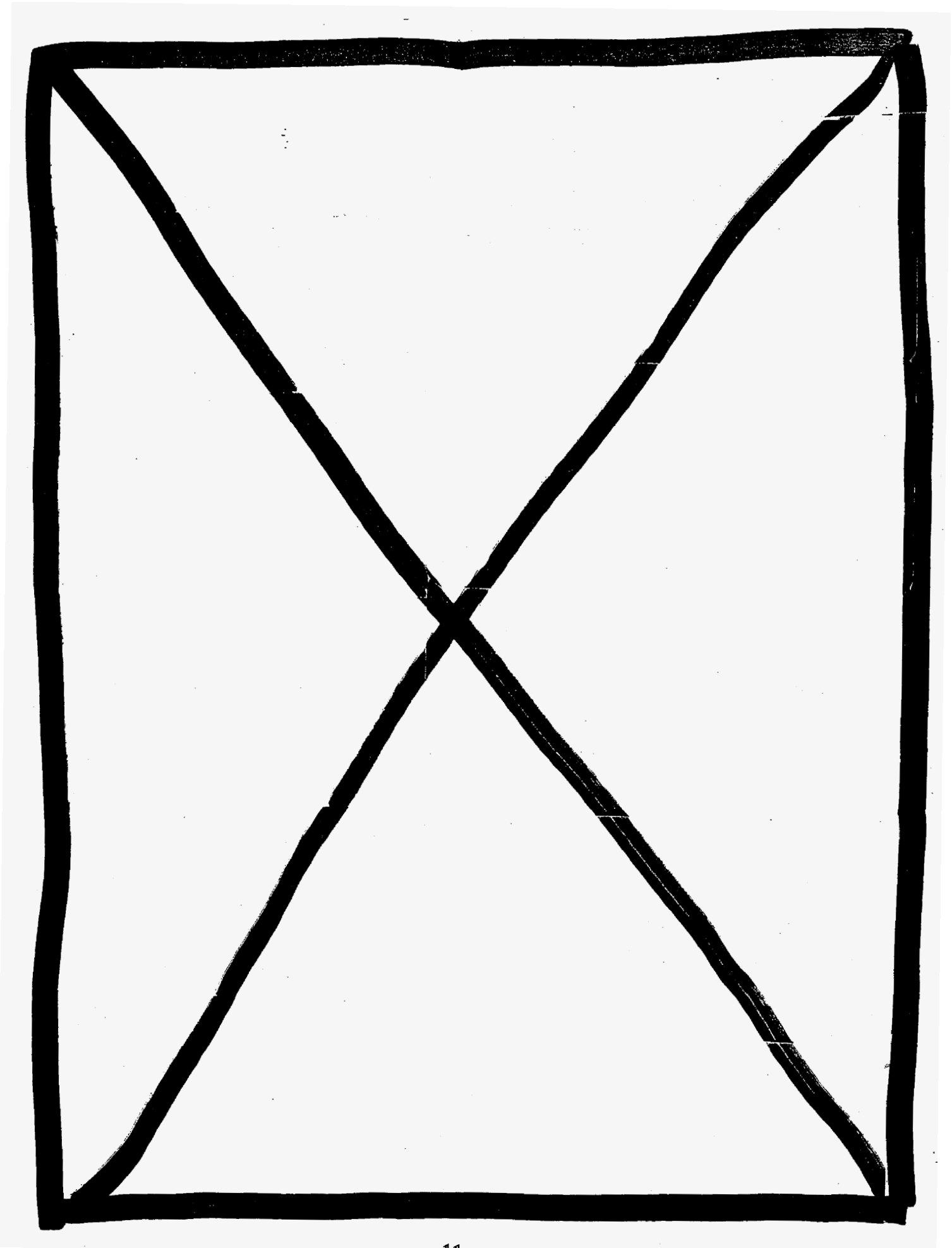


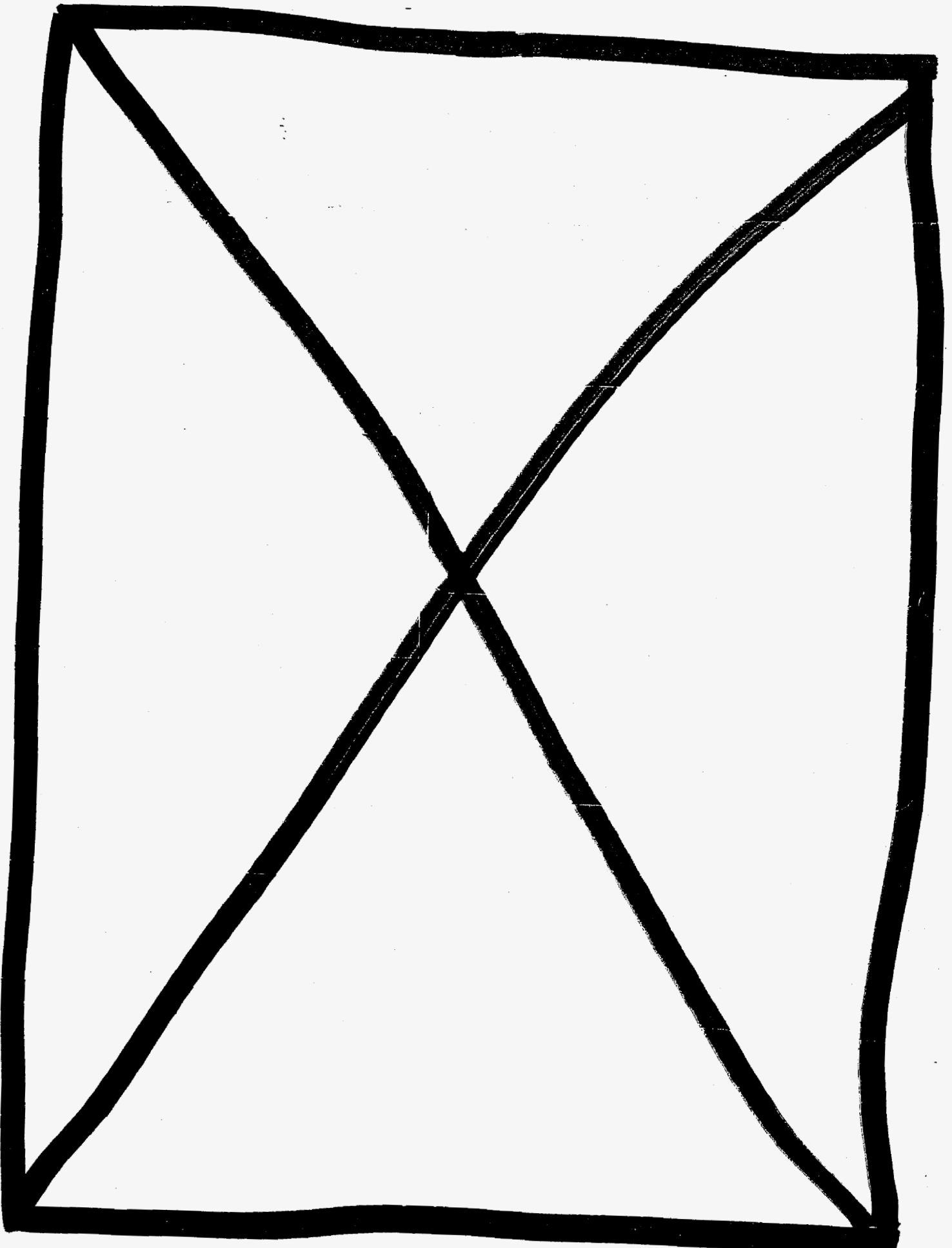


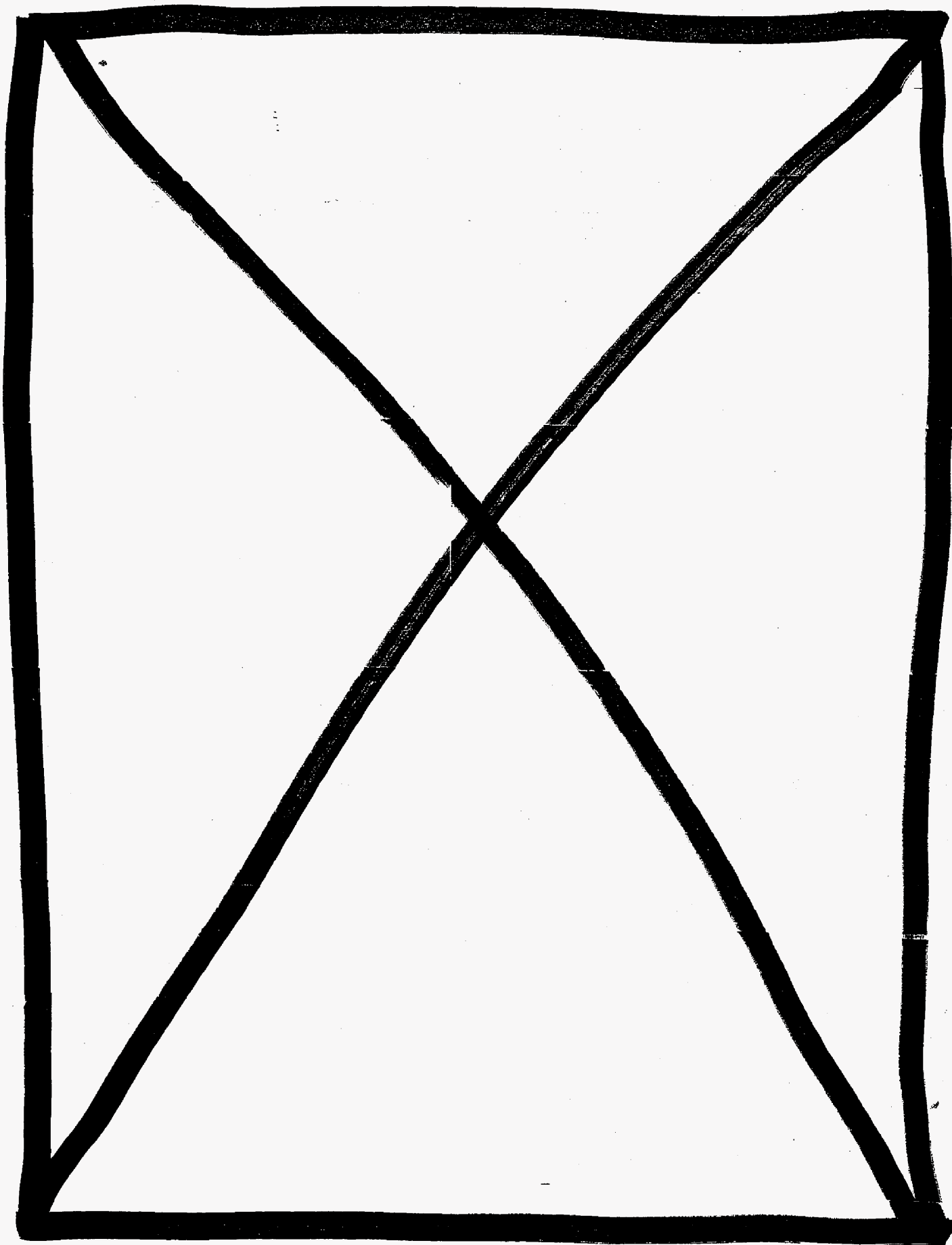


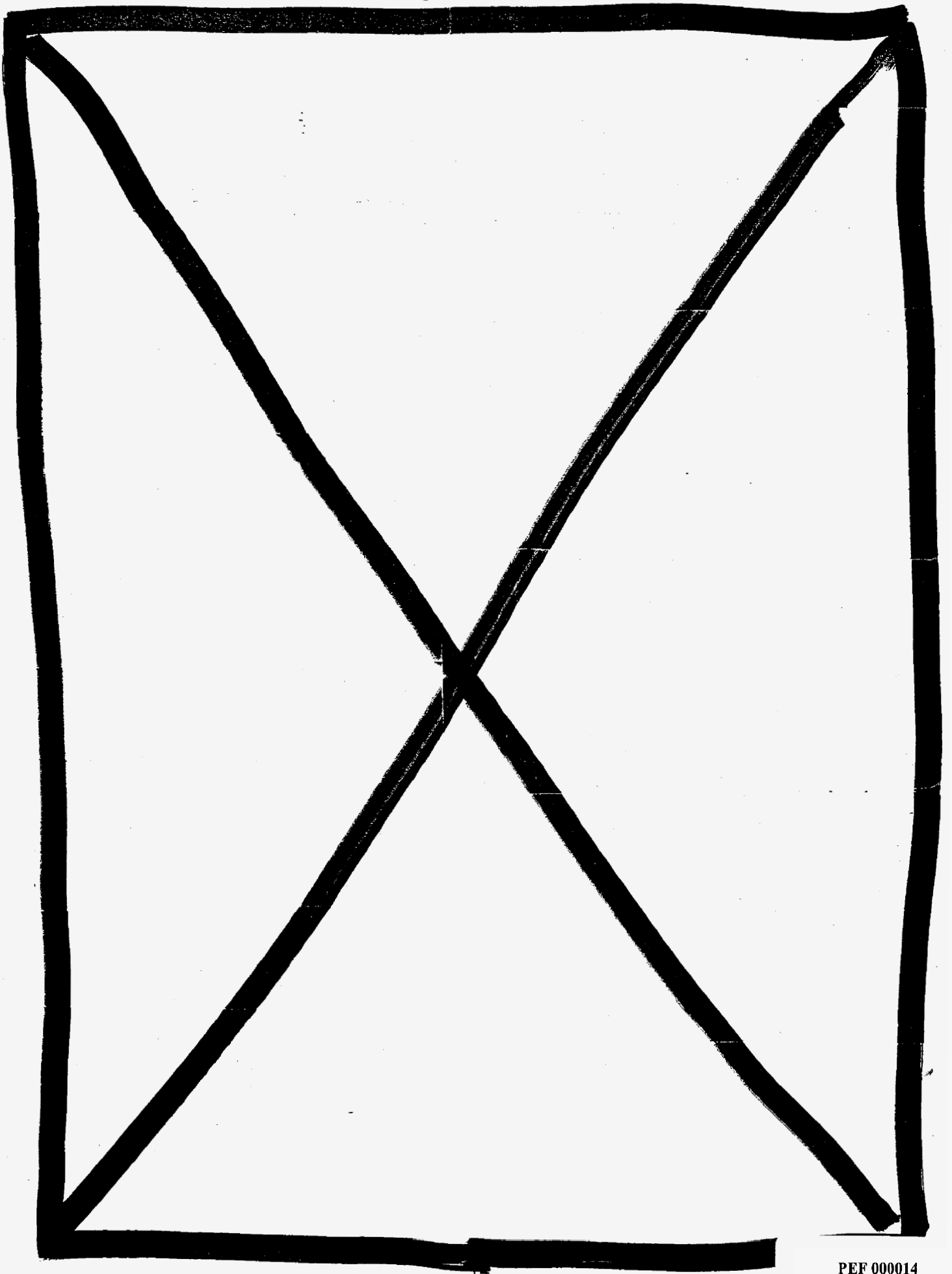


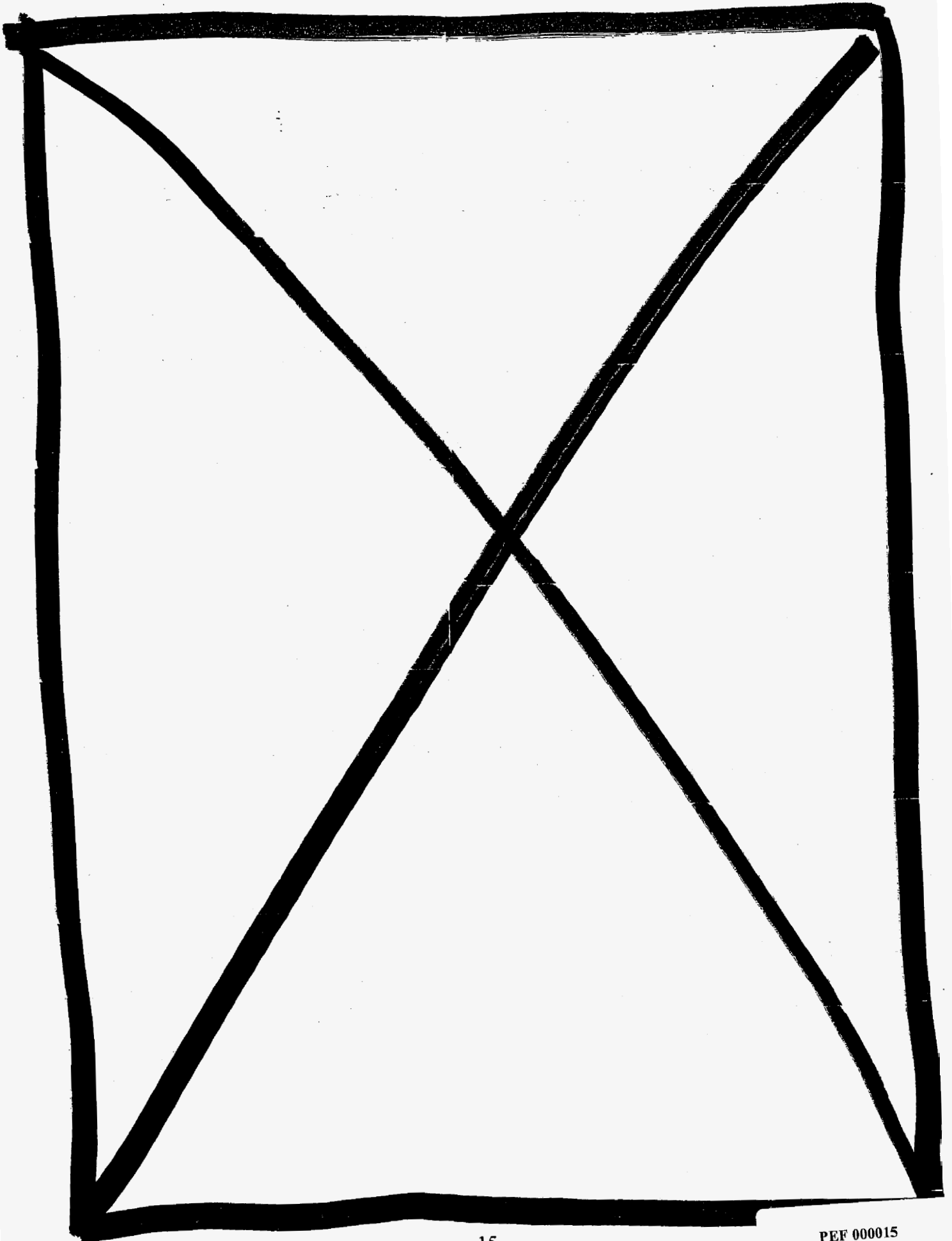


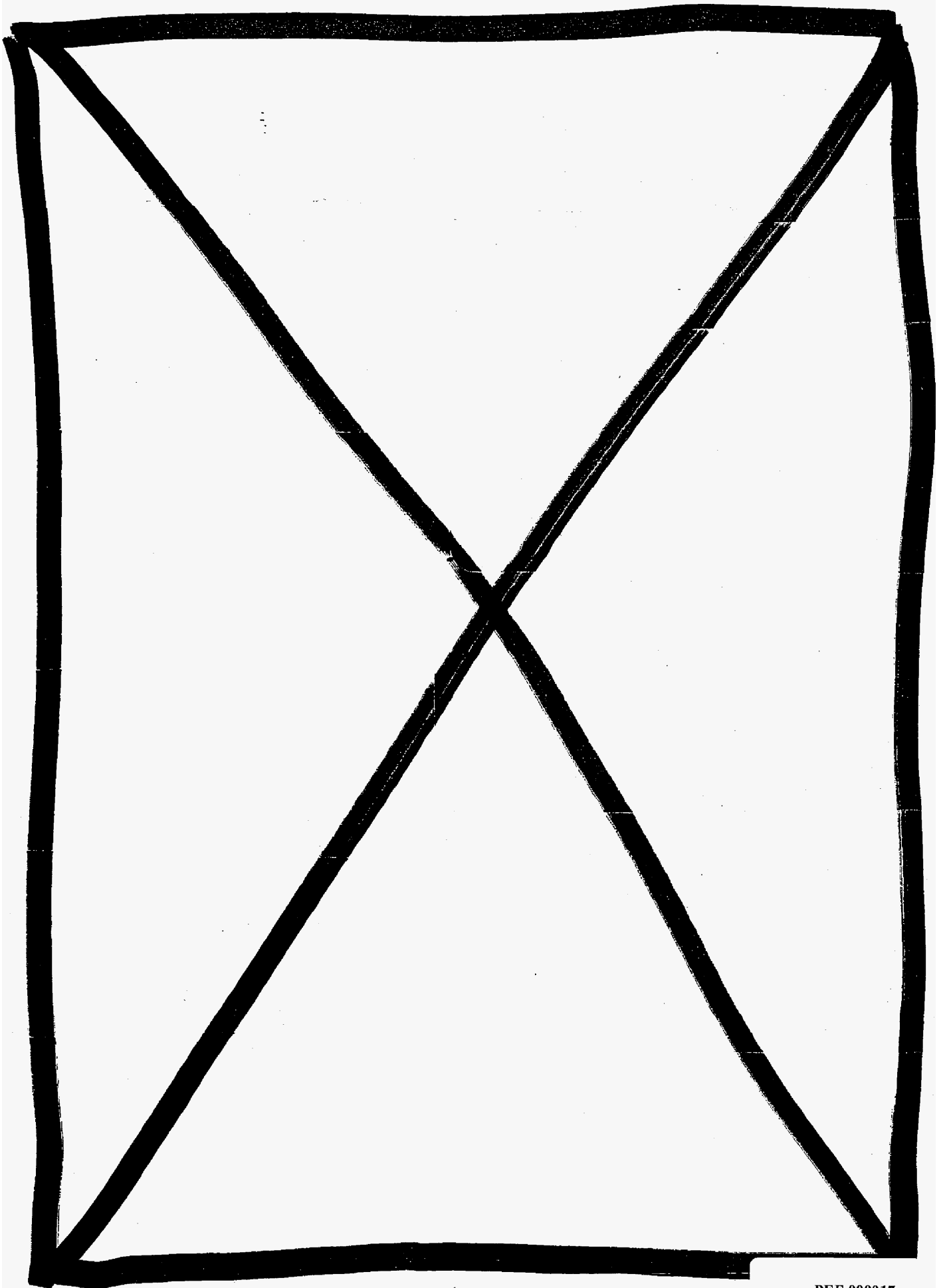


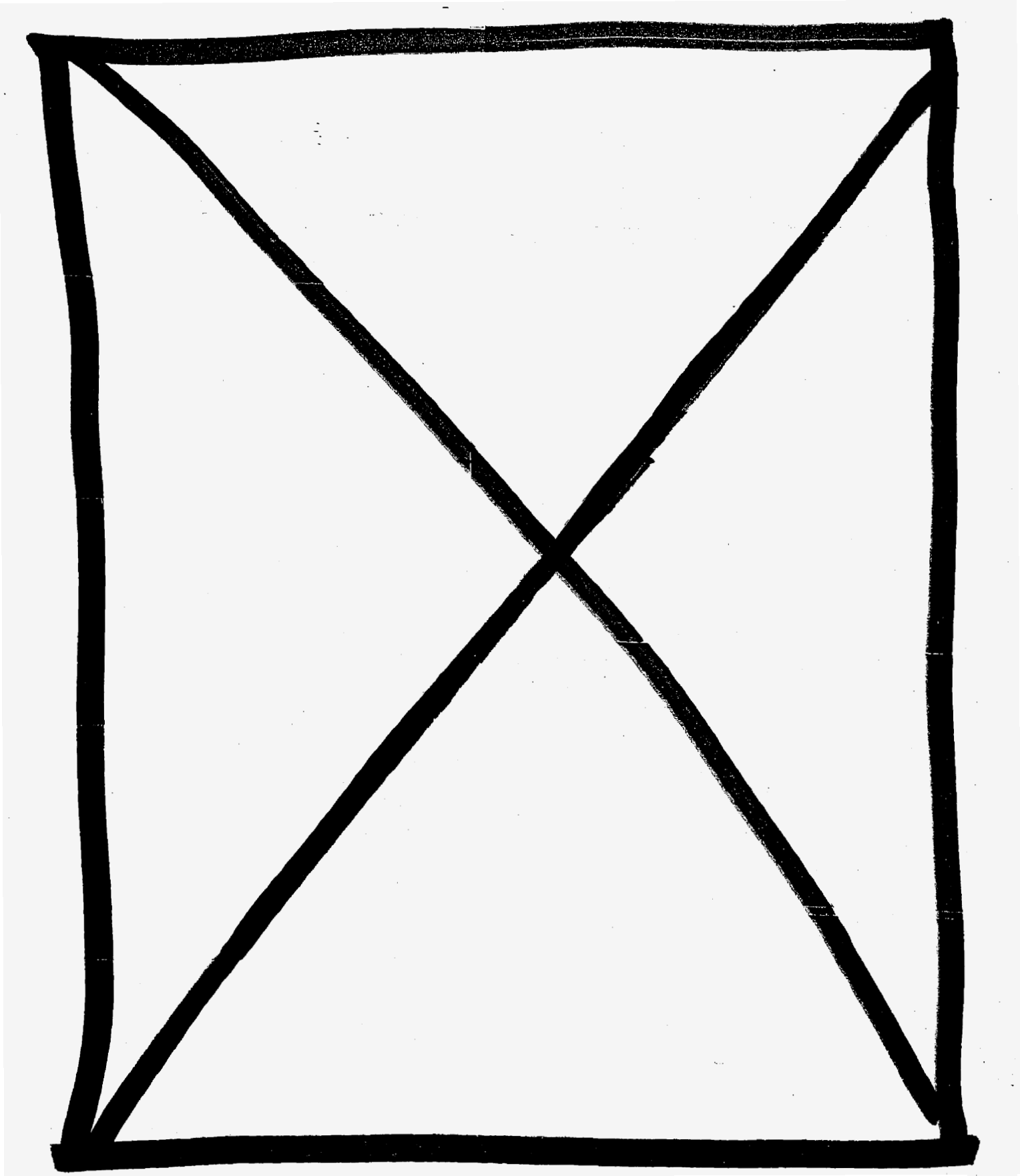


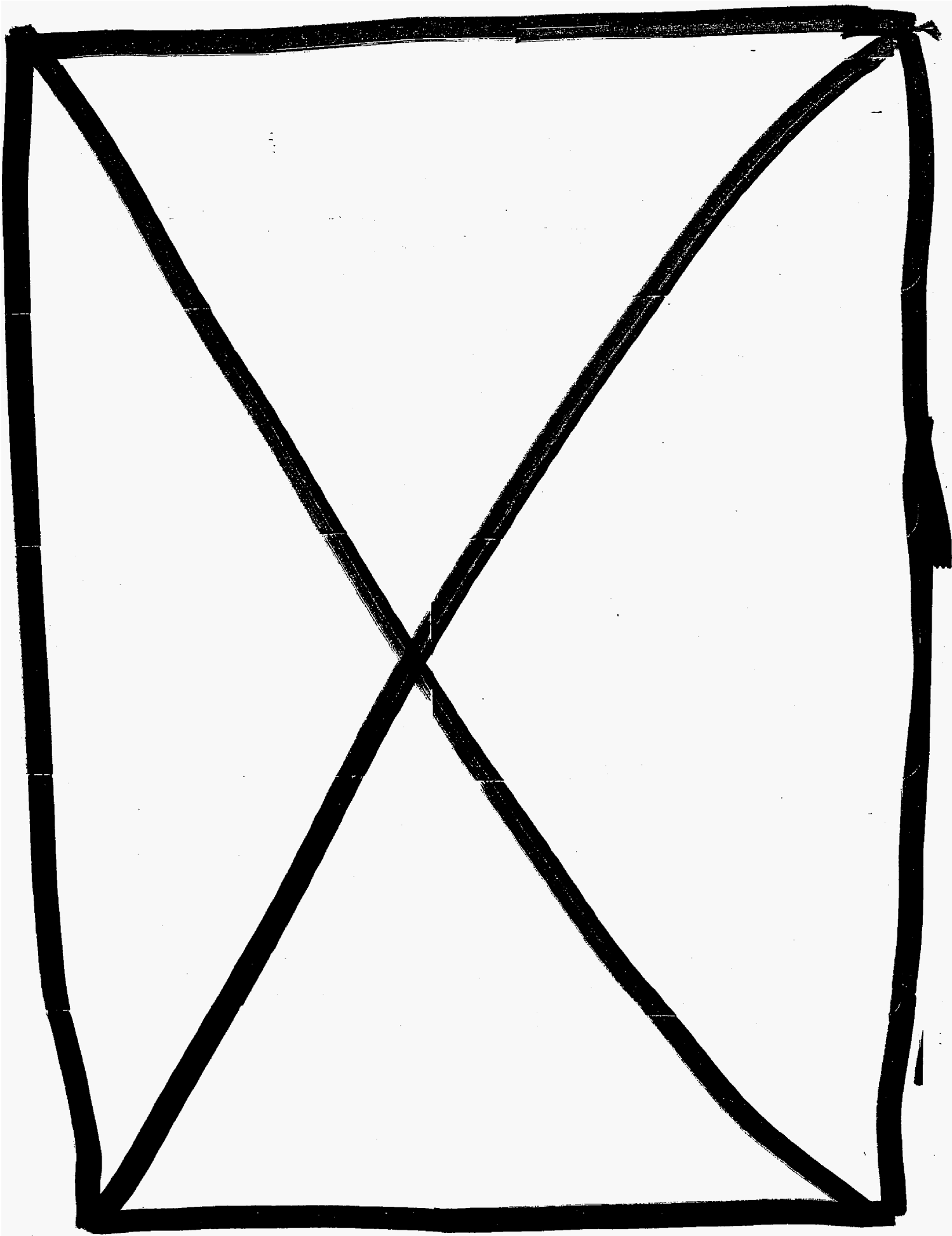


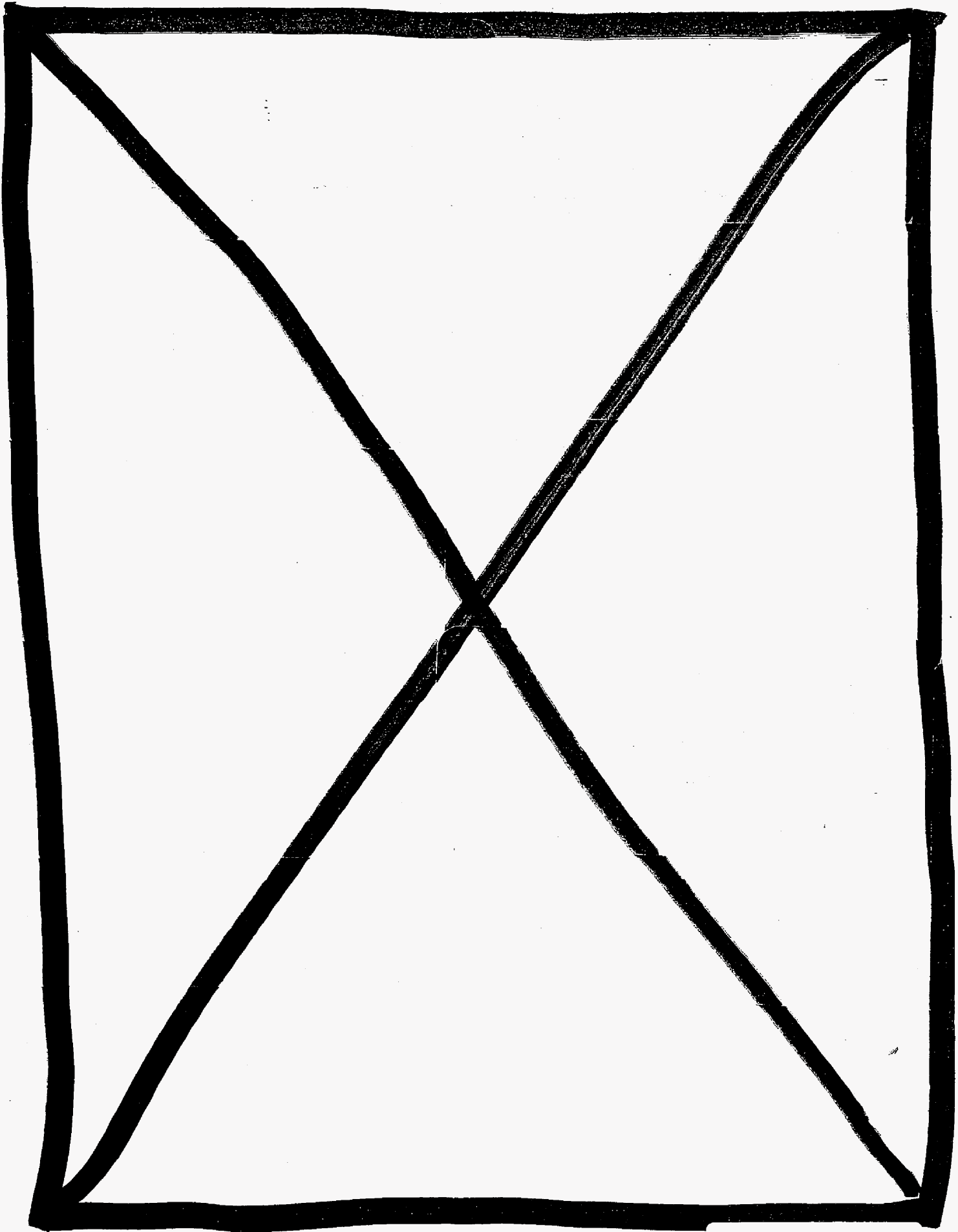


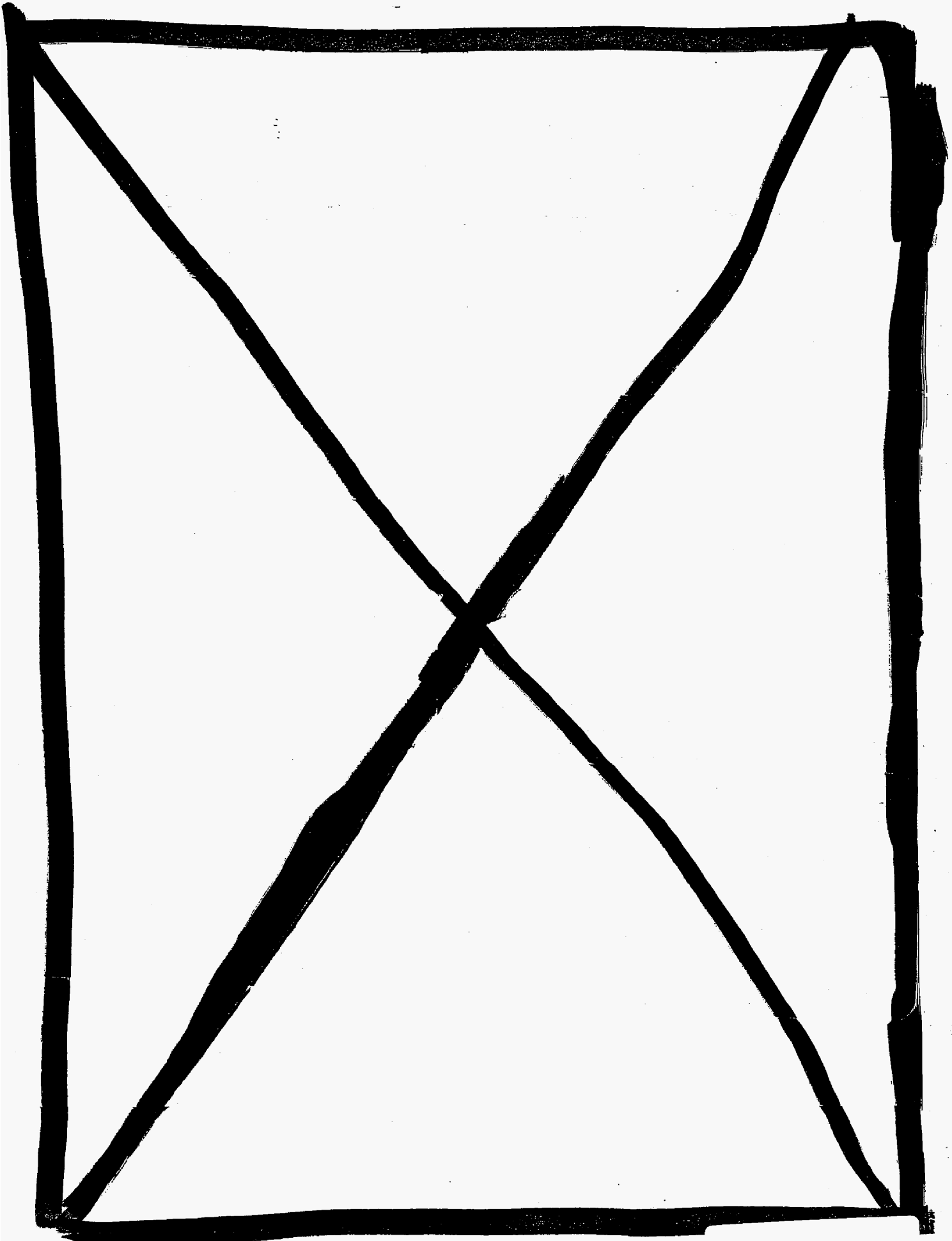


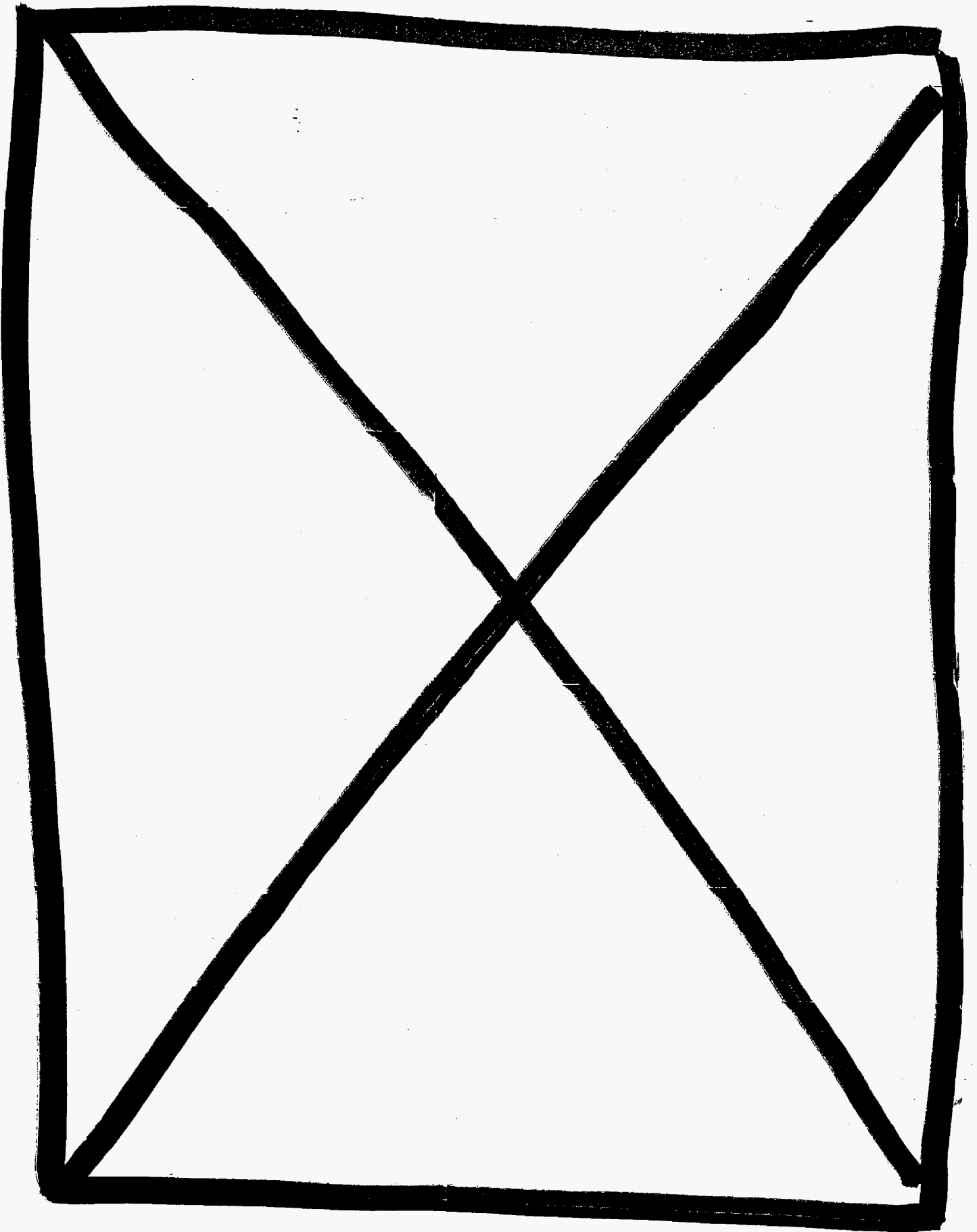


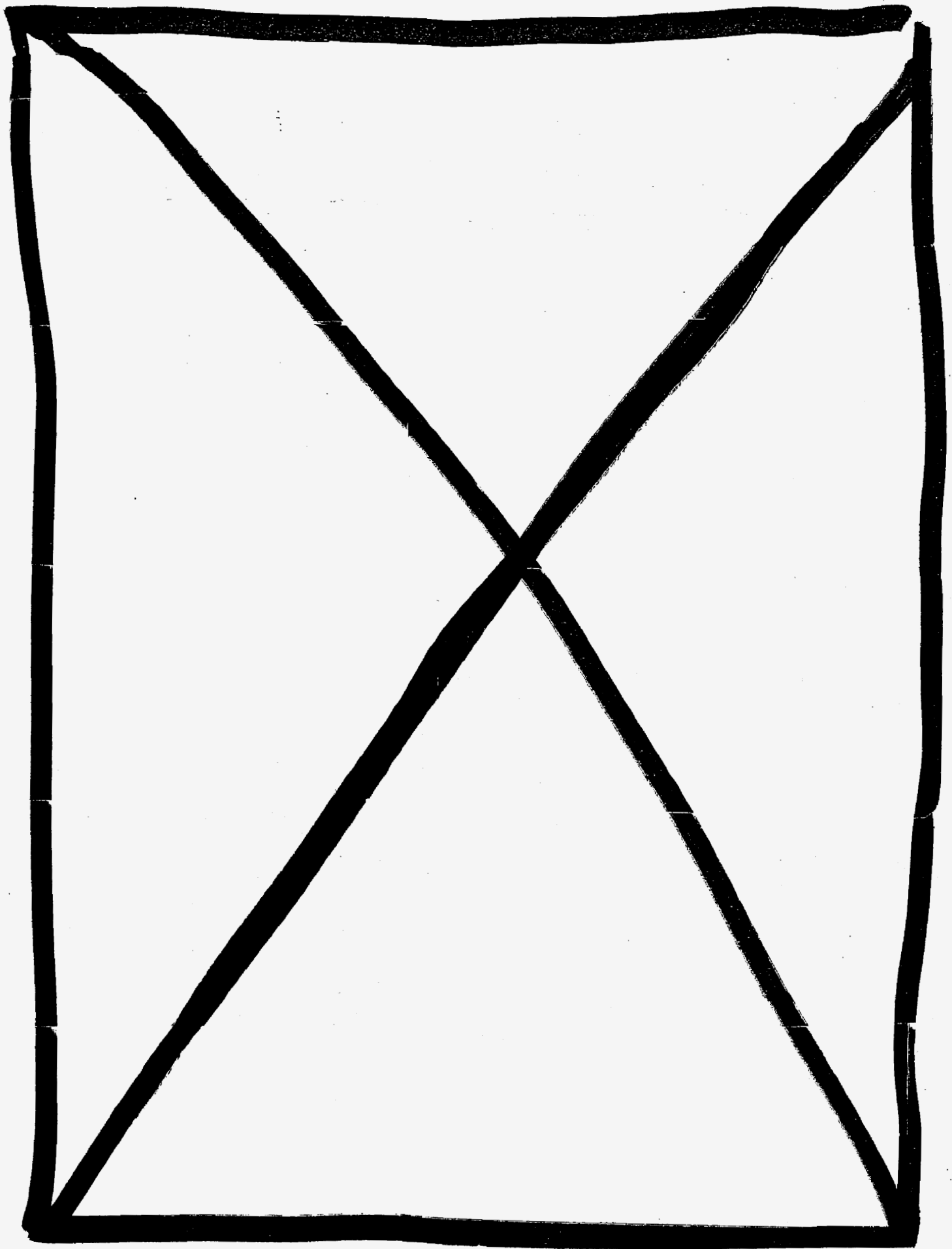


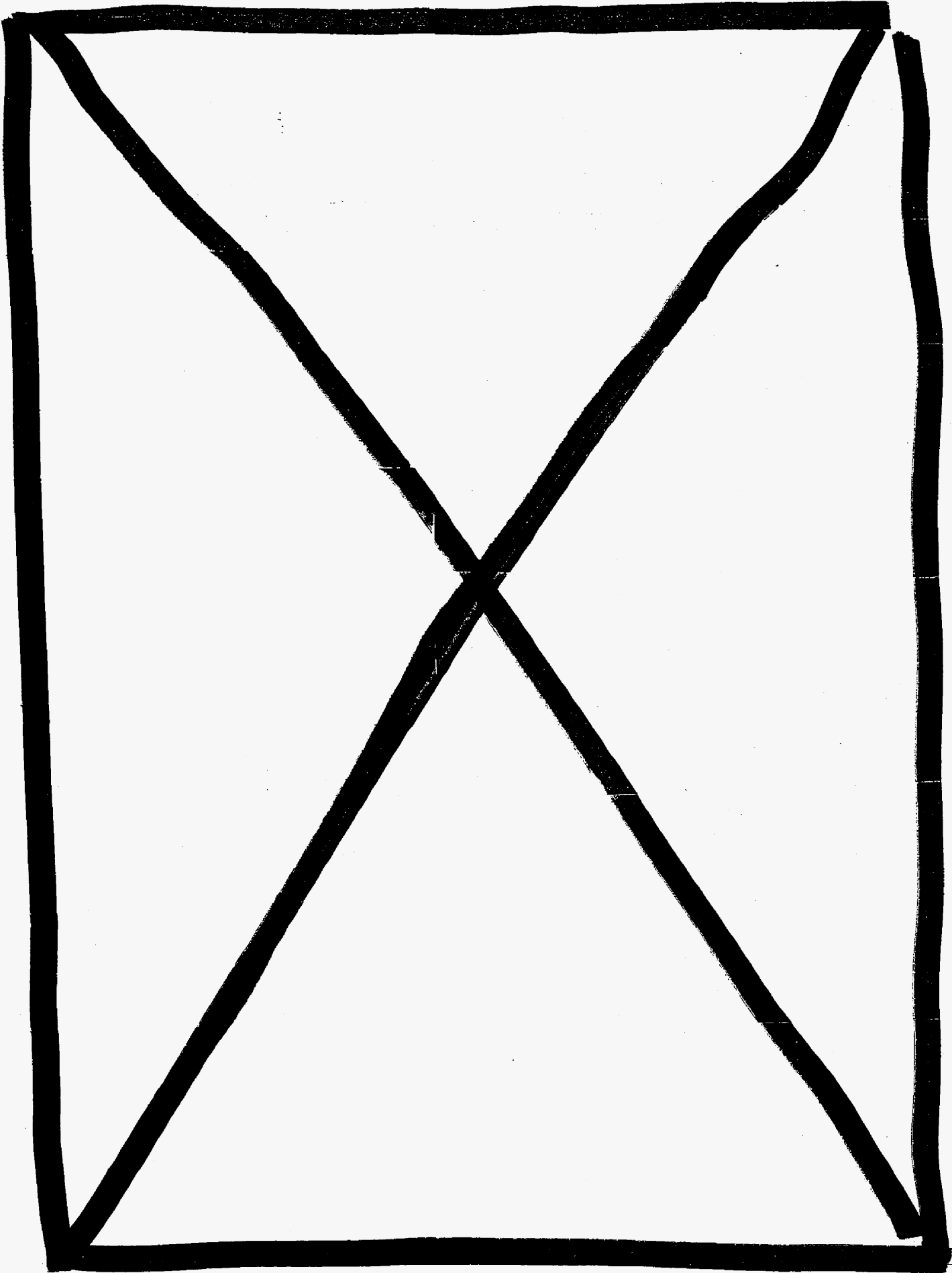


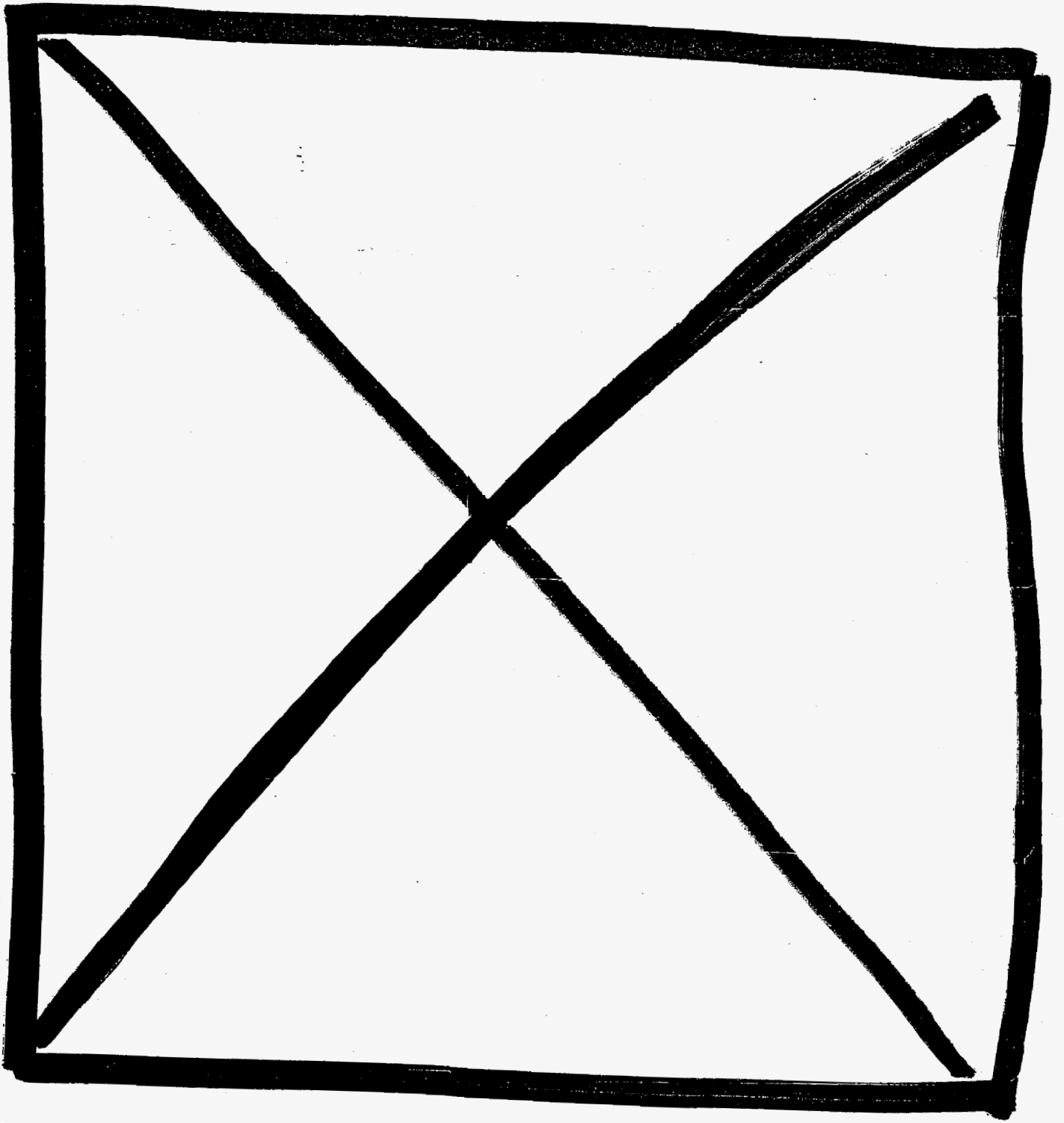


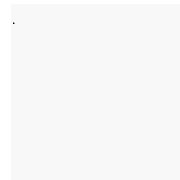
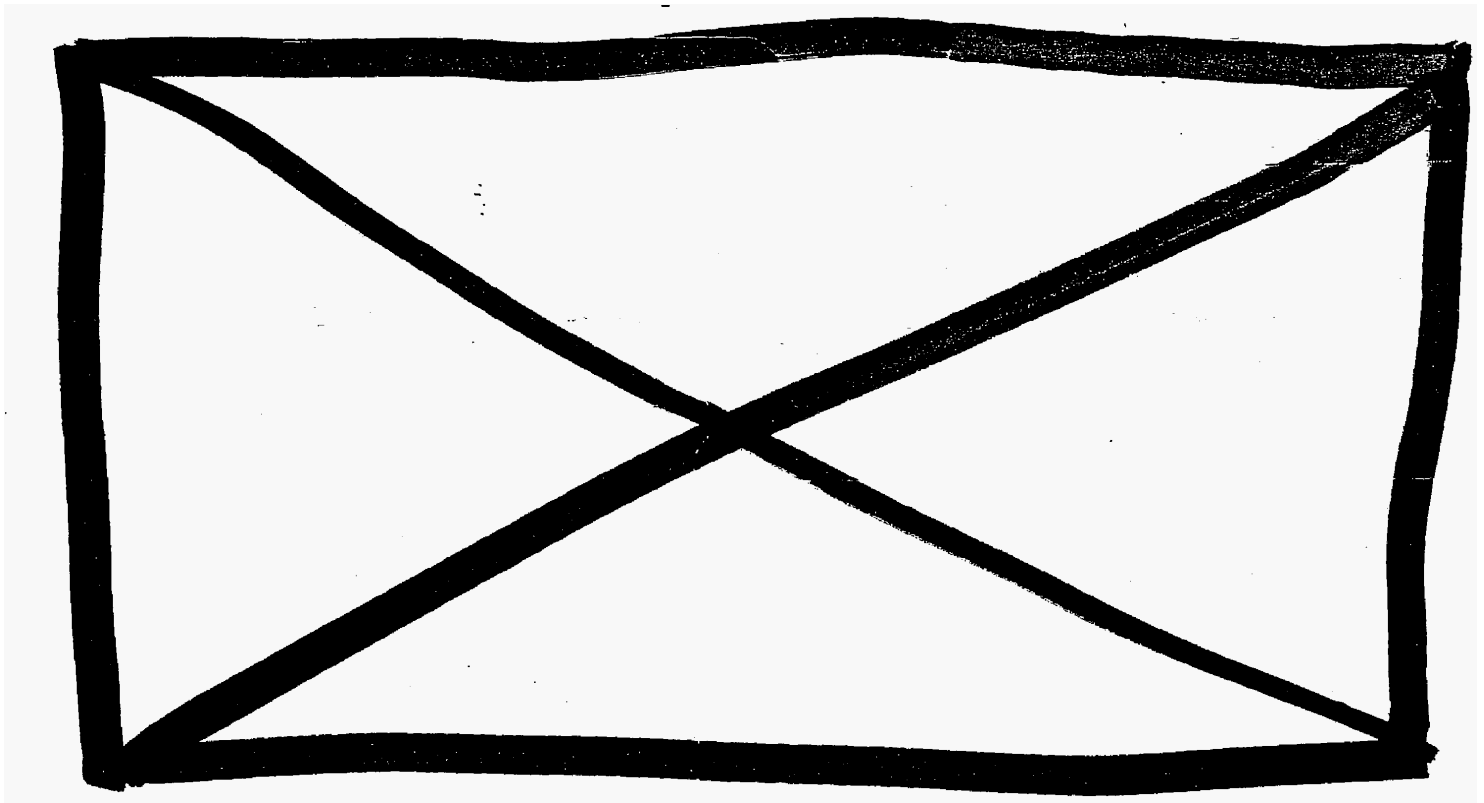


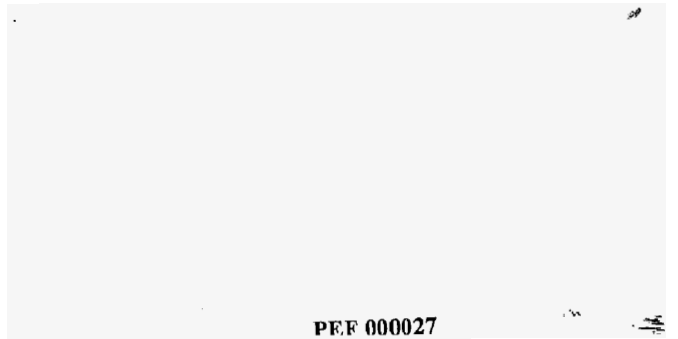
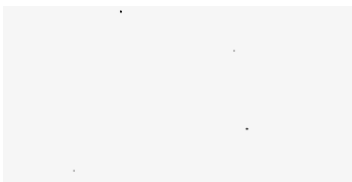
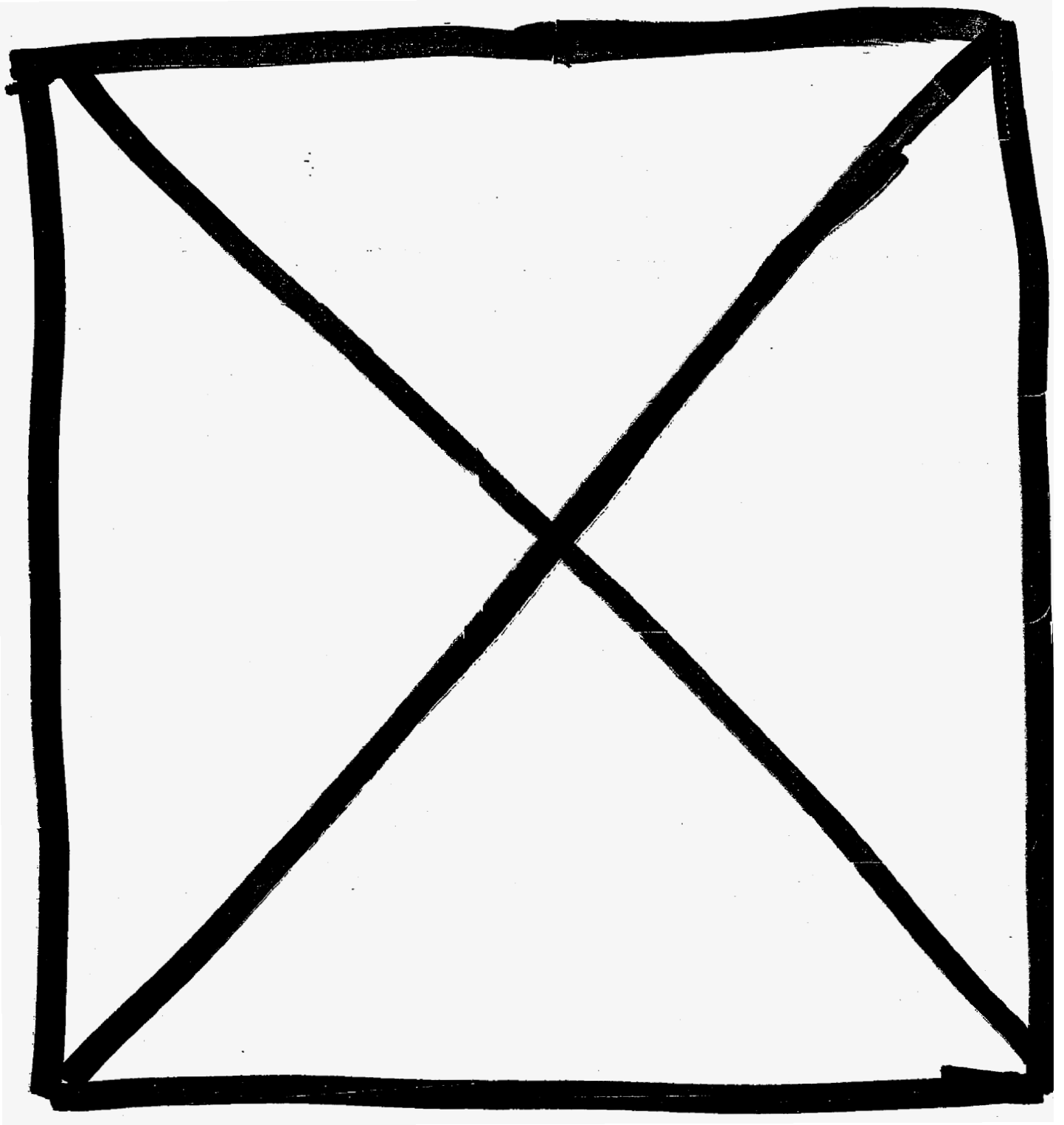


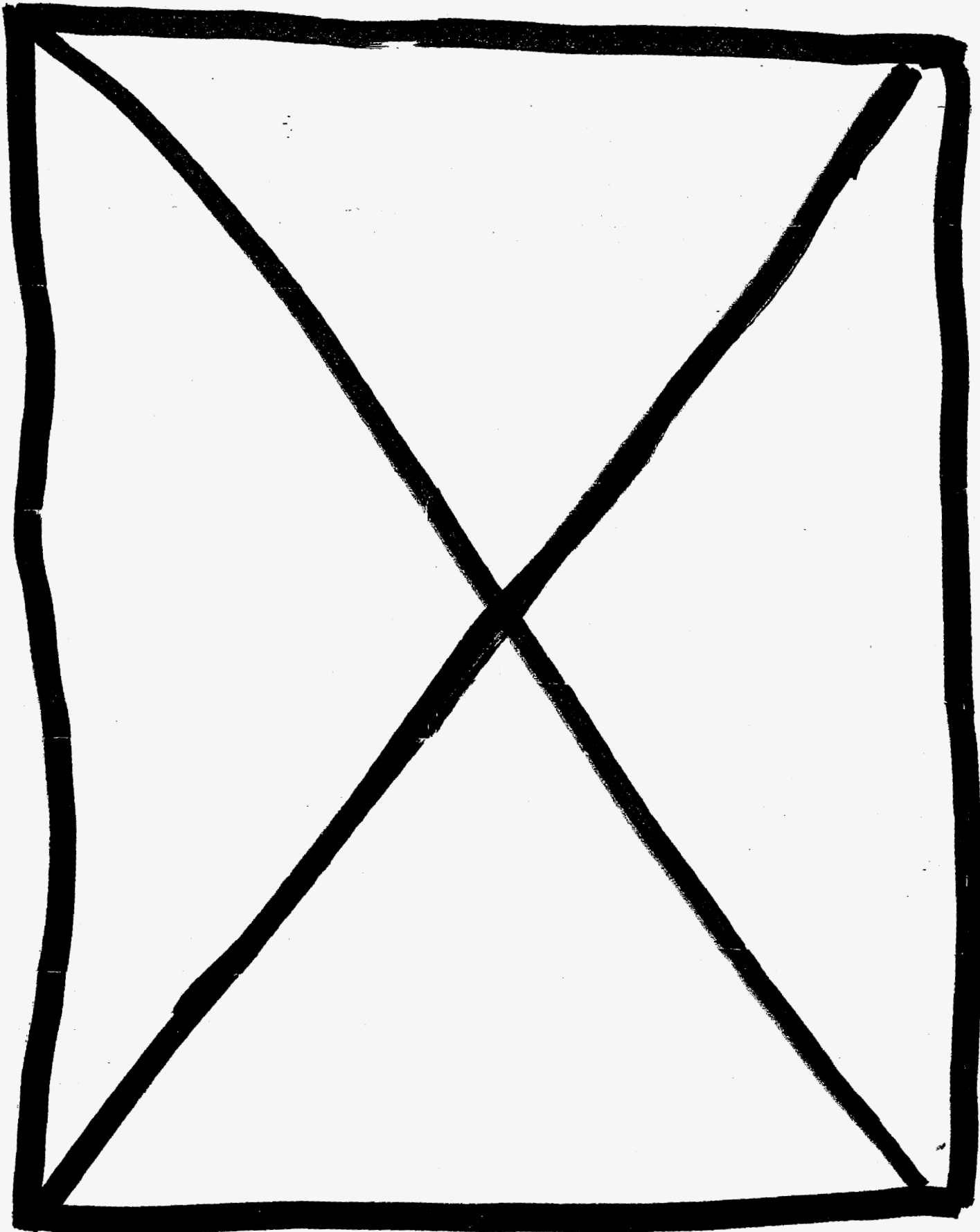


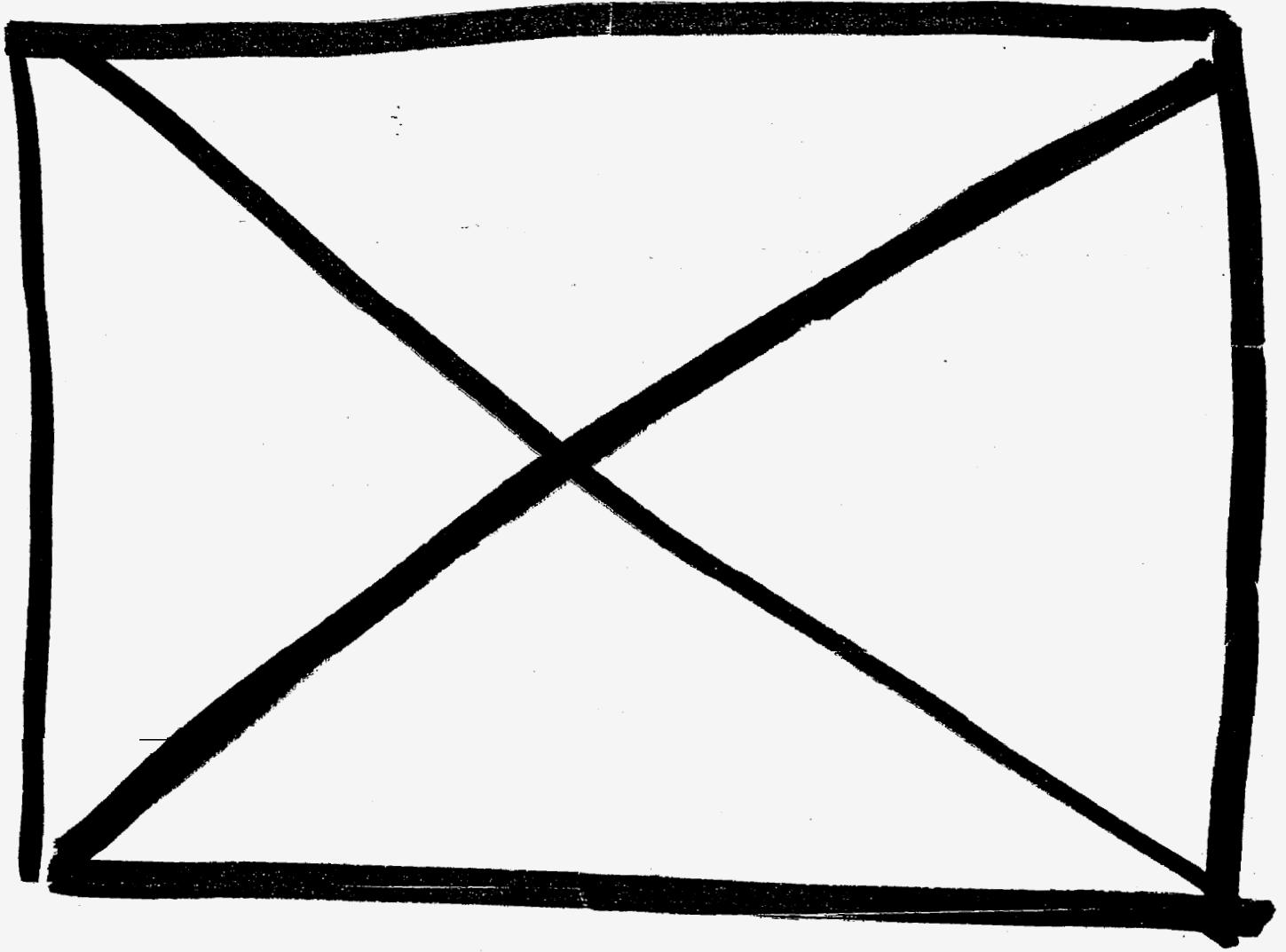












Subject to Management Approval

TERM SHEET
June 22, 2004

1. New service agreements:

Option 1 Seasonal Rate

MDQ

Period

MDQ (Dth/day)

[REDACTED]

Rates

Period

Rate(Reservation= \$/Dth/day)

[REDACTED]

[REDACTED]

Surcharges and fuel for all service agreements per Gulfstream's tariff in effect from time to time.

Option 2 Flat Rate

MDQ

Period

MDQ (Dth/day)

[REDACTED]

Rates

Period

Rate(Reservation= \$/Dth/day)

[REDACTED]

[REDACTED]

Surcharges and fuel for all service agreements per Gulfstream's tariff in effect from time to time.

Option 3 Seasonal MDQ

This option would be subject to Gulfstream's receipt of FERC approval of new seasonal service on terms and conditions acceptable to Gulfstream.

MDQ

Period

MDQ (Dth/day)

[REDACTED]

[REDACTED]

Rates

Rates subject to revenue requirements of [REDACTED] per year (based on [REDACTED]). Rates and MDQ can be discussed to reach this revenue requirement. For example at the MDQ above the rate would be:

Period

Rate(Reservation= \$/Dth/day)

[REDACTED]

[REDACTED]

Surcharges and fuel for all service agreements per Gulfstream's tariff in effect from time to time.

2. Primary Delivery Point would be Hines.

3. Primary Receipt Points for above volumes would be the same as FPC's current FT contract.
4. FPC and Gulfstream will execute a precedent agreement, which will require FERC approval, to reserve the capacity required to provide the services described above.
5. Maximum hourly flow rates for all service agreements at [REDACTED] of MDQ
6. Potential CIAC payment of up to \$[REDACTED] subject to the type and ownership of facilities to be owned and operated by FPC for receipt of Gulfstream deliveries.
7. This offer is valid only through August 31, 2004.

THIS DOCUMENT IS A PROPOSAL SUBMITTED FOR DISCUSSION PURPOSES ONLY AND IS NOT A BINDING OBLIGATION OF EITHER PARTY. ANY AGREEMENT REACHED WILL NOT BE BINDING UNLESS AND UNTIL THE PARTIES EXECUTE MUTUALLY AGREEABLE DEFINITIVE AGREEMENTS.



Regulated Commercial Operations Department
P. O. Box 1551 - CPB 10A
Raleigh, North Carolina 27602

RFP# [REDACTED]

August 22, 2003

Dear Sir or Madam:

Subject: Non-Binding Request for Proposal for Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [REDACTED]

Term

Volume

Primary Receipt Point

Service

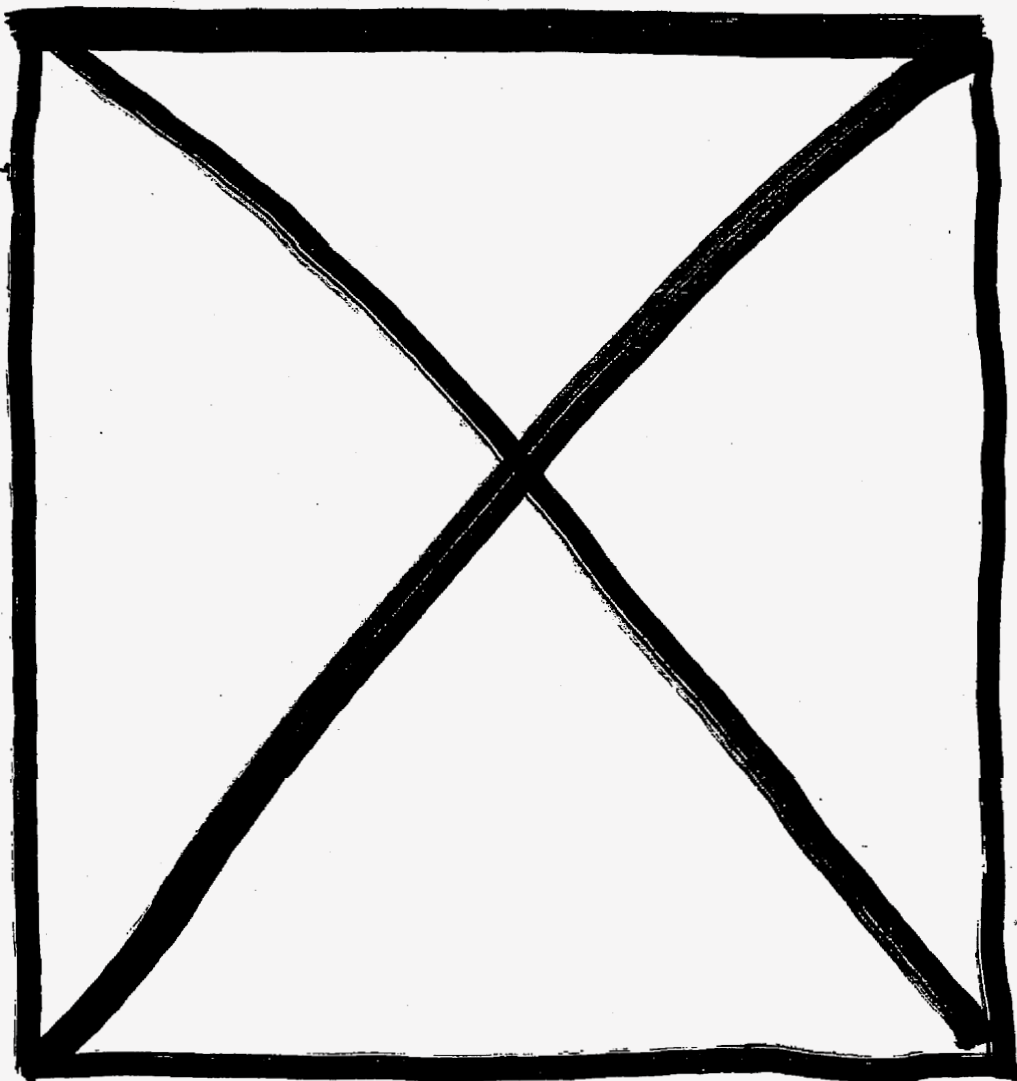
Desired Pricing

Other Pricing

Nominations:

Requirements

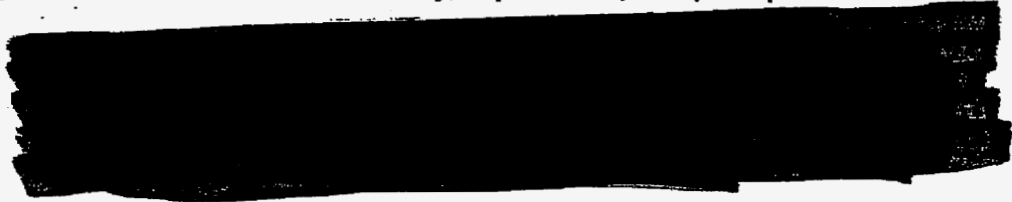
Gas Quality



Proposals are DUE by:

Wednesday, September 3, 2003, 4:00 p.m. EST

Proposals



Please send proposals to:

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: rick.rhodes@pgnmail.com

Send FAX responses to: 919-546-2922

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:08 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



[REDACTED]
Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:10 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:02 PM
To: [REDACTED]
Cc:
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com



Regulated Commercial Operations Department
P. O. Box 1551 - CPB 10A
Raleigh, North Carolina 27602

RFP# [REDACTED]

August 22, 2003

Dear Sir or Madam:

Subject: Non-Binding Request for Proposal for Gas Supply

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for long-term gas supply sourced out of your company's [REDACTED]

Term

Volume

Primary Receipt Point

Service

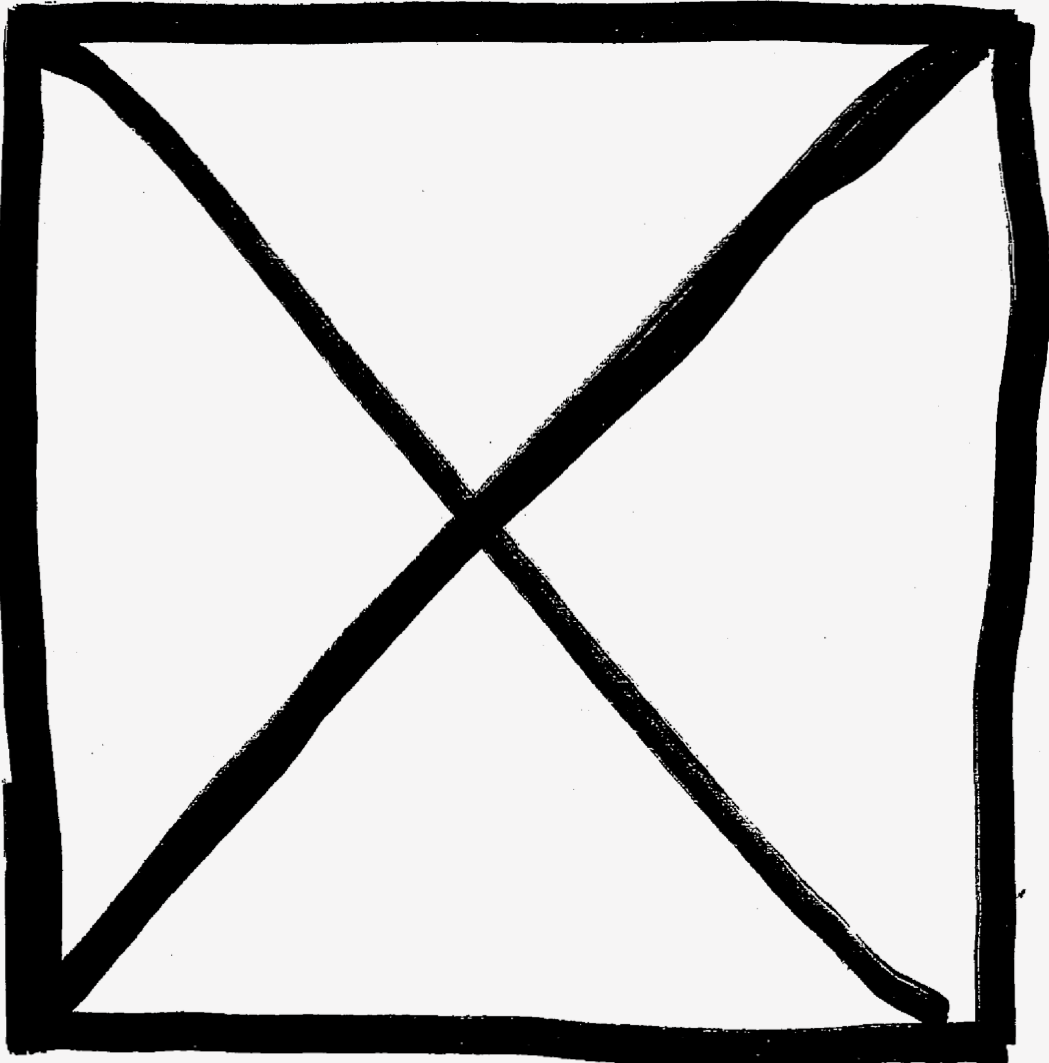
Desired Pricing

Other Pricing

Nominations:

Requirements

Gas Quality



● Page 2

October 6, 2004

Proposals are DUE by:

Wednesday, September 3, 2003, 4:00 p.m. EST

Proposals

Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference RFP# [REDACTED]. Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: rick.rhodes@pgnmail.com

Send FAX responses to: 919-546-2922

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:25 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



[REDACTED]

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:18 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

~~Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.~~

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes. Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:28 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Non-Binding RFP
Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes. Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:23 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Friday, August 22, 2003 5:21 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Non-Binding RFP

Importance: High
Sensitivity: Confidential

Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.



[REDACTED]

Rick Rhodes
Term Gas & Logistics
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

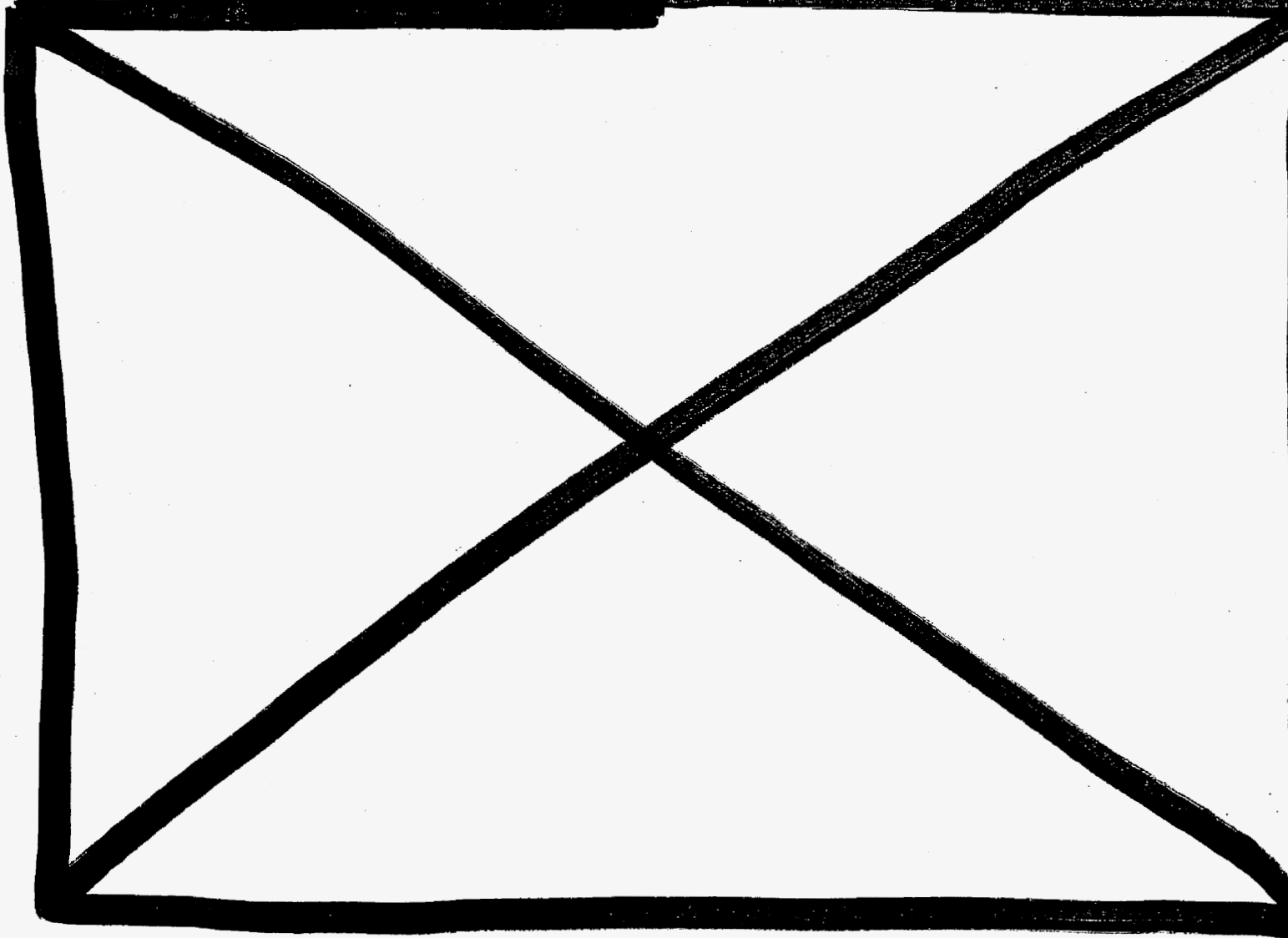
Rhodes, Rick

From: [REDACTED]
Sent: Wednesday, September 03, 2003 10:20 AM
To: Rick Rhodes (E-mail)
Cc: [REDACTED]
Subject: RFP Responses



[REDACTED]
Rick,

Please find copies of [REDACTED] response to Progress Energy's
Request for Proposals dated August 25, 2003. [REDACTED]



[REDACTED]

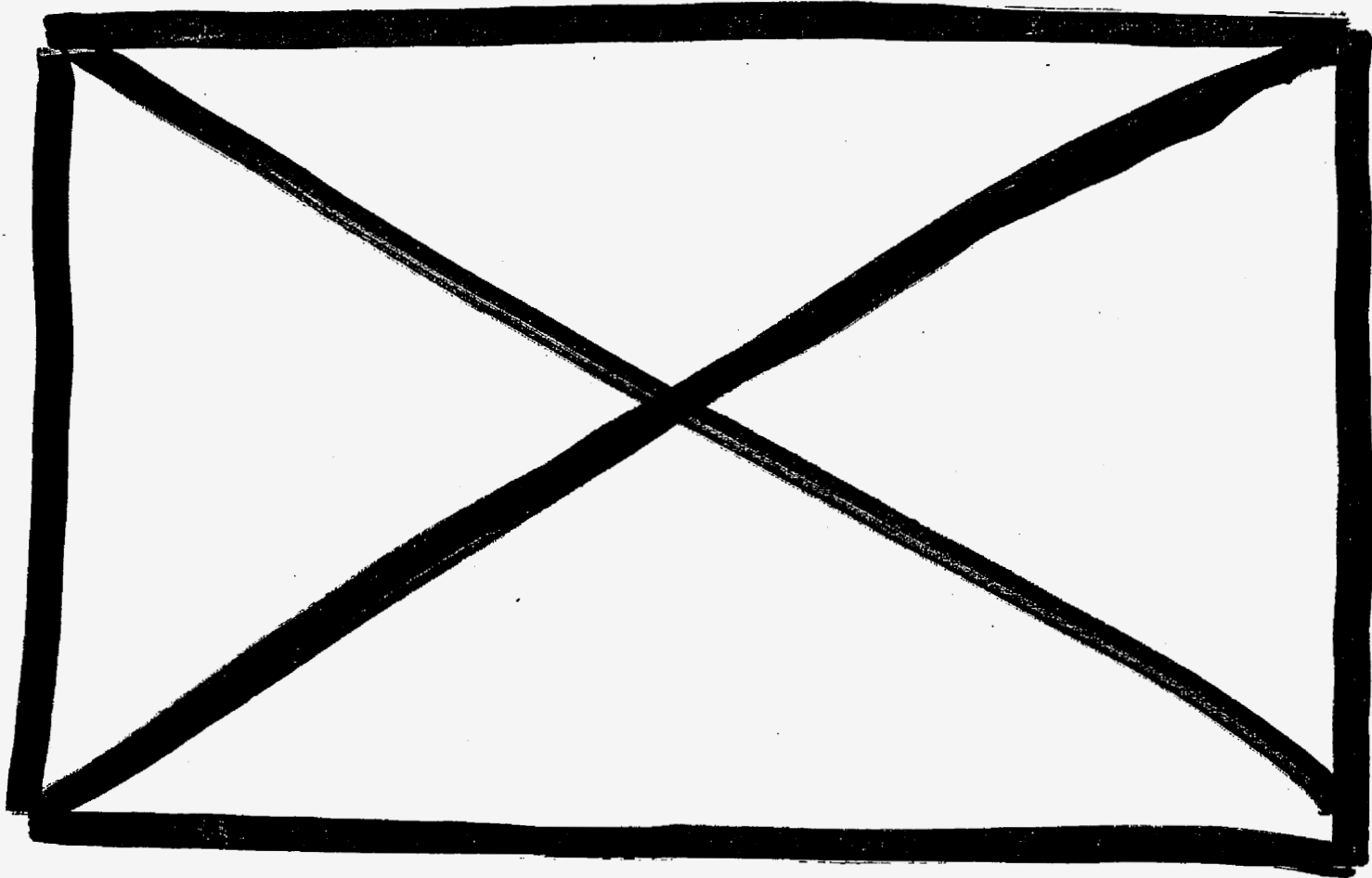
Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.

[REDACTED]

September 03, 2003

Re: Firm Gas Supply Offer to Carolina Power & Light – VIA Electronic Mail

Dear Rick:



CONFIDENTIAL

[REDACTED]

[REDACTED]

Proposal for [REDACTED]

Carolina Power & Light d/b/a Progress Energy Carolinas, Inc.

RFP# [REDACTED]

Term:

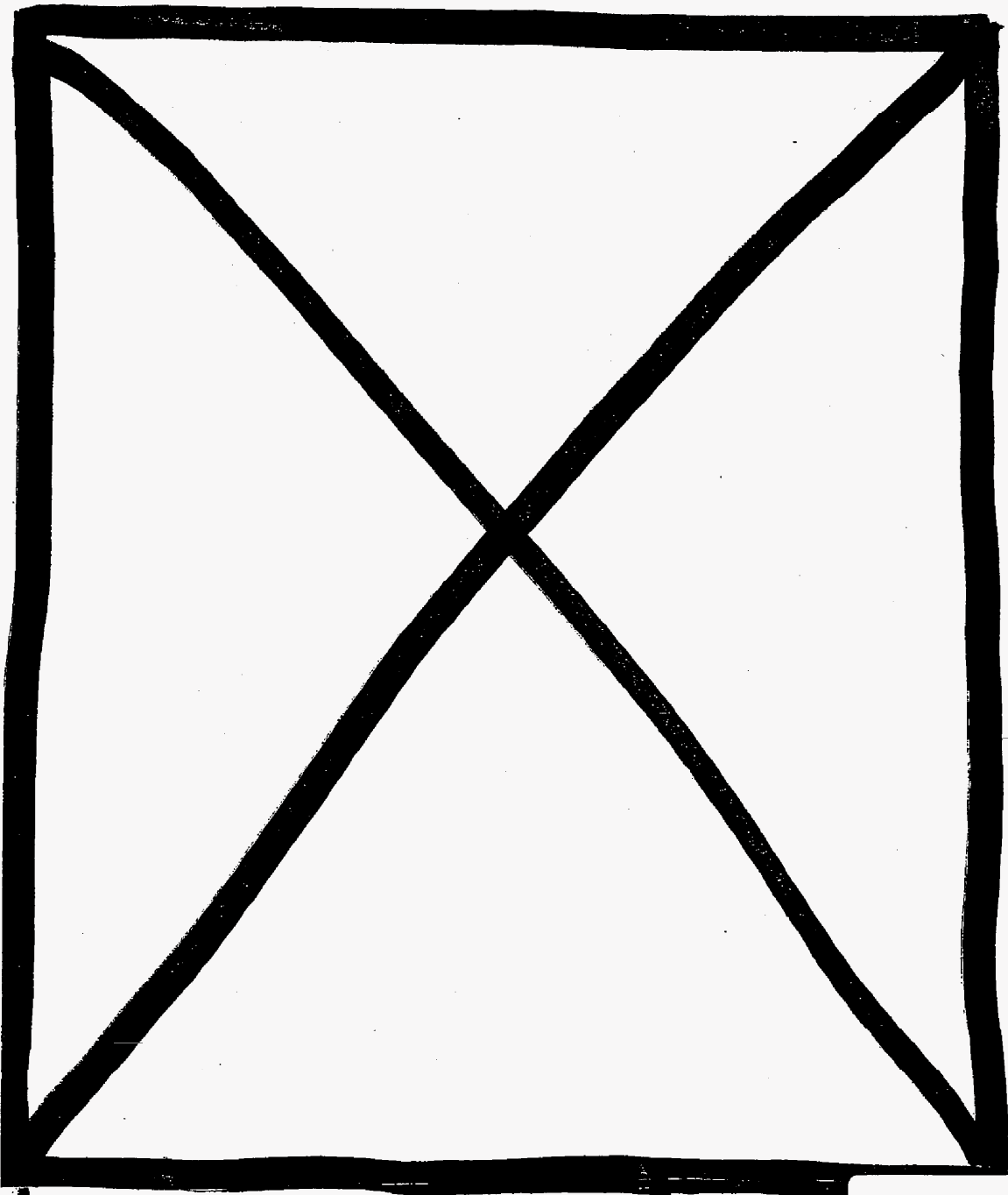
Pipeline:

Delivery:

Volume:

Service:

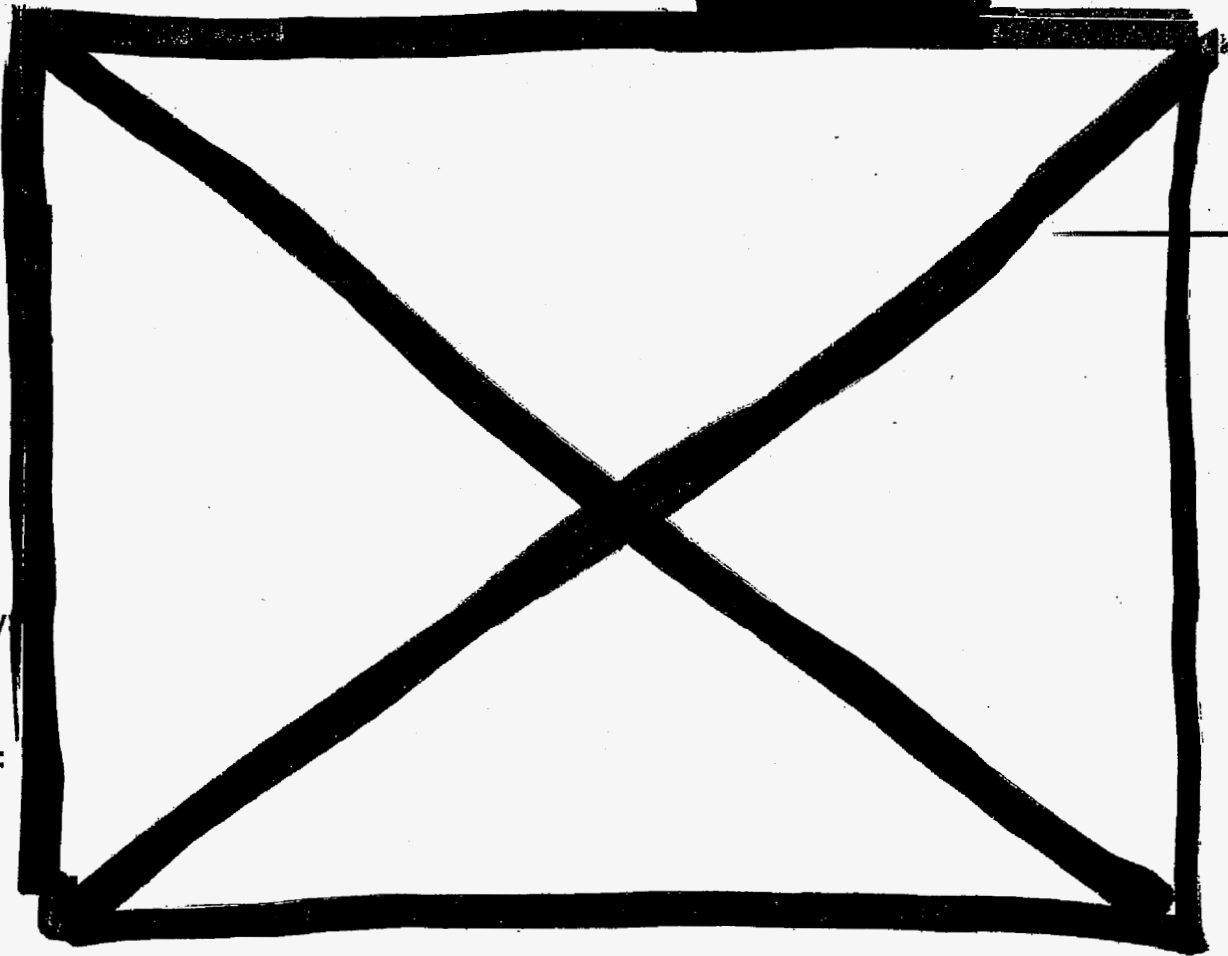
Pricing:



CONFIDENTIAL

Gas Quality

Conditions:



[REDACTED]

CONFIDENTIAL

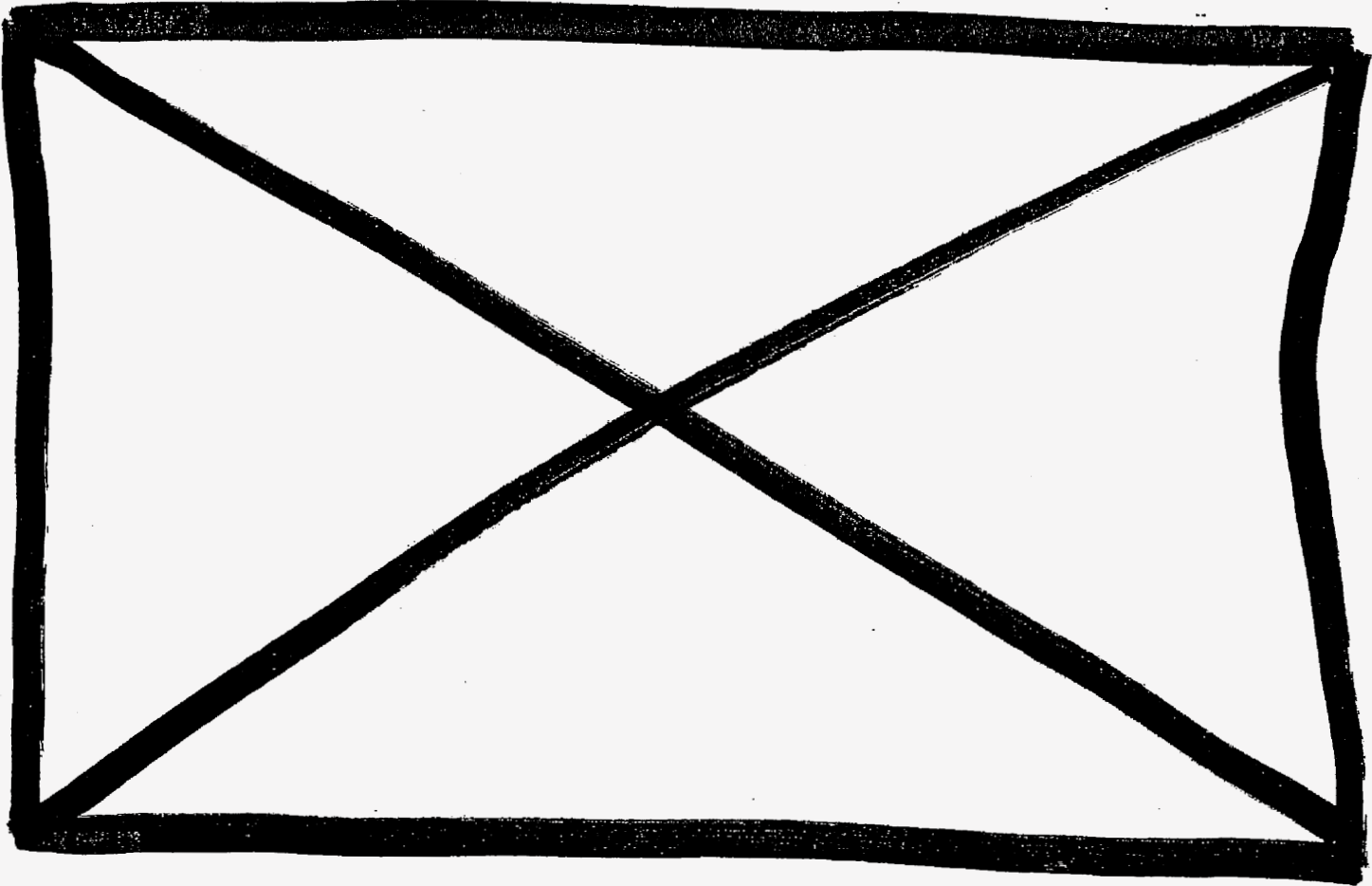
[REDACTED]

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.

September 03, 2003

Re: Firm Gas Supply Offer to Florida Power Corporation – VIA Electronic Mail

Dear Rick:



[REDACTED]

[REDACTED]

[REDACTED]

Proposal for [REDACTED]

Florida Power Corporation d/b/a Progress Energy Carolinas, Inc.

[REDACTED]

Term:

Pipeline:

Delivery:

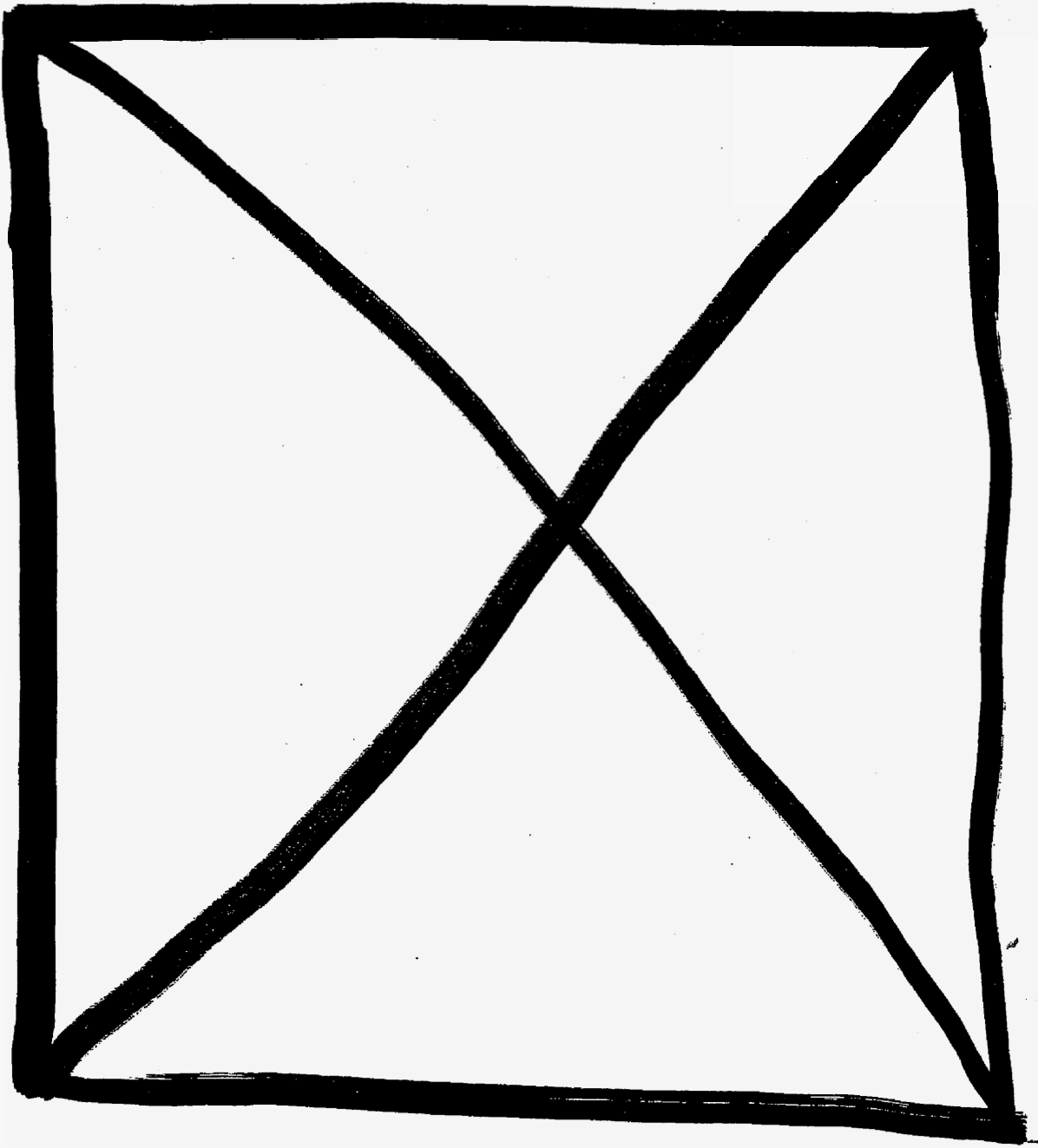
Volume:

Service:

Pricing:

Gas Quality:

Conditions:



RFP# [REDACTED]

Page 1 of 1

Rhodes, Rick

From: [REDACTED]

Sent: Wednesday, September 03, 2003 2:16 PM

To: Rick Rhodes (E-mail)

Cc: [REDACTED]

Subject: RFP# [REDACTED]

Mr. Rhodes -

Attached please find our response to the above referenced RFP.

Thank you,

[REDACTED]
<<Progress Energy RFP.doc>>

CONFIDENTIAL

September 3, 2003

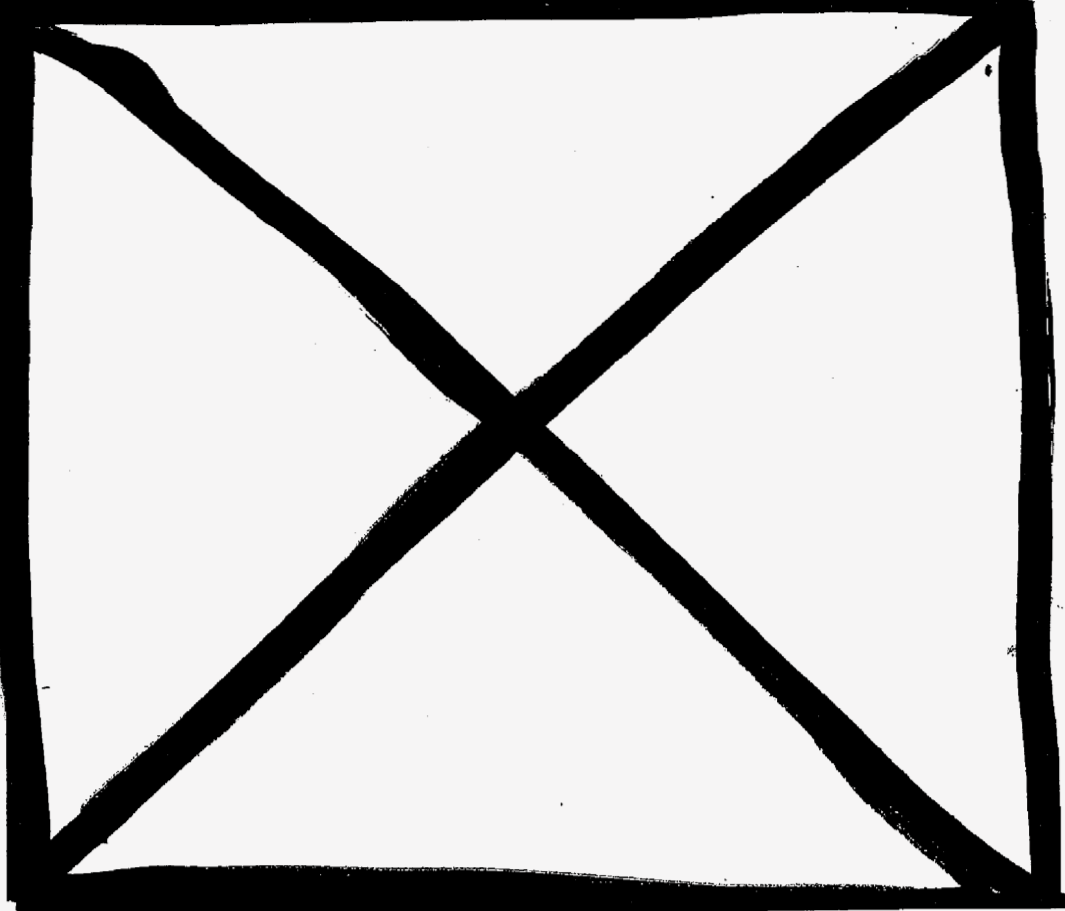
Progress Energy, Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 – PEB 10A
Raleigh, NC 27602

Dear Mr. Rhodes:

Subject: Non-Binding Request for Proposal for Gas Supply
RFP# [REDACTED]

[REDACTED]

Term
Volume
Primary Receipt Point
Service
Pricing



CONFIDENTIAL

[REDACTED]

Nominations:

[REDACTED]

Requirements

[REDACTED]

Gas Quality

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Rhodes, Rick

From: [REDACTED]
Sent: Friday, September 05, 2003 12:14 PM
To: 'rick.rhodes@pgnmail.com'
Subject: FW: Non-Binding RFP

Importance: High
Sensitivity: Confidential

CONFIDENTIAL



[REDACTED]
Rick,

Attached below is [REDACTED] indicative non-binding response to Progress' non-binding request for proposal for gas supply sourced out [REDACTED]. We hope you that you please understand that this is very preliminary and effectively kicks off any discussions that Progress and [REDACTED] will have regarding LNG supplies [REDACTED]. We anticipate that details will be further defined as discussions progress.

We look forward to the conference call we have set up with you at 3 pm Eastern time next Monday (September 8) to discuss potential LNG arrangements [REDACTED]

Regards,
[REDACTED]

-----Original Message-----

From: Rhodes, Rick [mailto:Rick.Rhodes@pgnmail.com]
Sent: Friday, August 22 2003 4:02 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Non-Binding RFP
Importance: High
Sensitivity: Confidential

> Progress Energy seeks non-binding proposals from your company to supply natural gas for the requirements listed in the attached RFP. Progress Energy is currently evaluating how LNG could play an integral role in its supply portfolio and your response will serve as a key input to this evaluation. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB.

>
> You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

>
> We look forward to your response. Feel free to contact me with any questions. Thanks in advance for your timely response by this September 3, 2003 deadline.

>
> > <<lmg rfp elba island.doc>>
> Rick Rhodes
> Term Gas & Logistics
> Progress Energy
> 919.546.7613
> rick.rhodes@pgnmail.com
>
>
>

[REDACTED]

CONFIDENTIAL

[REDACTED]

September 5, 2003

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

RE: Non-Binding Gas Supply Proposal at the [REDACTED]

Dear Rick:

[REDACTED]

Term

[REDACTED]

Volume

[REDACTED]

Delivery Point

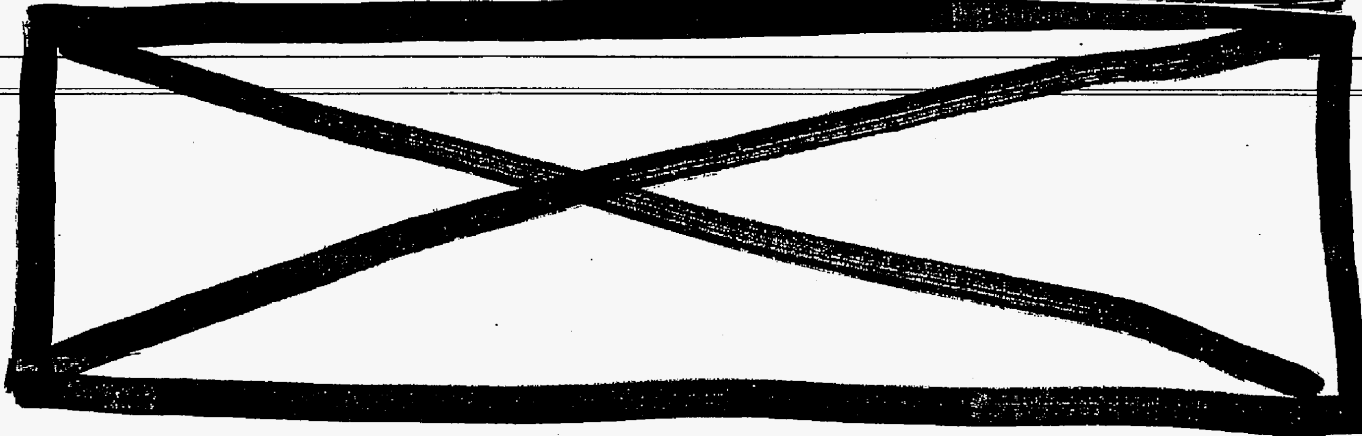
[REDACTED]

September 3, 2003
Page 2

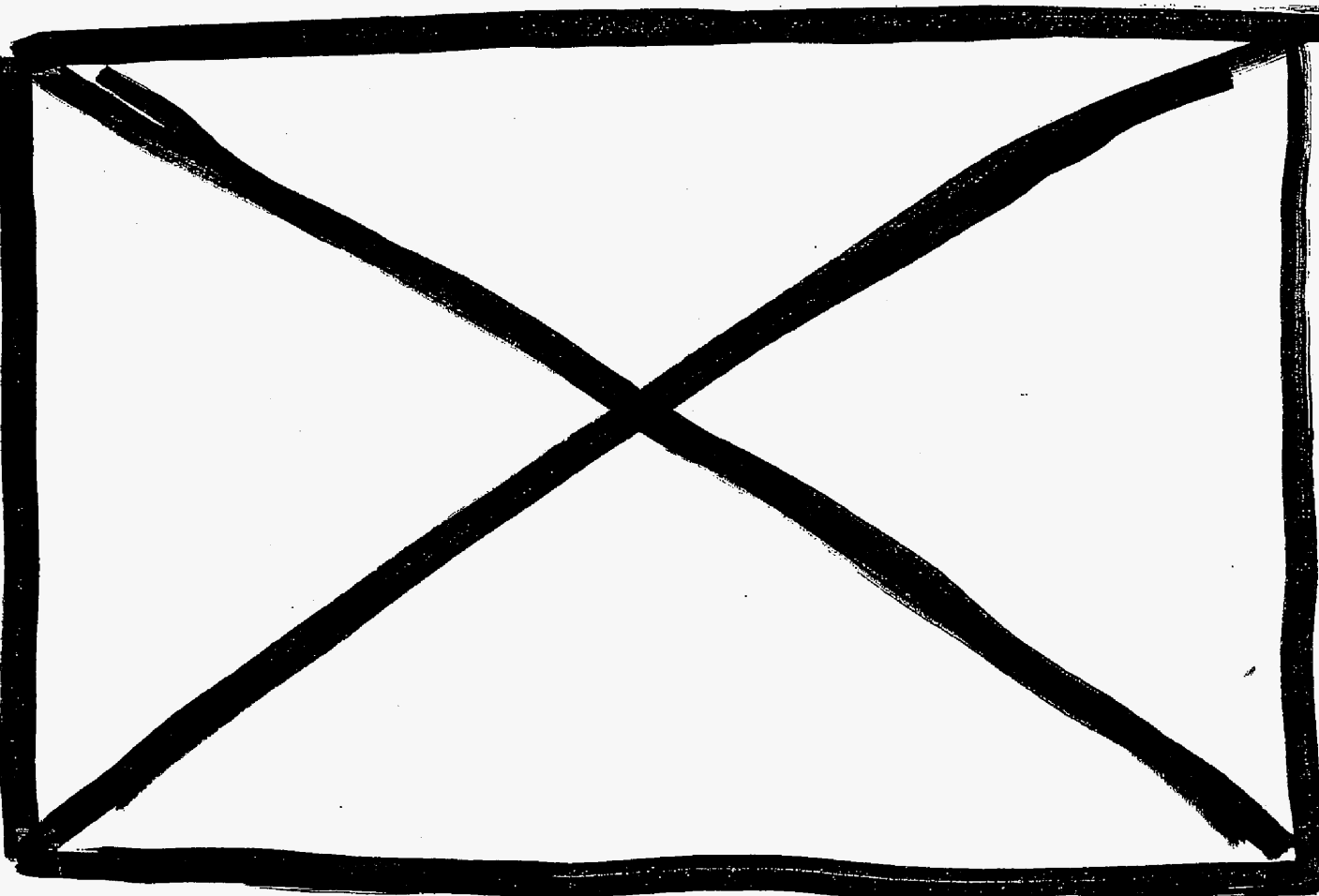
CONFIDENTIAL

Alternative Delivery Point:

Service



Monthly Baseload Priced Firm Supply



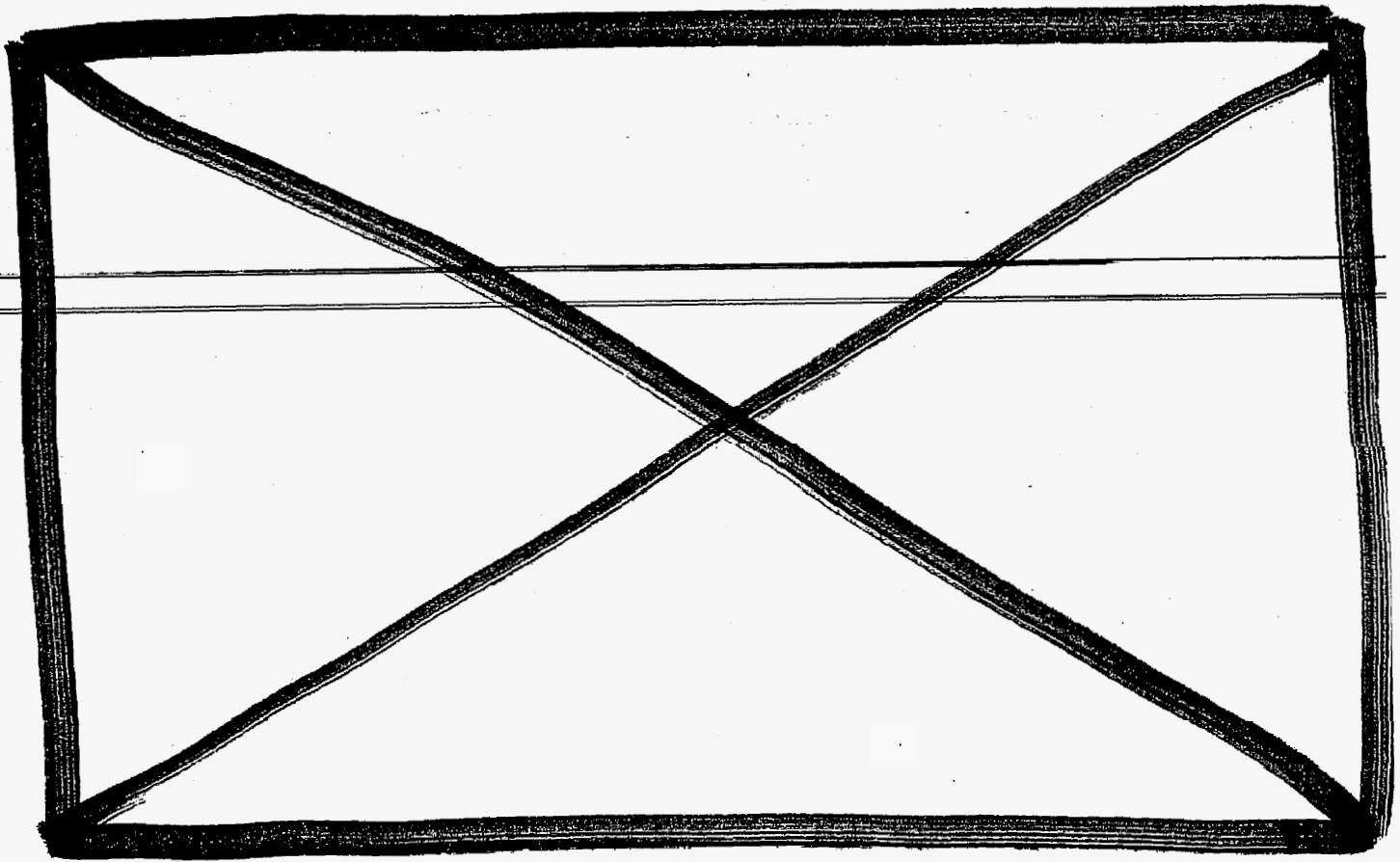
Nominations

Taxes

Credit

Other Conditions Precedent

September 3, 2003
Page 4



Rhodes, Rick

From: Trimble, John
Sent: Thursday, September 04, 2003 7:35 AM
To: Rhodes, Rick
Subject: FW: [REDACTED]



Rick:

[REDACTED]

John Trimble
Long Term Representative
Progress Energy
Ph: (919) 546-3323

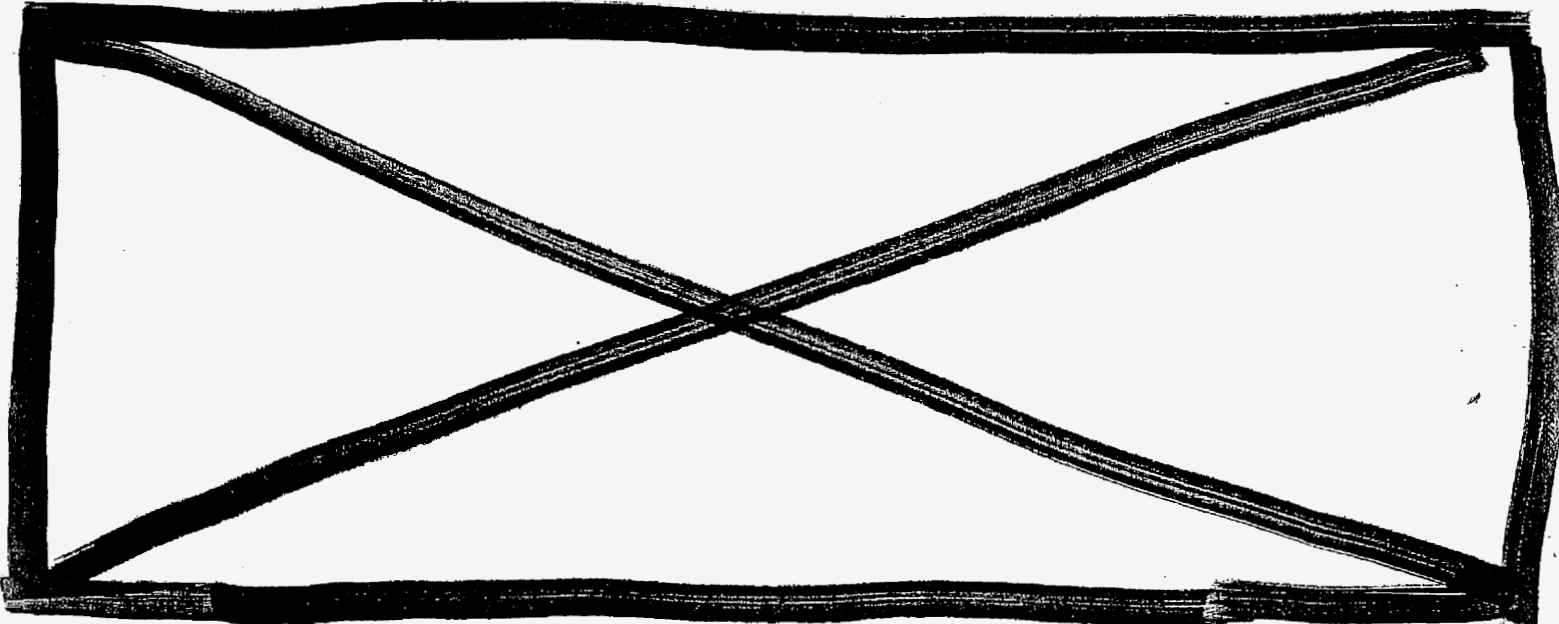
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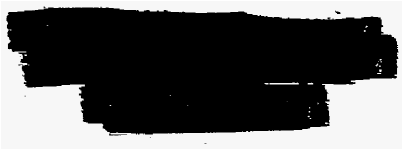
From: [REDACTED]
Sent: Wednesday, September 03, 2003 4:51 PM
To: Trimble, John
Subject: [REDACTED]

John -

[REDACTED]

[REDACTED]





CONFIDENTIAL

Thomas P. Jacomini, Jr.
Vice President
(713) 361-7619



Confidential

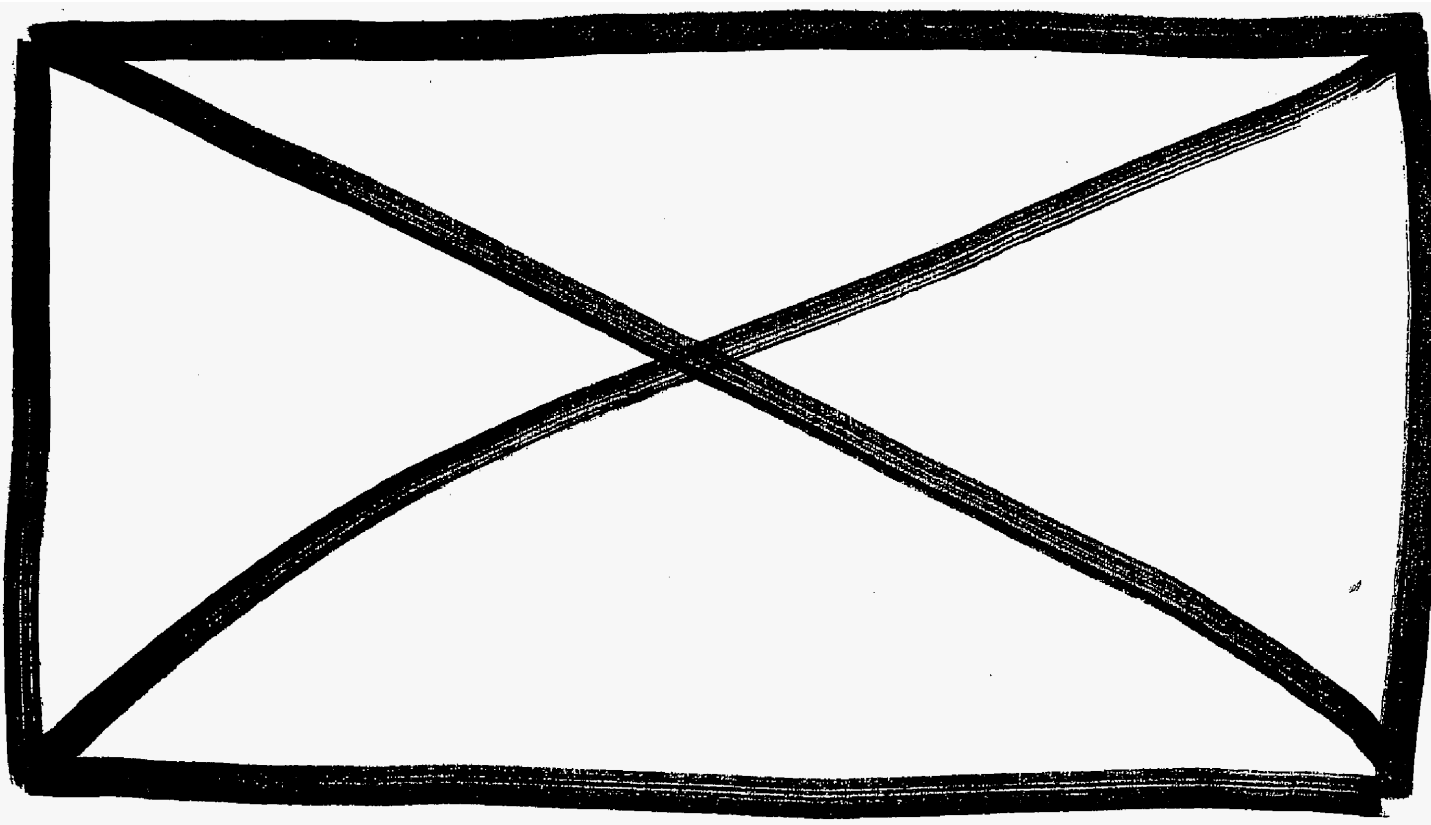
September 3, 2003

Mr. John Trimble
Progress Energy Inc.
PO Box 1551 - PEB 10A
Raleigh, NC 27602

Via e-mail: john.trimble@pgnmail.com

Re: RFP# 

Dear John:



CONFIDENTIAL

September 3, 2003

Page 2

Volume:

Primary Receipt Point:

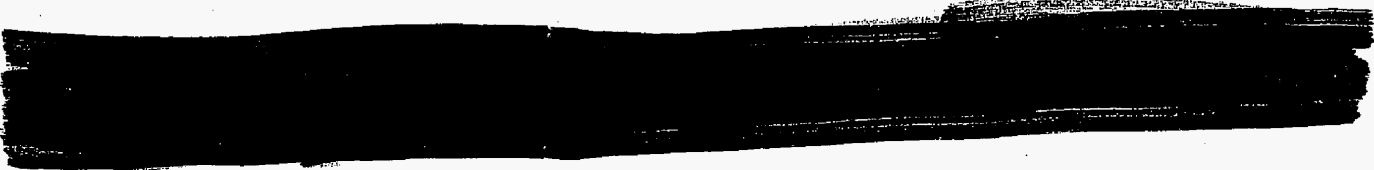
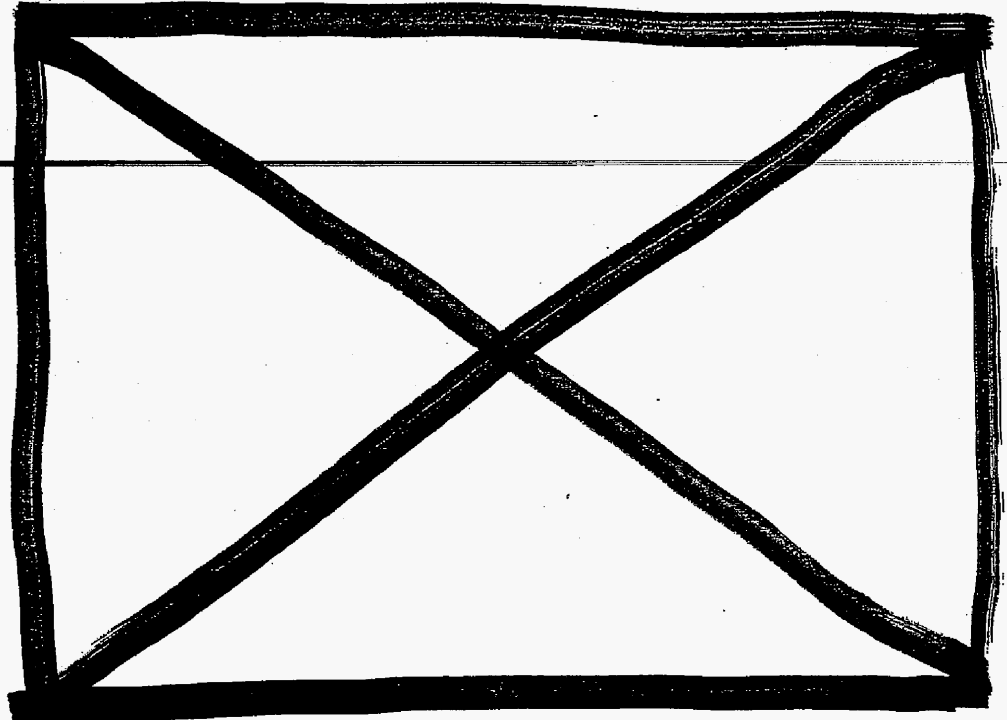
Service:

Pricing:

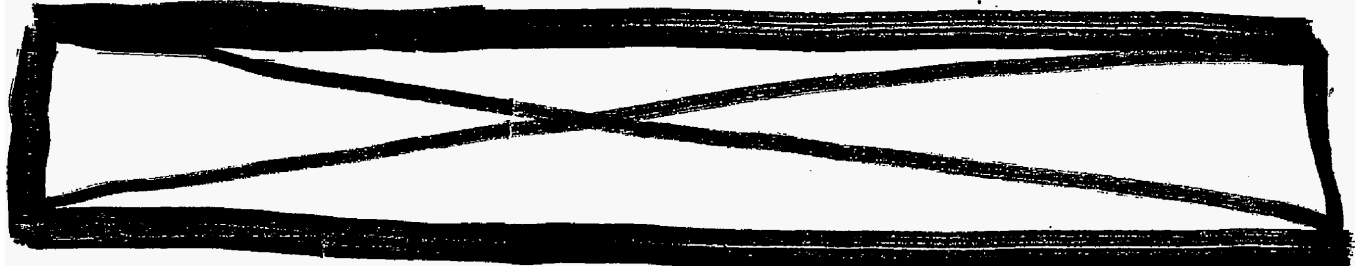
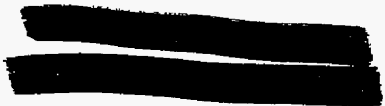
Nominations:

Requirements:

Gas Quality:



Sincerely,





Progress Energy

Regulated Commercial Operations Department
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602

RFP# [REDACTED]

April 5, 2004

CONFIDENTIAL

Dear Sir or Madam:

Subject: [REDACTED]

[REDACTED]

Term

Volume

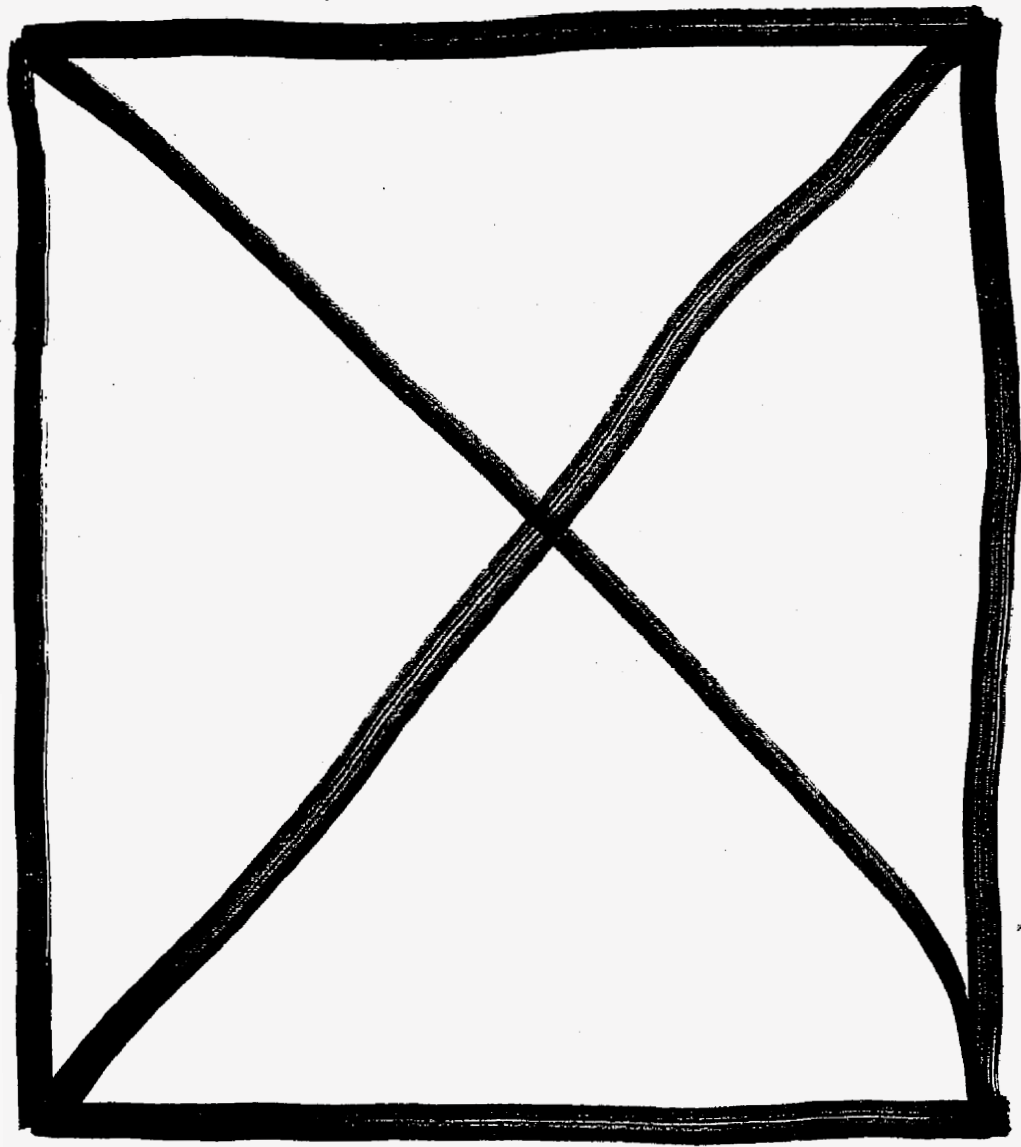
Primary Receipt Point

Service

Mandatory Pricing

Optional Pricing

Force Majeure



CONFIDENTIAL

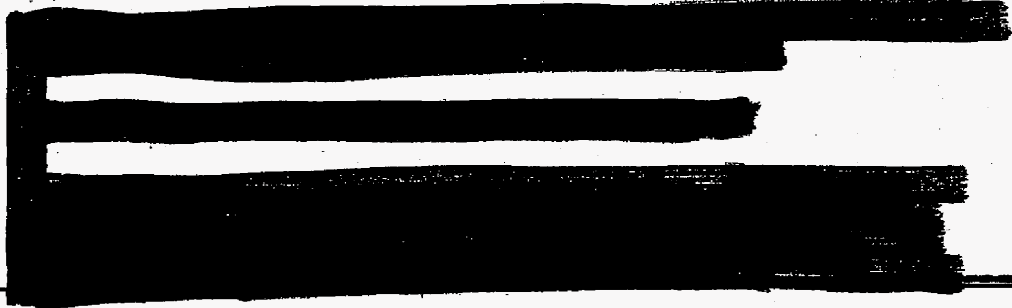
● Page 2

October 6, 2004

Nominations:

Requirements

Gas Quality



Proposals are DUE by:

Monday, April 26, 2004, 4:00 p.m. EST

Proposals

Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference RFP# [REDACTED]. Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

Progress Energy Inc.
Attn: Rick Rhodes
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

Send e-mail responses to: rick.rhodes@pgnmail.com

Send FAX responses to: 919-546-2922

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:49 PM
To: [REDACTED]
Subject: [REDACTED]

Importance: High
Sensitivity: Confidential

CONFIDENTIAL

Expires: Monday, April 26, 2004 4:00 PM

[REDACTED]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes. Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:48 PM
To: [REDACTED]
Subject: Long-Term Gas RFP Elba

Importance: High
Sensitivity: Confidential

CONFIDENTIAL

Expires: Monday, April 26, 2004 4:00 PM

[REDACTED]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

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***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:51 PM
To: [REDACTED]
Subject: Long-Term Gas RFP Elba

Importance: High
Sensitivity: Confidential

CONFIDENTIAL

Expires: Monday, April 26, 2004 4:00 PM

[REDACTED]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

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We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

*** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT ***



Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

RFP# [REDACTED]

Page 1 of 1

Rhodes, Rick

From: [REDACTED]

Sent: Thursday, April 22, 2004 12:07 PM

To: Rhodes, Rick

Cc: [REDACTED]

Subject: RFP# [REDACTED]

CONFIDENTIAL

<<Progress Energy 4-5-04 RFP.doc>> Rick -

Attached please find [REDACTED] response to the above referenced RFP. Please let me know if you have any questions, and thank you for the opportunity to participate.

[REDACTED]

CONFIDENTIAL

April 22, 2004

Progress Energy, Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P. O. Box 1551 – PEB 10A
Raleigh, NC 27602

Dear Mr. Rhodes:

Subject: Request for Proposal for Long-Term Gas Supply; RFP#
[REDACTED]

Term

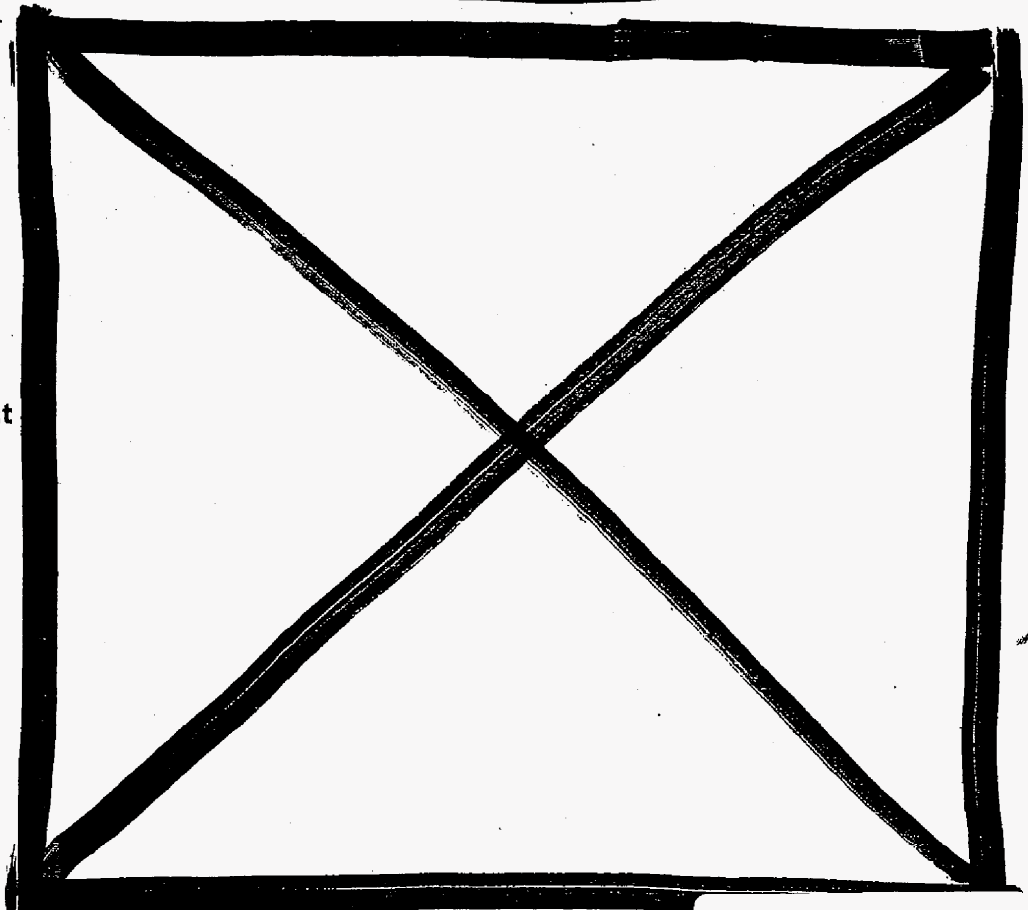
Volume

Primary Receipt Point

Service

Pricing

Force Majeure



CONFIDENTIAL

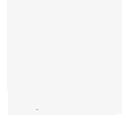
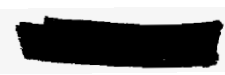
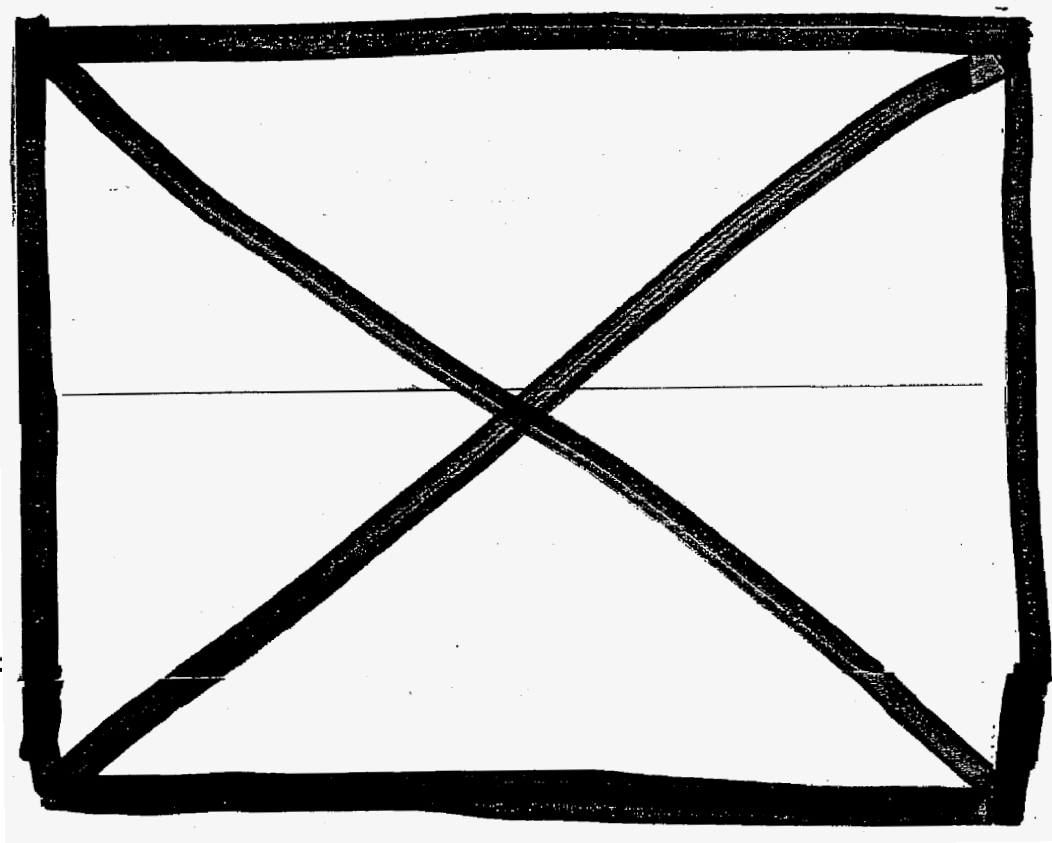
Nominations:

Requirements

Gas Quality

Acceptance Date

Conditions Precedent



Rhodes, Rick

From:
Sent: Monday, April 26, 2004 3:45 PM
To: Rhodes, Rick
Subject: RFP#

CONFIDENTIAL



[REDACTED]
Rick,

[REDACTED] appreciates the opportunity to deliver this proposal to you for supplies at [REDACTED] beginning in May 2008.

Please don't hesitate to contact me once you've had an opportunity to review this proposal. I would appreciate the opportunity to address any immediate issues or concerns that you might have or if you require additional information.

Regards,
[REDACTED]

<<Progress Energy April 26 2004 Proposal.doc>>

[REDACTED]

CONFIDENTIAL

[REDACTED]

April 26, 2004

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 - PEB 10A
Raleigh, NC 27602

RE: RFP# [REDACTED]
[REDACTED]

Dear Rick:

[REDACTED]

Term
[REDACTED]

Volume
[REDACTED]

[REDACTED]

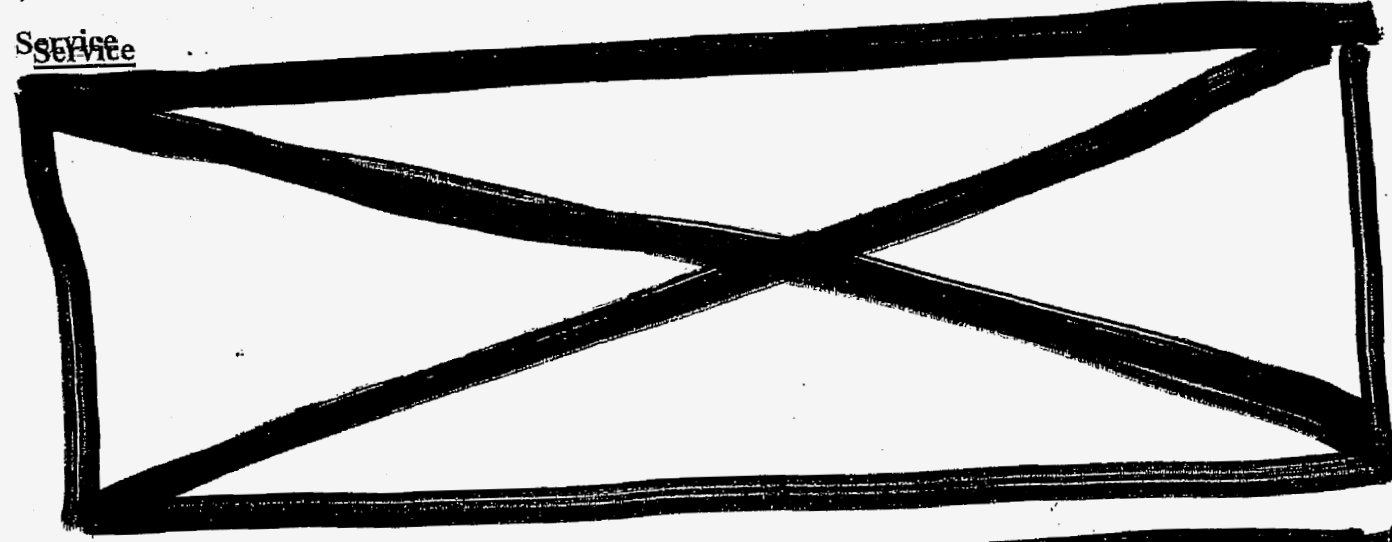
April 26, 2004
Page 2

CONFIDENTIAL

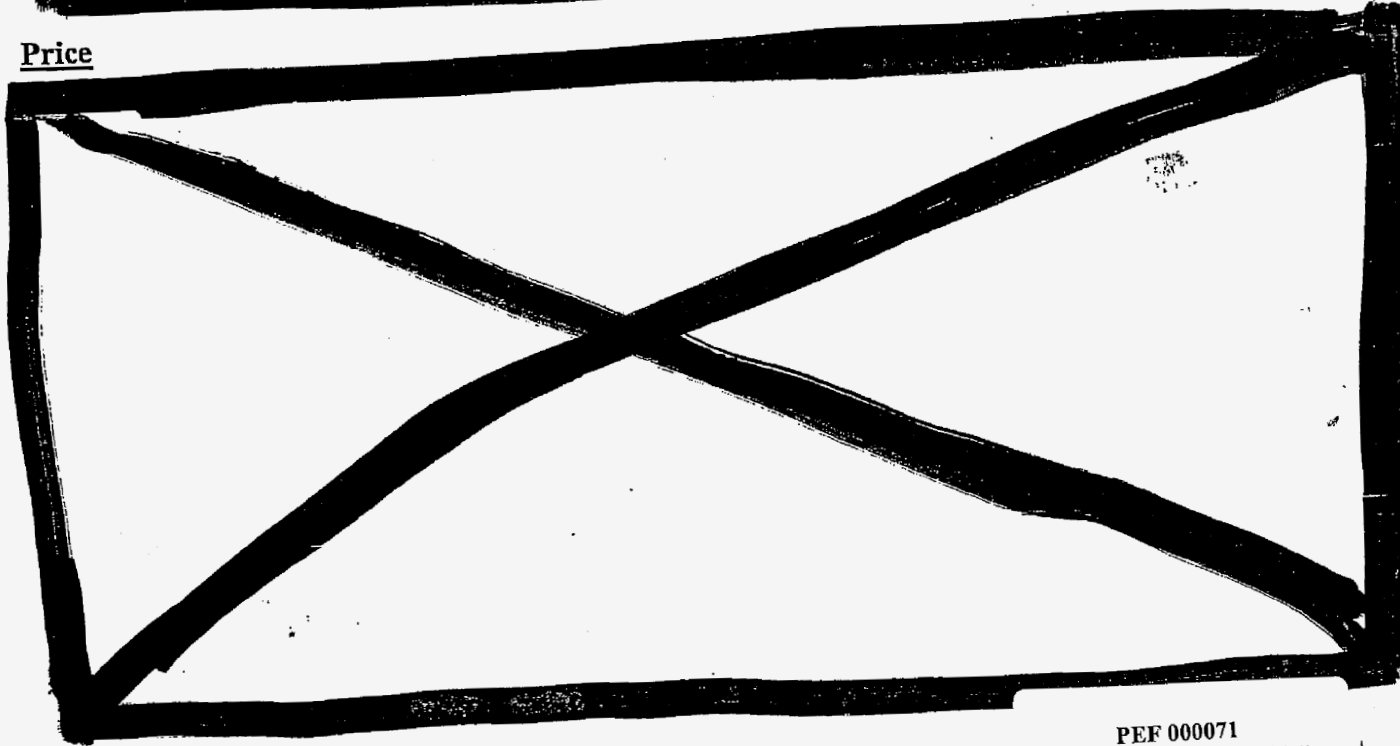
Delivery Point

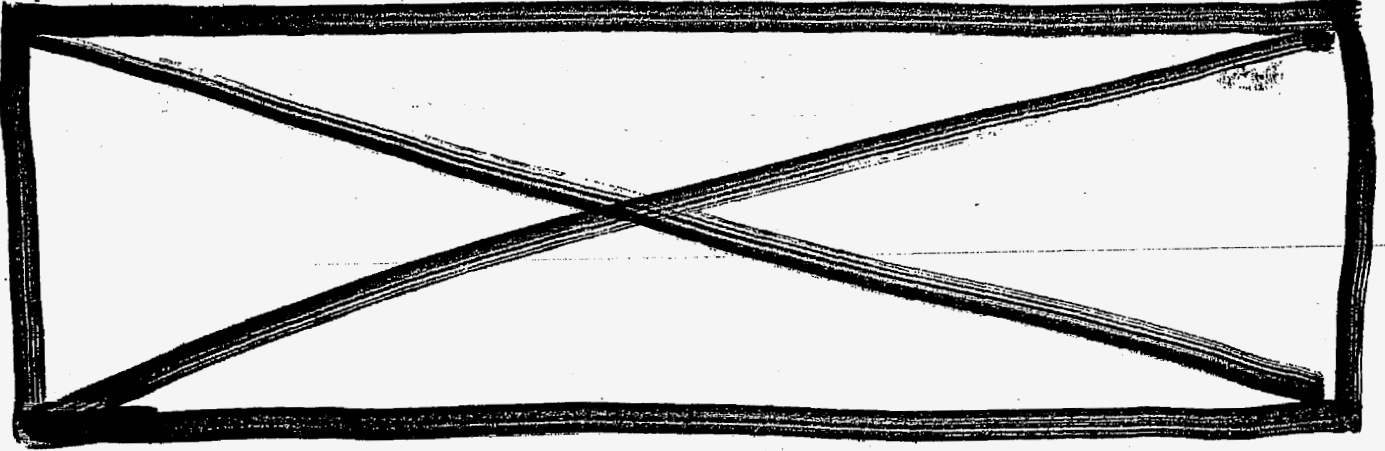


Service

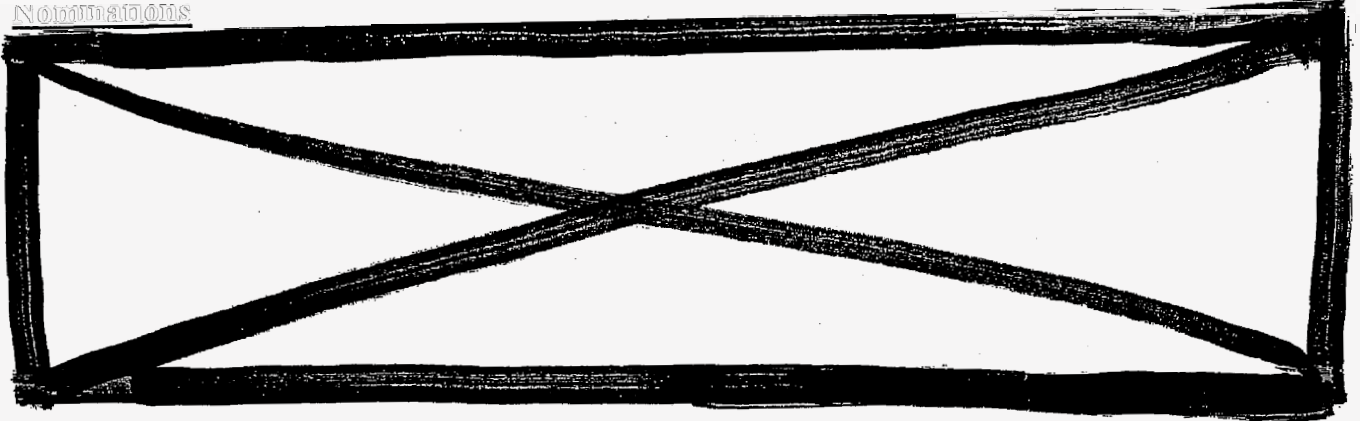


Price

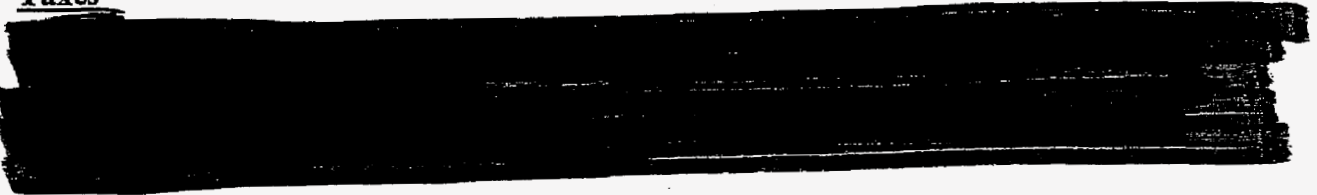




Nominations



Taxes



Credit

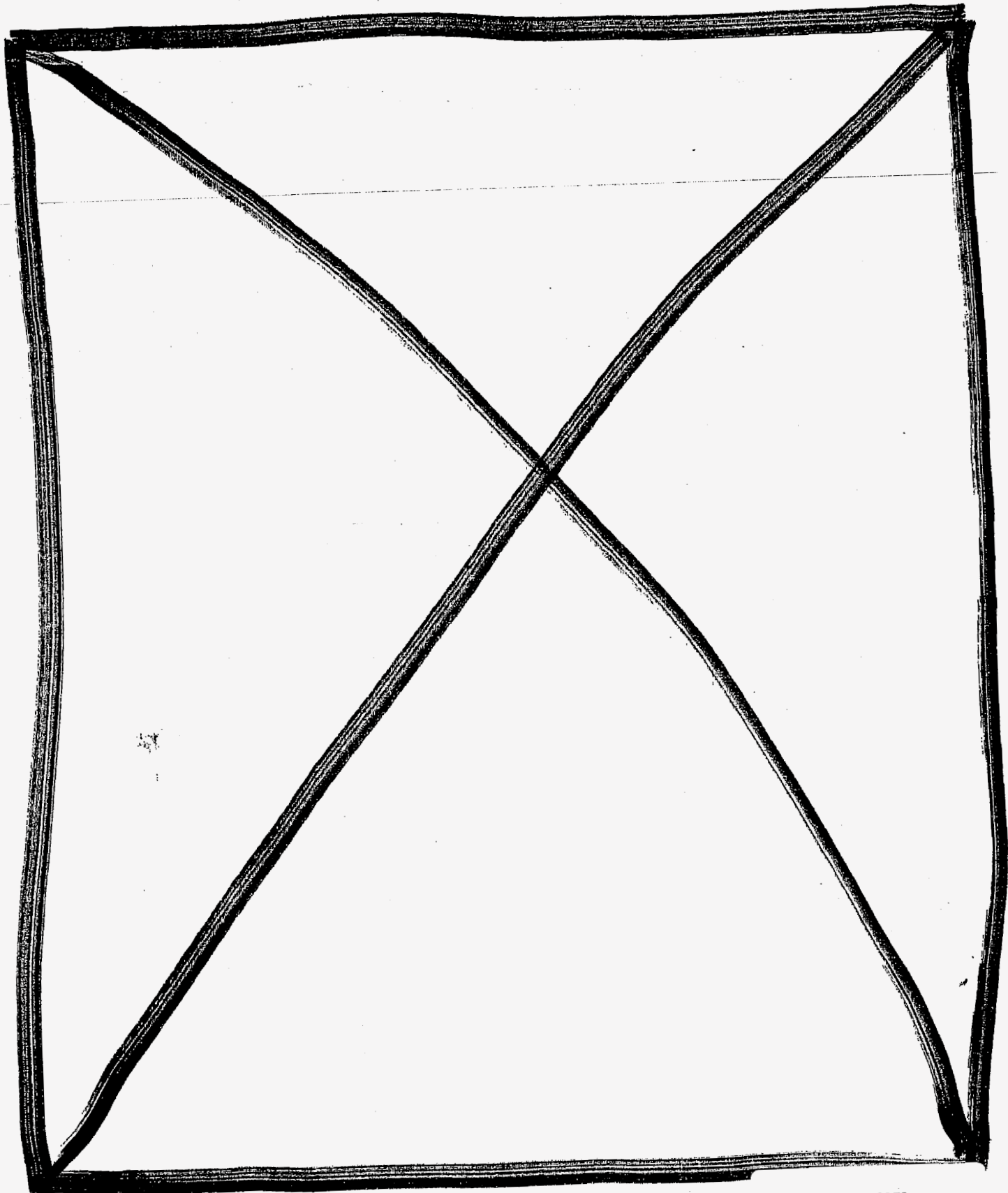


Conditions Precedent



April 26, 2004
Page 4

CONFIDENTIAL



PEE000083

April 26, 2004
Page 5

CONFIDENTIAL

Rhodes, Rick

From: [REDACTED]
Sent: Monday, April 26, 2004 3:56 PM
To: Rhodes, Rick
Subject: RFP# : [REDACTED]

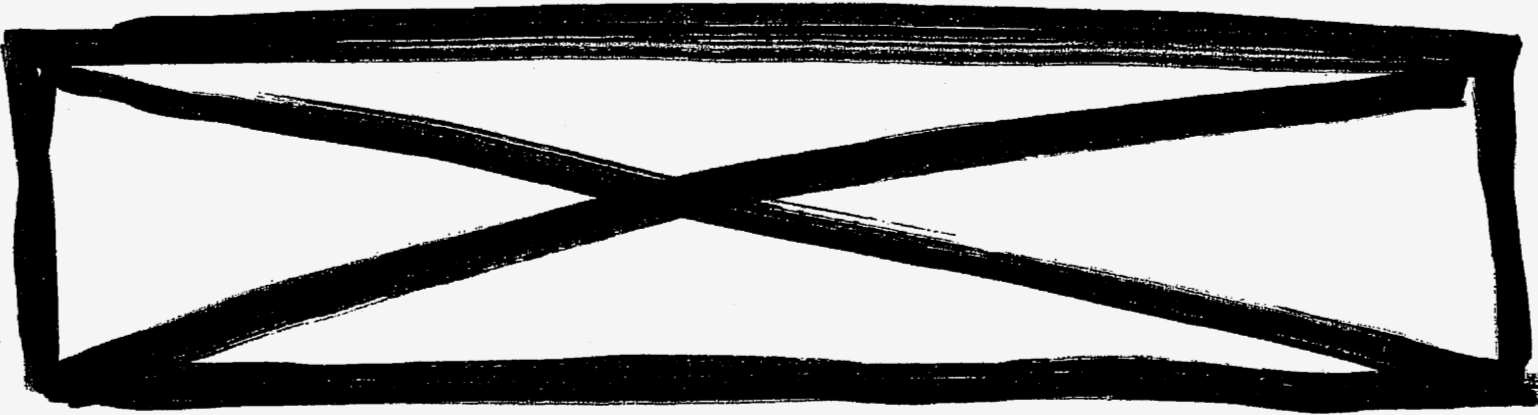
CONFIDENTIAL

Mr. Rhodes:

Please find attached [REDACTED] proposal in response to Progress Energy's request [REDACTED] dated April 5th, 2004.

Sincerely,

[REDACTED]
[REDACTED]





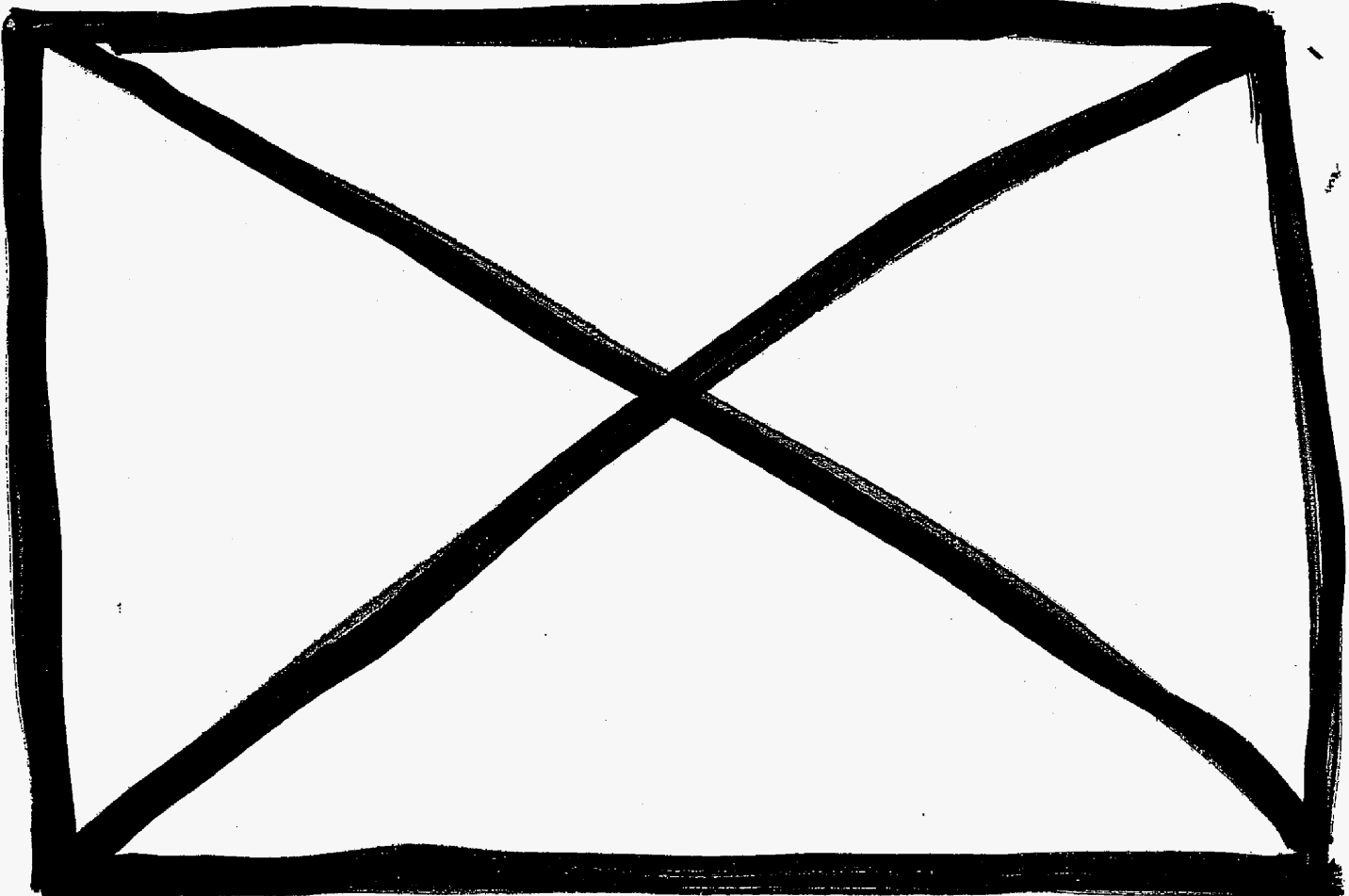
April 26, 2004

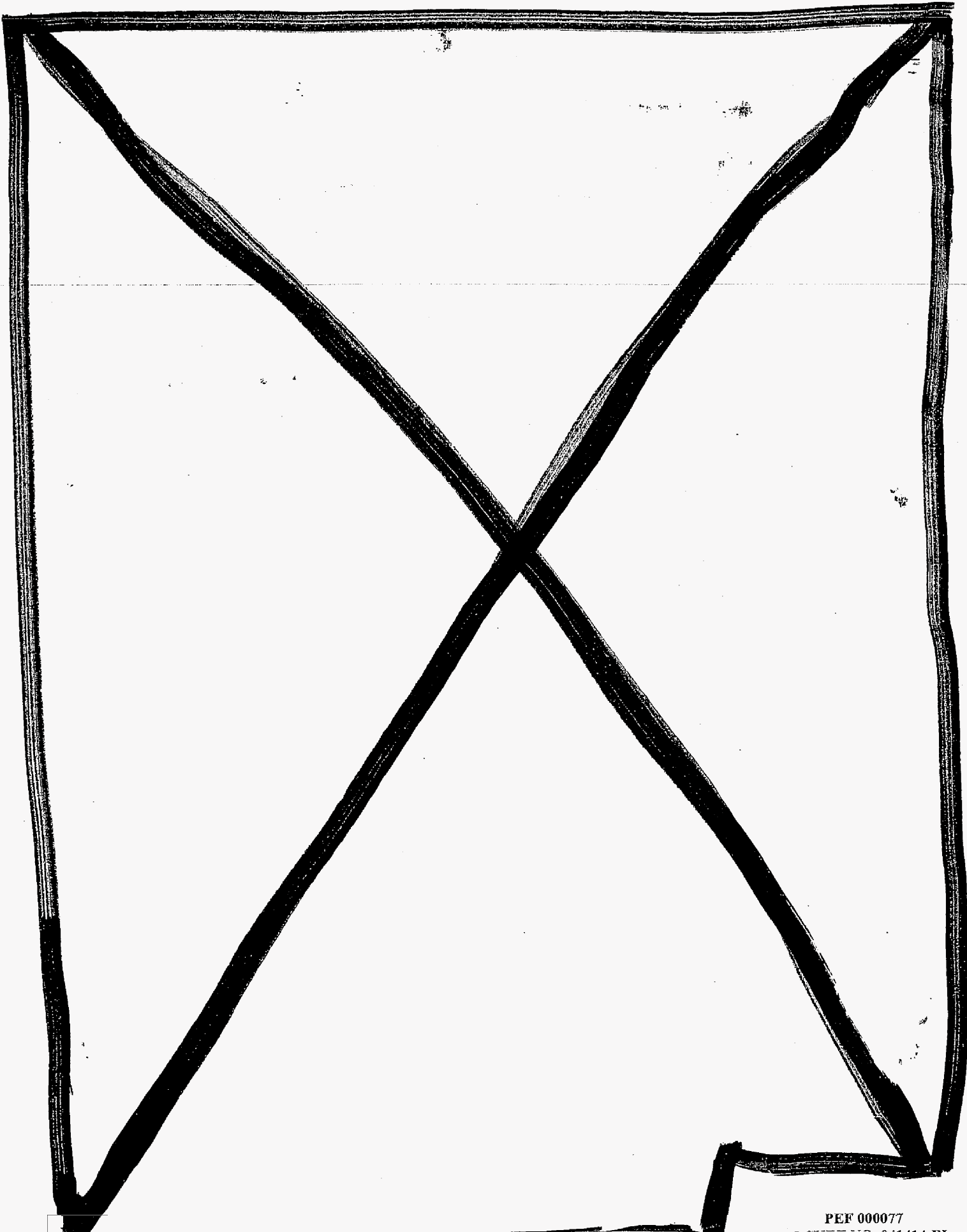
Mr. Rick Rhodes
Progress Energy Inc.
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

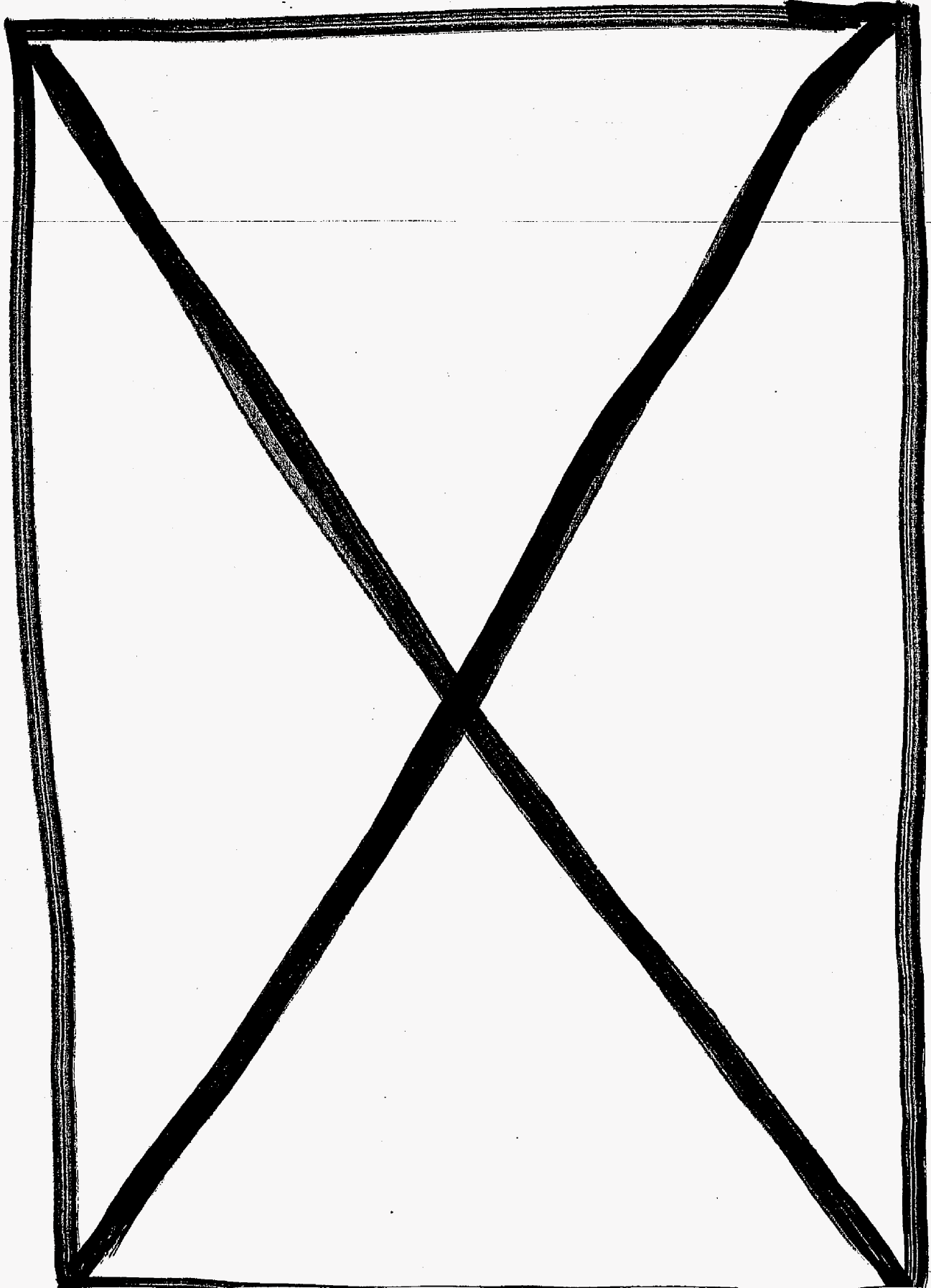
CONFIDENTIAL

Re: RFP# [REDACTED]

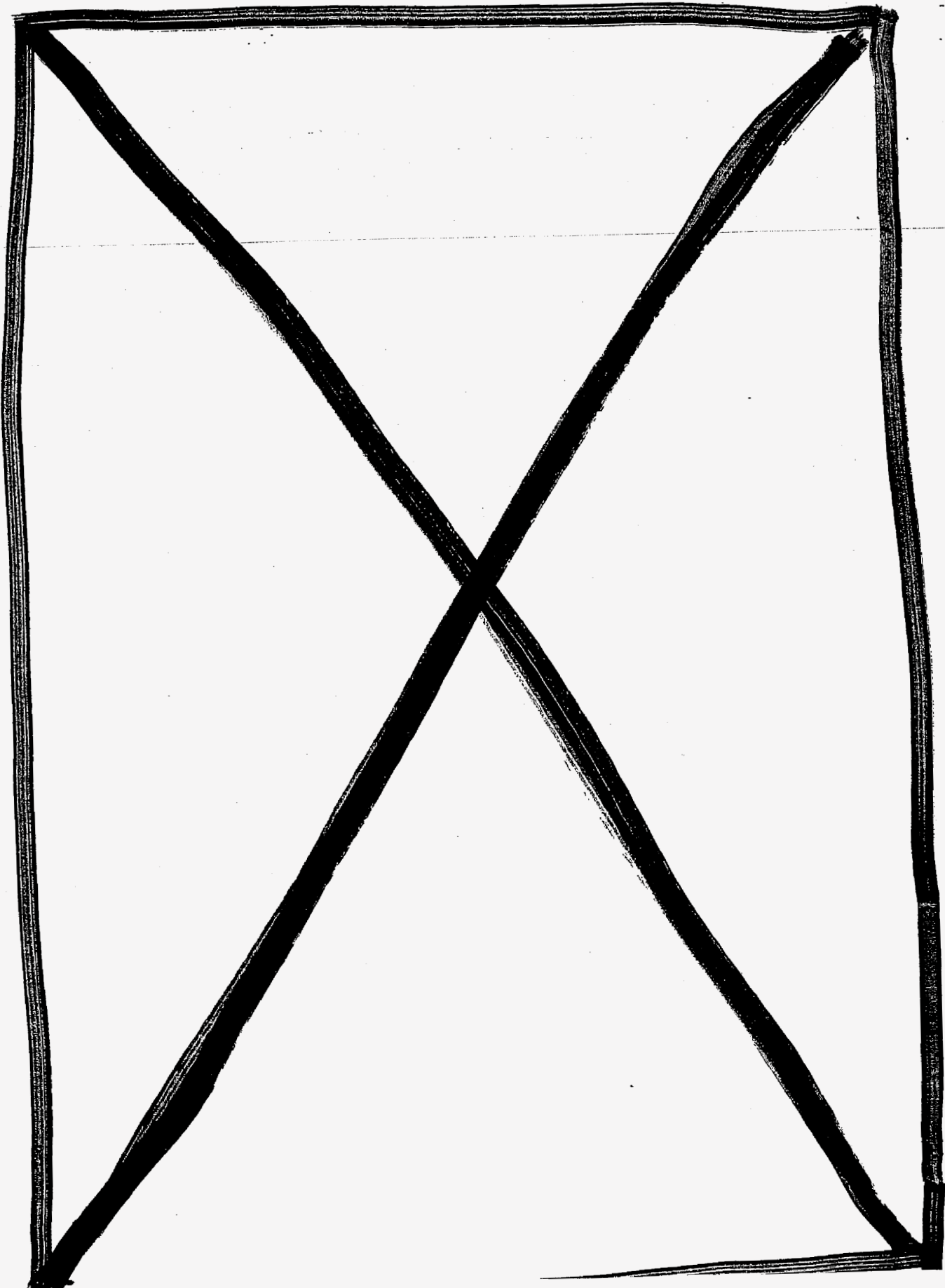
Dear Mr. Rhodes:





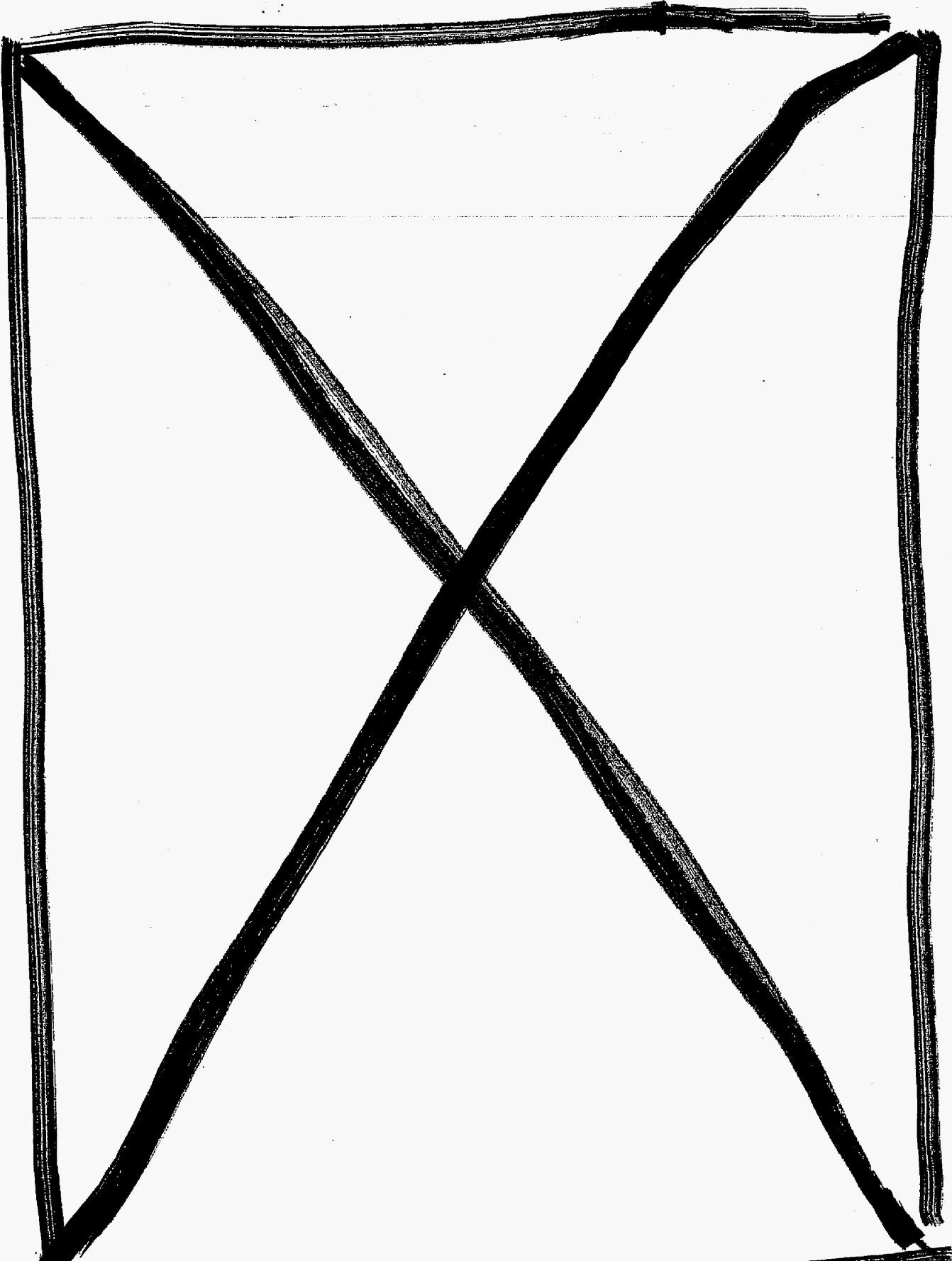


CONFIDENTIAL



CONFIDENTIAL

11



PEF 00080
POCKET NO. 041414-EI

CONFIDENTIAL

Rhodes, Rick

From: [REDACTED]
Sent: Wednesday, May 26, 2004 11:47 AM
To: Rhodes, Rick
Subject: FW: RFP#



Progress Energy May 26 2004 Pr...
Progress Energy May 26 2004 Pr...
Progress Energy April 26 2004 ...

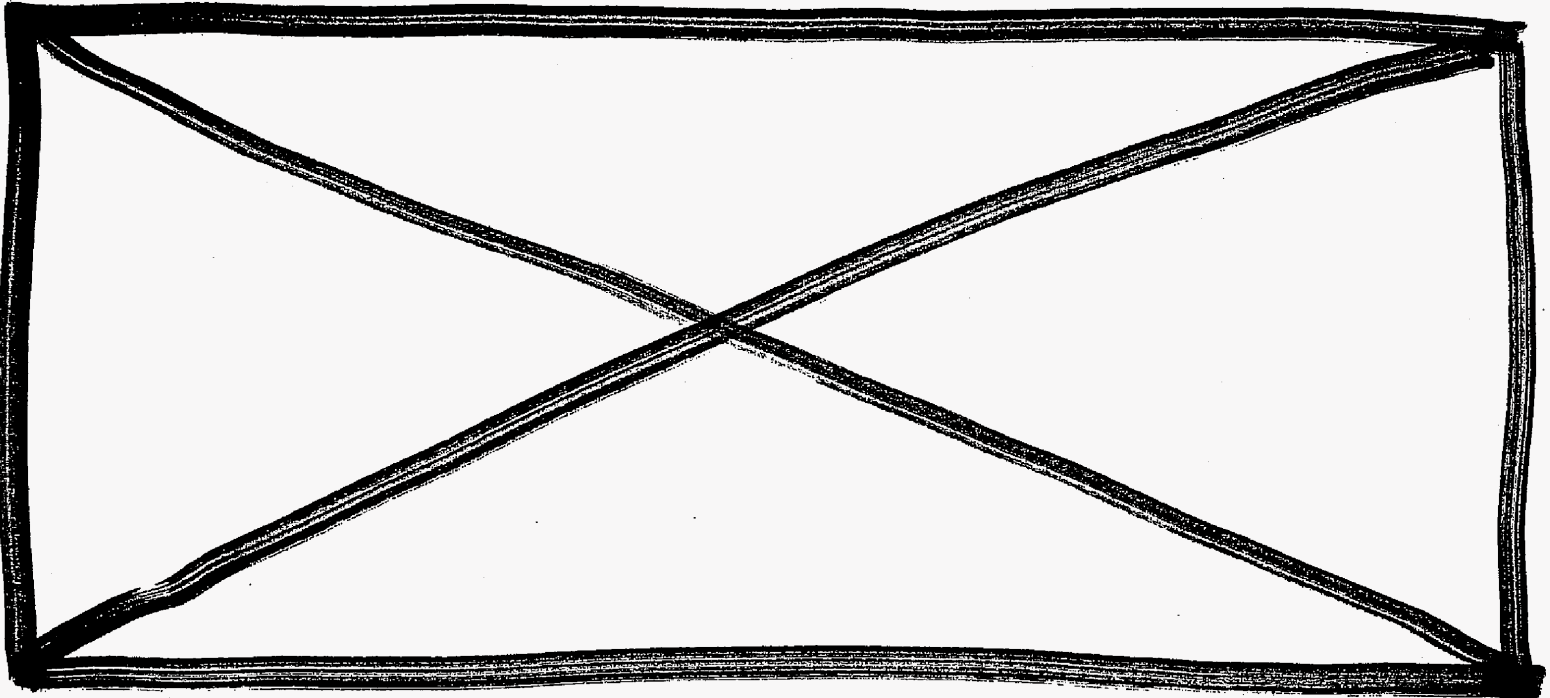
CONFIDENTIAL

Rick,

Attached is an updated proposal for [REDACTED] to deliver supplies to Progress at [REDACTED]. I am also attaching a redline version that compares the changes introduced in this updated proposal to the April 26 proposal.

Please contact me at your convenience to discuss any questions or comments that you may have.

Thanks,
[REDACTED]



CONFIDENTIAL

[REDACTED]

May 26, 2004

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

RE: RFP# [REDACTED]
[REDACTED]

Dear Rick:

[REDACTED]

Term

[REDACTED]

Volume

[REDACTED]

[REDACTED]

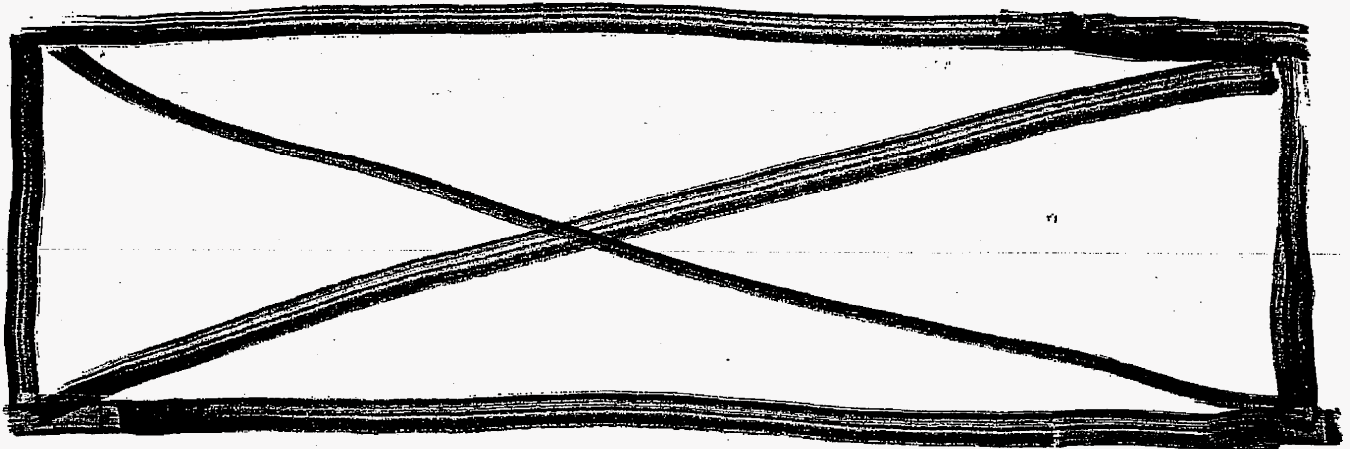
May 26, 2004
Page 2

CONFIDENTIAL

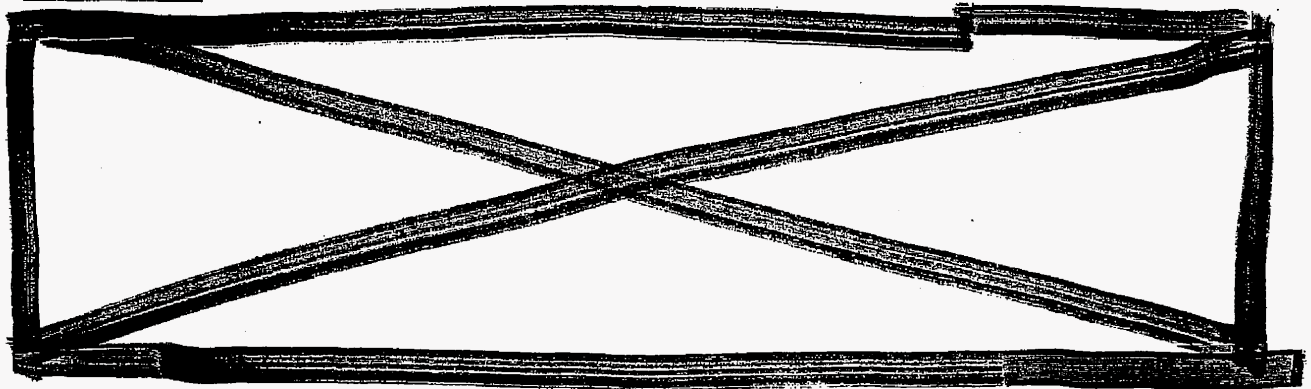
Delivery Point

Service

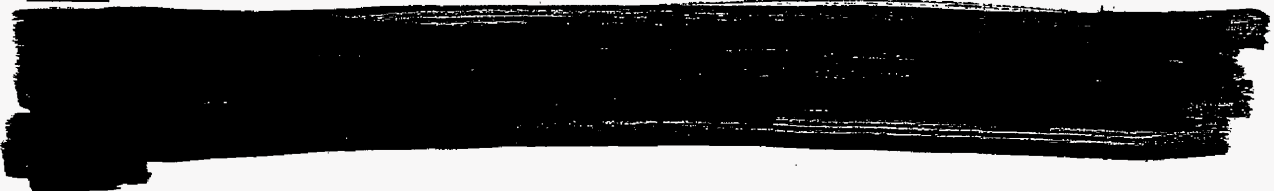
Price



Nominations



Taxes



Credit

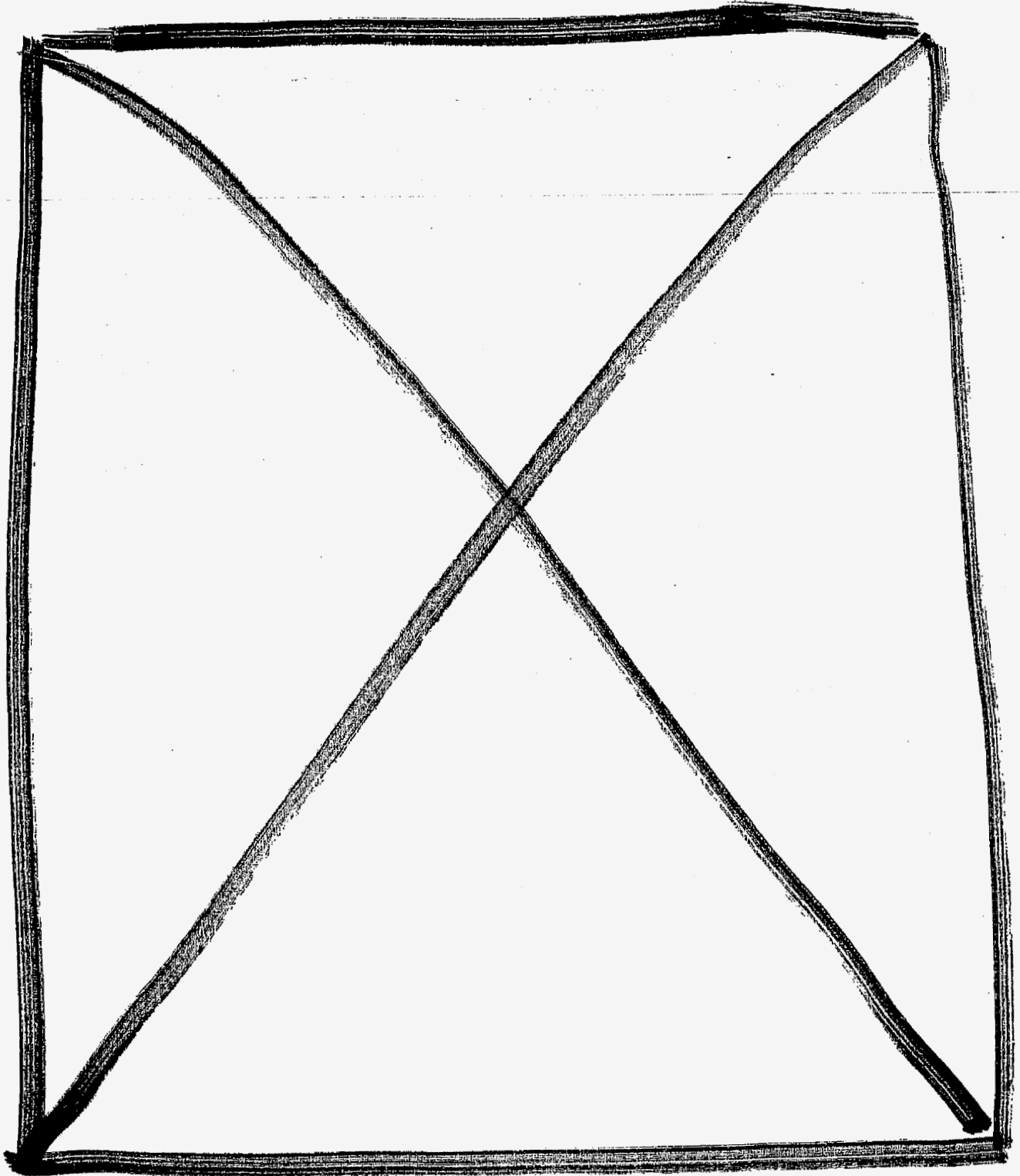


Conditions Precedent



May 26, 2004
Page 4

CONFIDENTIAL



CONFIDENTIAL

[REDACTED]

May 26, 2004

Deleted: April

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 - PEB 10A
Raleigh, NC 27602

RE: RFP# [REDACTED]

Dear Rick:

[REDACTED]

Deleted:

Term

[REDACTED]

[REDACTED]

[REDACTED]

PEF 000087

May 26, 2004
Page 2

Deleted: April
Deleted:

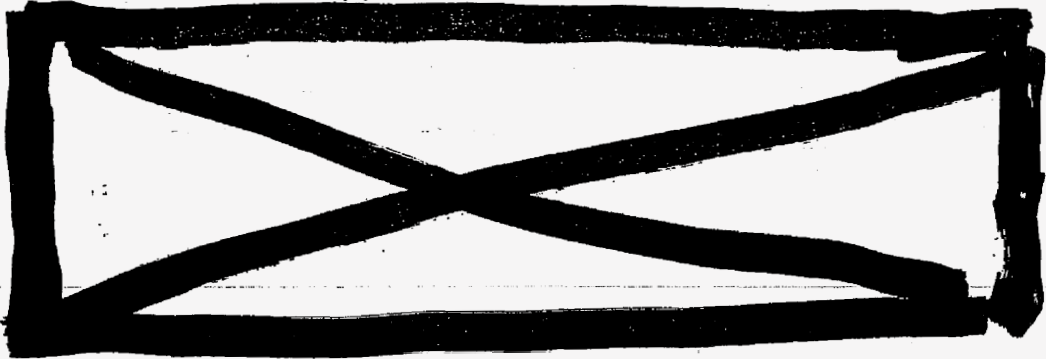
Delivery Point

CONFIDENTIAL

Service

Price

Deleted: April
Deleted:



CONFIDENTIAL

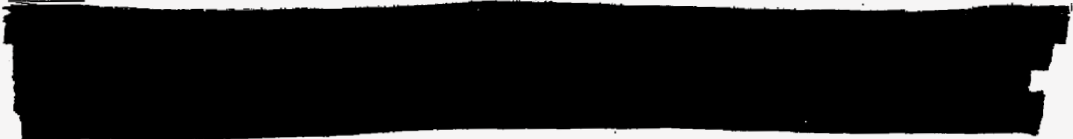
Nominations



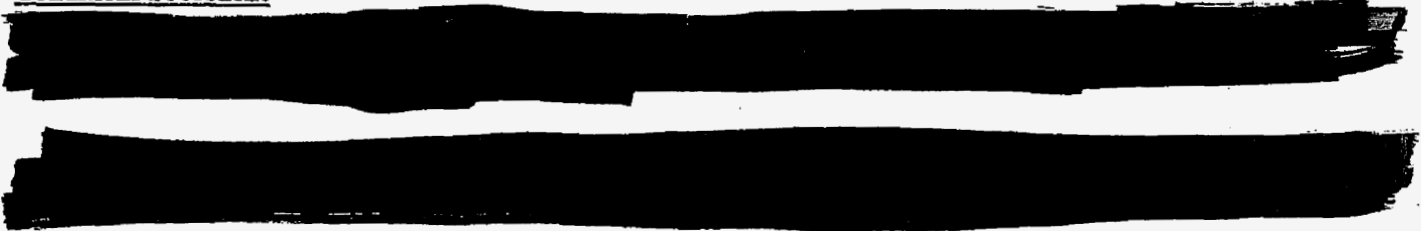
Taxes

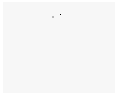
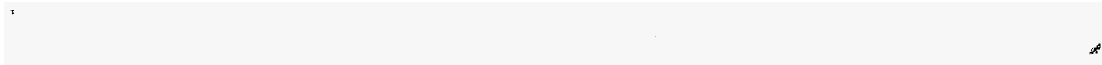
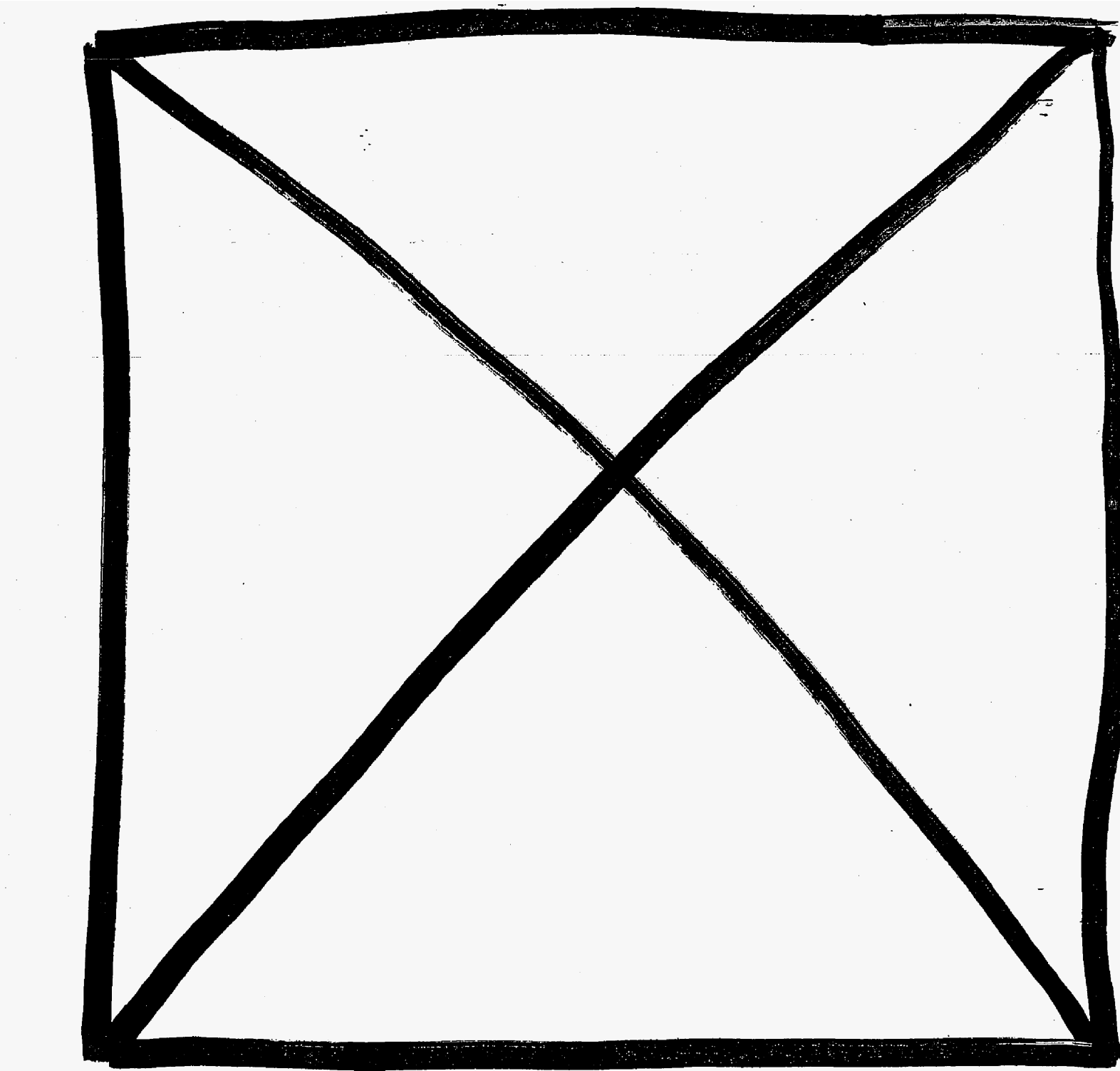


Credit



Conditions Precedent





[REDACTED]

CONFIDENTIAL

[REDACTED]

April 26, 2004

Via E-mail: rick.rhodes@pgnmail.com

Mr. Rick Rhodes
Term Gas Lead
Progress Energy Inc.
Term Gas and Logistics Unit
P.O. Box 1551 - PEB 10A
Raleigh, NC 27602

RE: RFP# [REDACTED]
[REDACTED]

Dear Rick:

[REDACTED]

Term
[REDACTED]

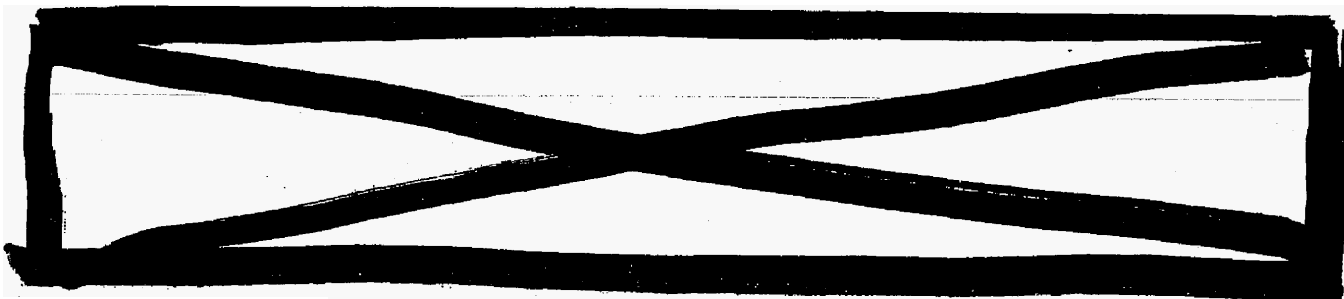
Volume
[REDACTED]

[REDACTED]

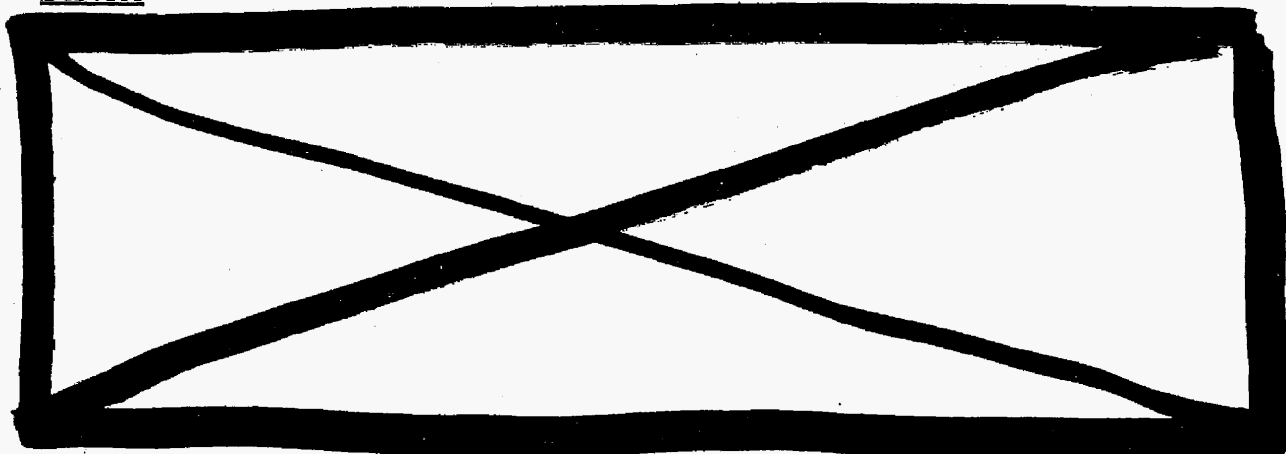
[REDACTED]
April 26, 2004
Page 2

CONFIDENTIAL

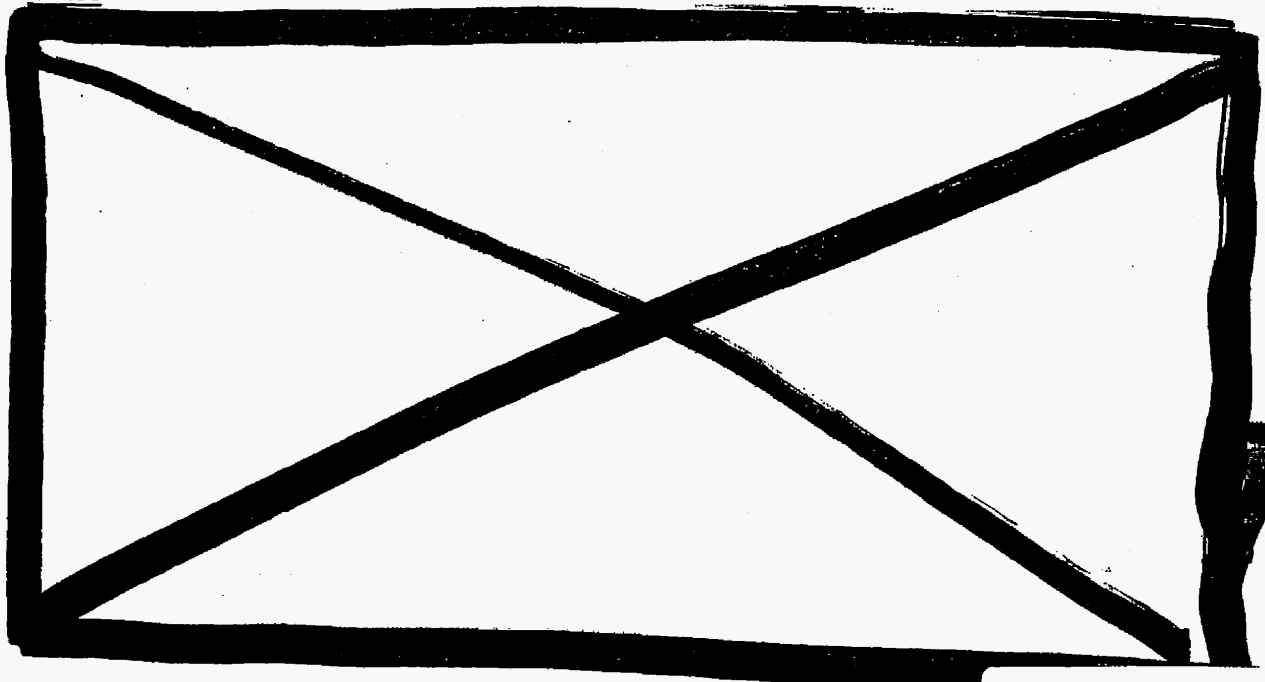
Delivery Point



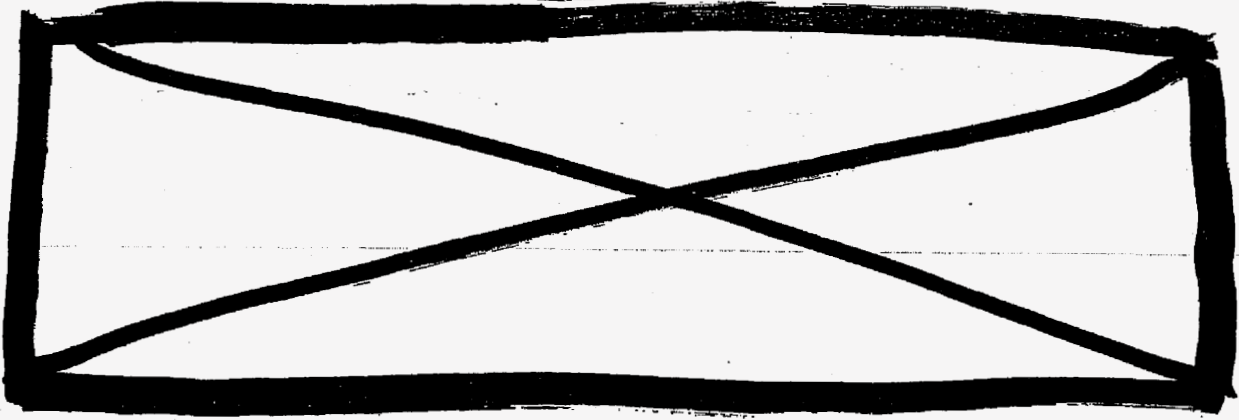
Service



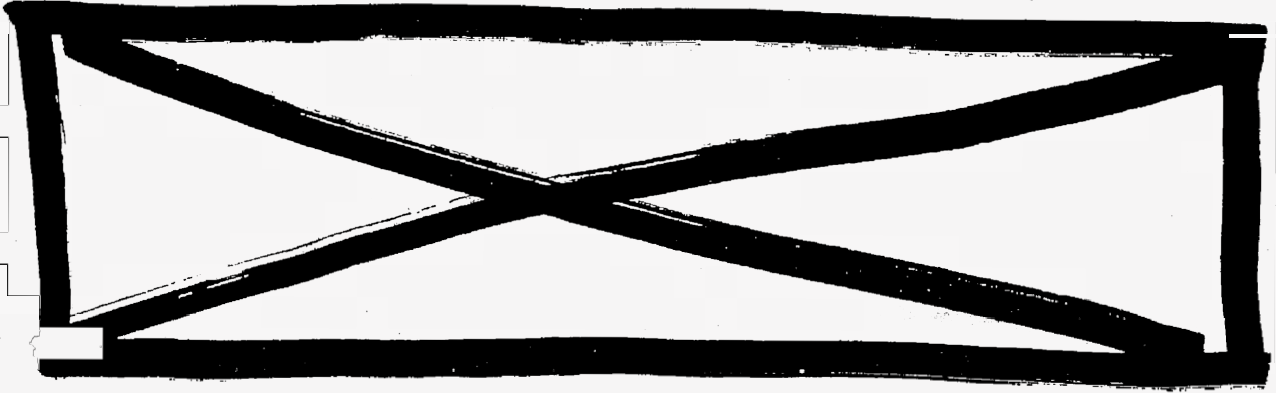
Price



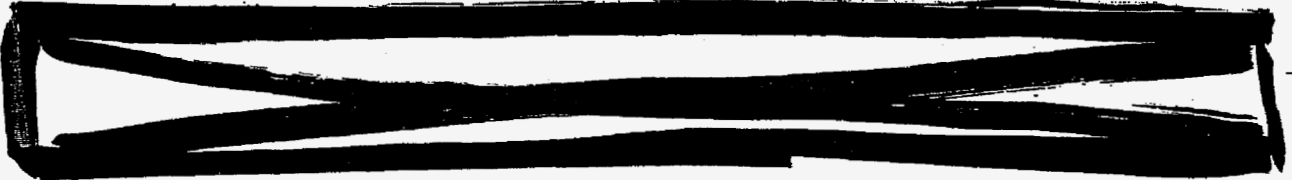
CONFIDENTIAL



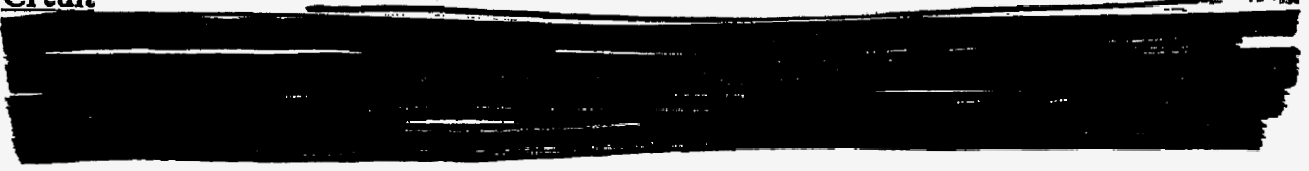
Nominations



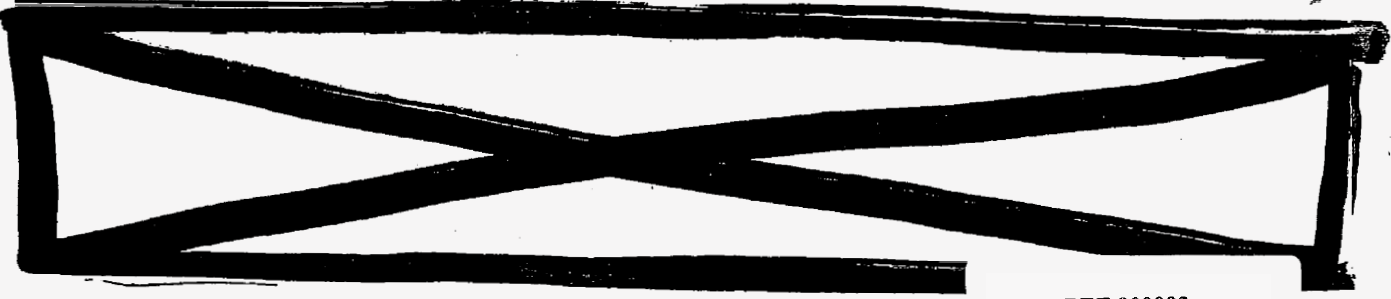
Taxes



Credit

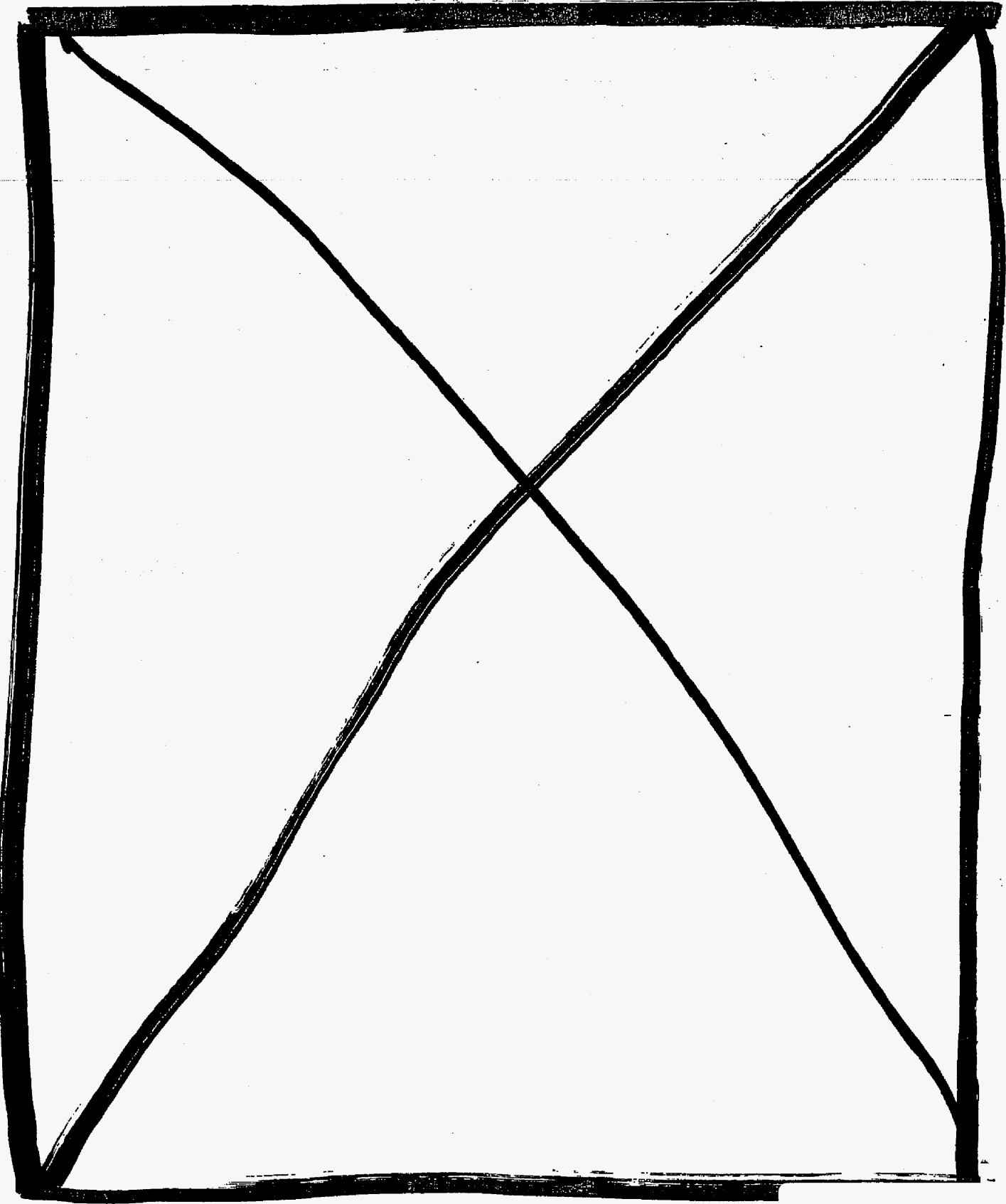


Conditions Precedent



April 26, 2004
Page 4

CONFIDENTIAL



[REDACTED]

April 26, 2004
Page 5

CONFIDENTIAL

[REDACTED]

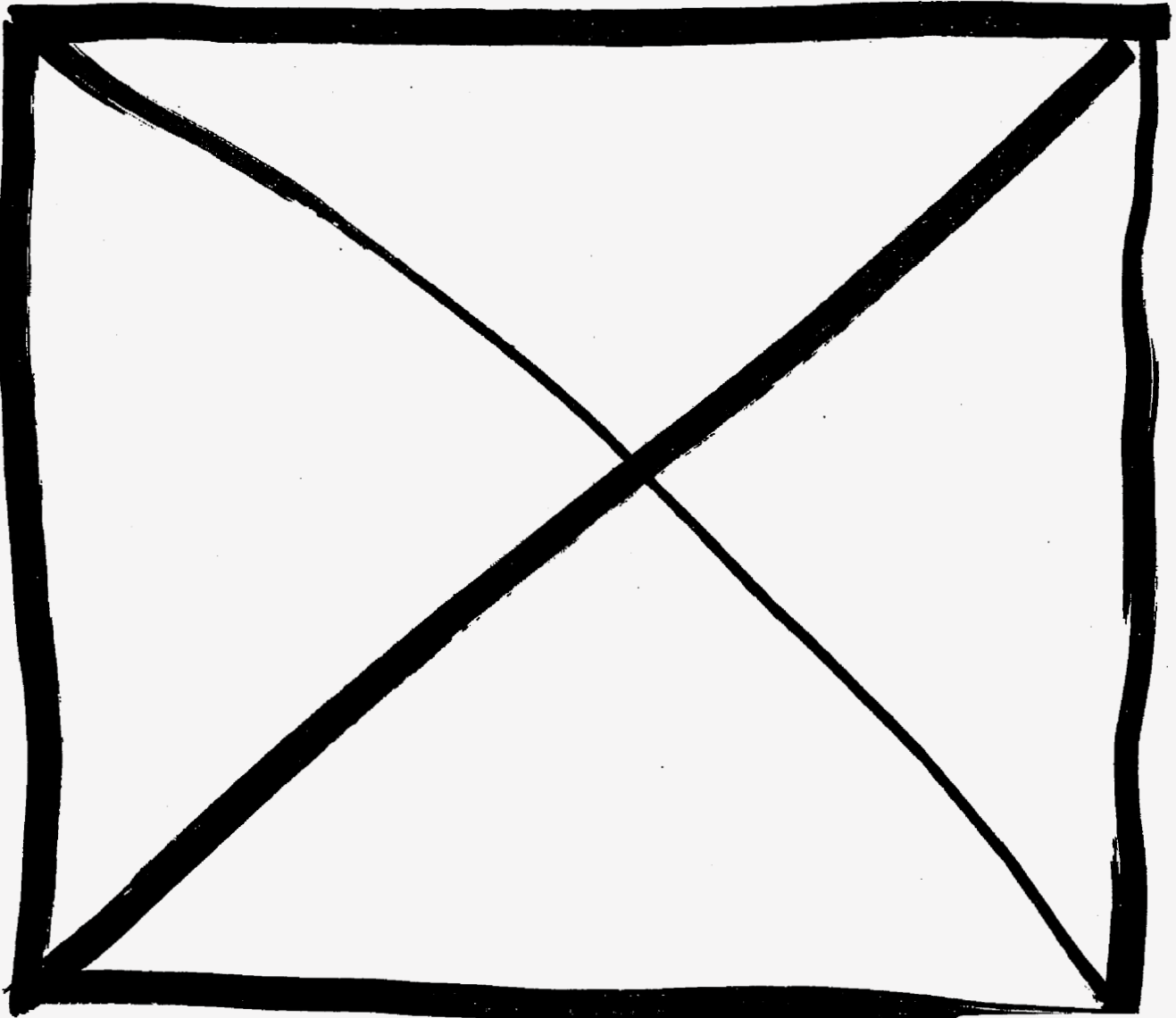
June 24, 2004

CONFIDENTIAL

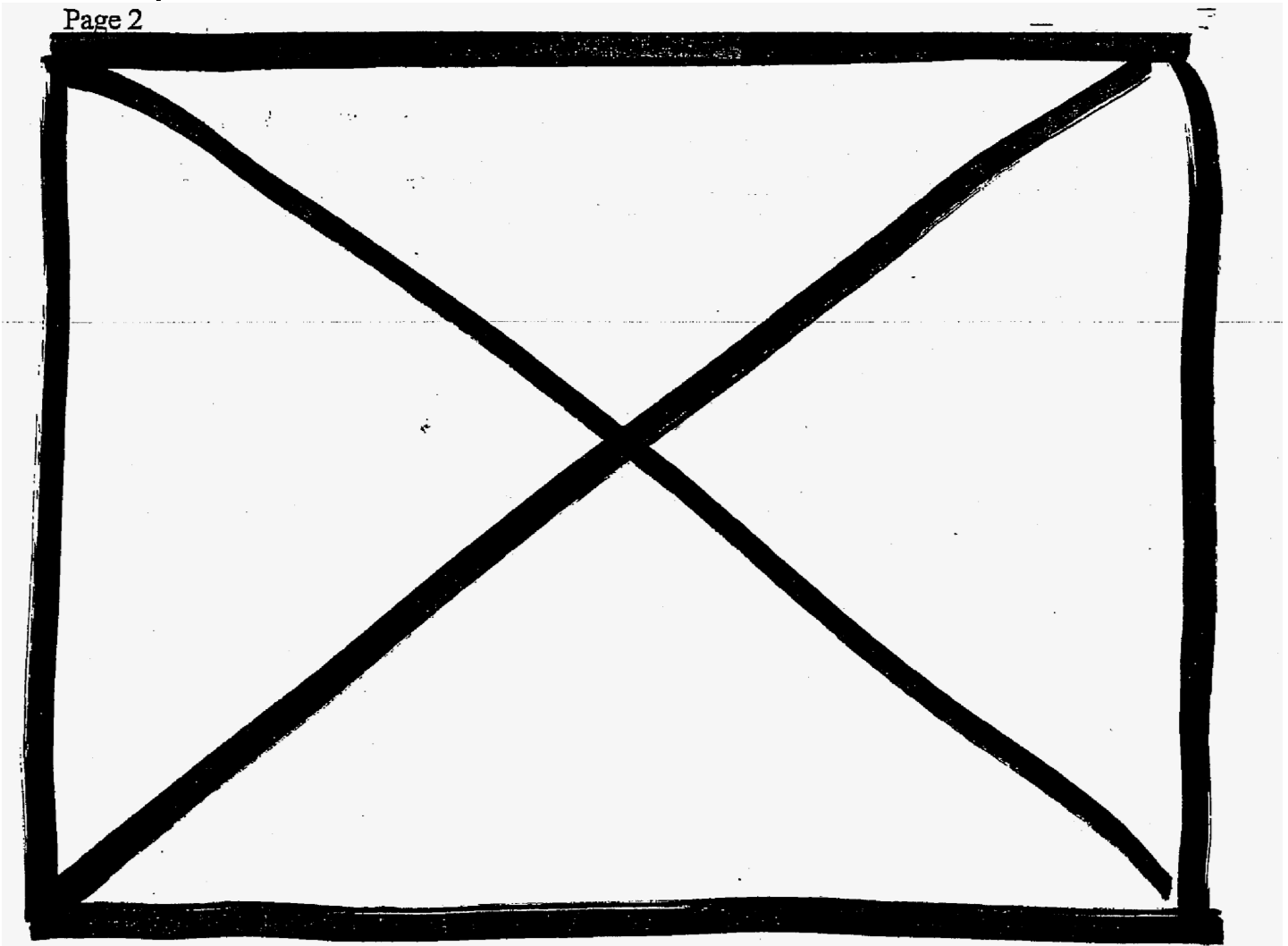
Mr. Rick Rhodes
Progress Energy Inc.
P.O. Box 1551 - PEB 10A
Raleigh, NC 27602

Re: RFP# [REDACTED]

Dear Rick:



Progress Energy Florida
June 24, 2004
Page 2





RFP# [REDACTED]

April 5, 2004

DRAFT

Dear Sir or Madam:

Subject: Request for Proposal for [REDACTED] Gas Supply - [REDACTED]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (hereinafter referred to as Buyer) is requesting proposals for [REDACTED] gas supply sourced out of your company's [REDACTED]

Term

Volume

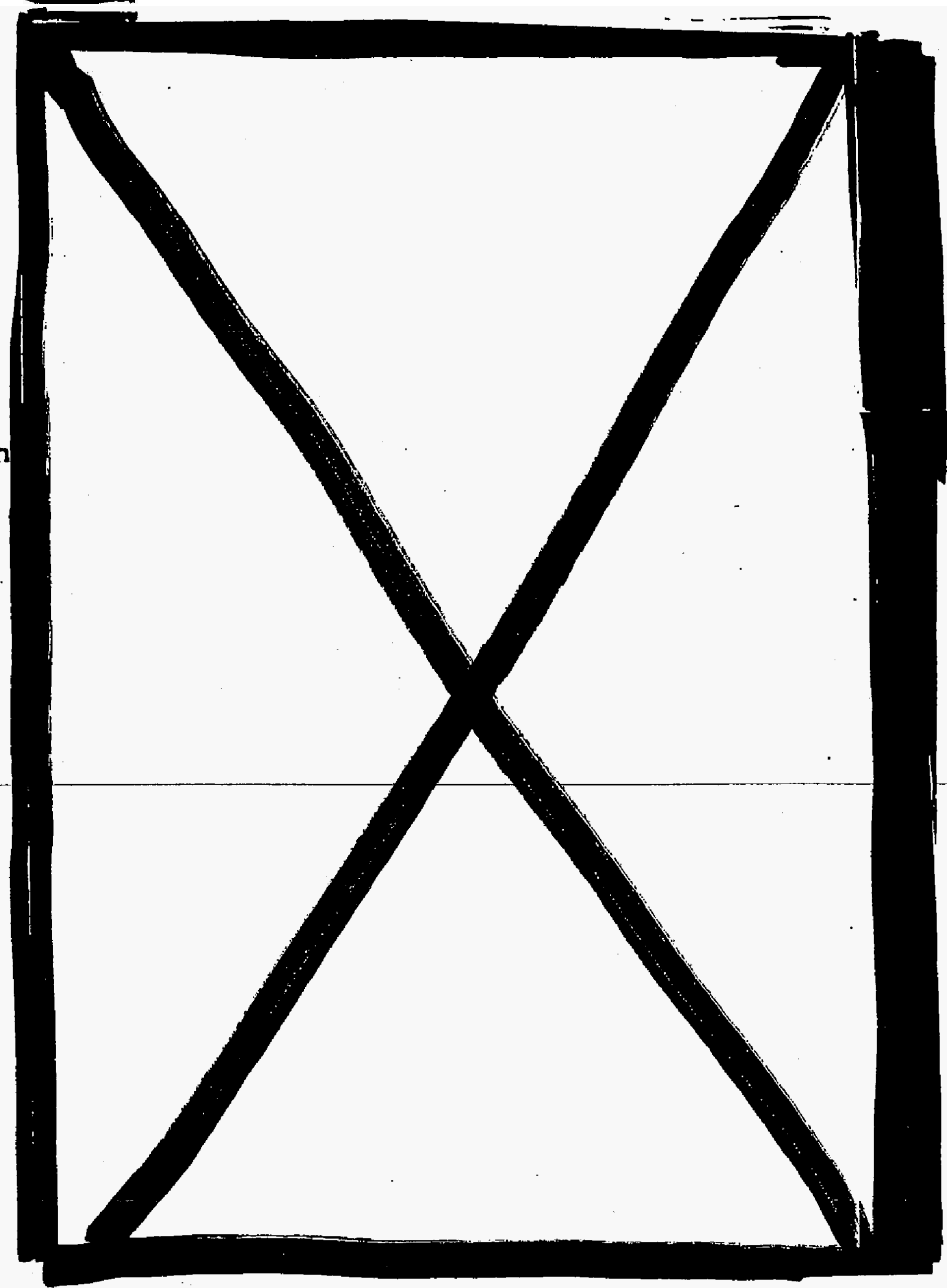
Primary Receipt Point

Service

Mandatory Pricing

Optional Pricing

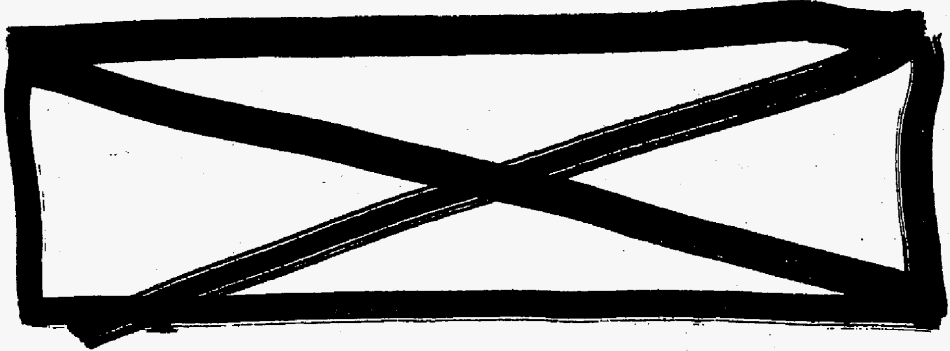
Force Majeure



Nominations:

Requirements

Gas Quality



Proposals are DUE by:

Monday, April 26, 2004, 4:00 p.m. EST

Proposals

Proposals are preferred to be submitted via e-mail to the address below. Proposals may be submitted by FAX. Proposals received AFTER the DUE date may be considered at Buyer's discretion. All Proposals MUST reference RFP# [REDACTED]. Questions related to deal points should be directed to the author at the number listed during business hours (EST).

Please send proposals to:

Progress Energy Inc.
Attn: Rick Rhodes
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602
Telephone: 919-546-7613

DRAFT

Send e-mail responses to: rick.rhodes@pgnmail.com

Send FAX responses to: 919-546-2922

Sincerely,

Rick Rhodes

Term Gas Lead
919-546-7613

CONFIDENTIAL

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:56 PM
To: [REDACTED]
Subject: [REDACTED]

Importance: High
Sensitivity: Confidential

Expires: Monday, April 26, 2004 4:00 PM

[REDACTED]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

CONFIDENTIAL

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:54 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: [REDACTED]

Importance: High
Sensitivity: Confidential

Expires: Monday, April 26, 2004 4:00 PM

[REDACTED]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

You are encouraged to submit your bid via e-mail. FAX response is acceptable, but e-mail is preferable.

We look forward to your response. Feel free to contact me at the number below with any questions. Thanks in advance for your timely response by this April 26, 2004 deadline.

***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



[REDACTED]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

CONFIDENTIAL

Rhodes, Rick

From: Rhodes, Rick
Sent: Monday, April 05, 2004 1:57 PM
To: [REDACTED]
Subject: [REDACTED] Gas RFP [REDACTED]

Importance: High
Sensitivity: Confidential

Expires: Monday, April 26, 2004 4:00 PM

[REDACTED]

Florida Power Corporation d/b/a Progress Energy Florida, Inc. (FPC) seeks proposals from you to supply natural gas for the requirements listed in the attached RFP. A successful deal will require the execution of a NAESB with the attached Special Provisions, unless your firm already has an approved GISB or NAESB with FPC.

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***** IMMEDIATELY UPON RECEIPT, PLEASE RESPOND TO THE E-MAIL TO CONFIRM RECEIPT *****



[REDACTED]
[REDACTED]

Rick Rhodes
Term Gas Lead
Progress Energy
919.546.7613
rick.rhodes@pgnmail.com

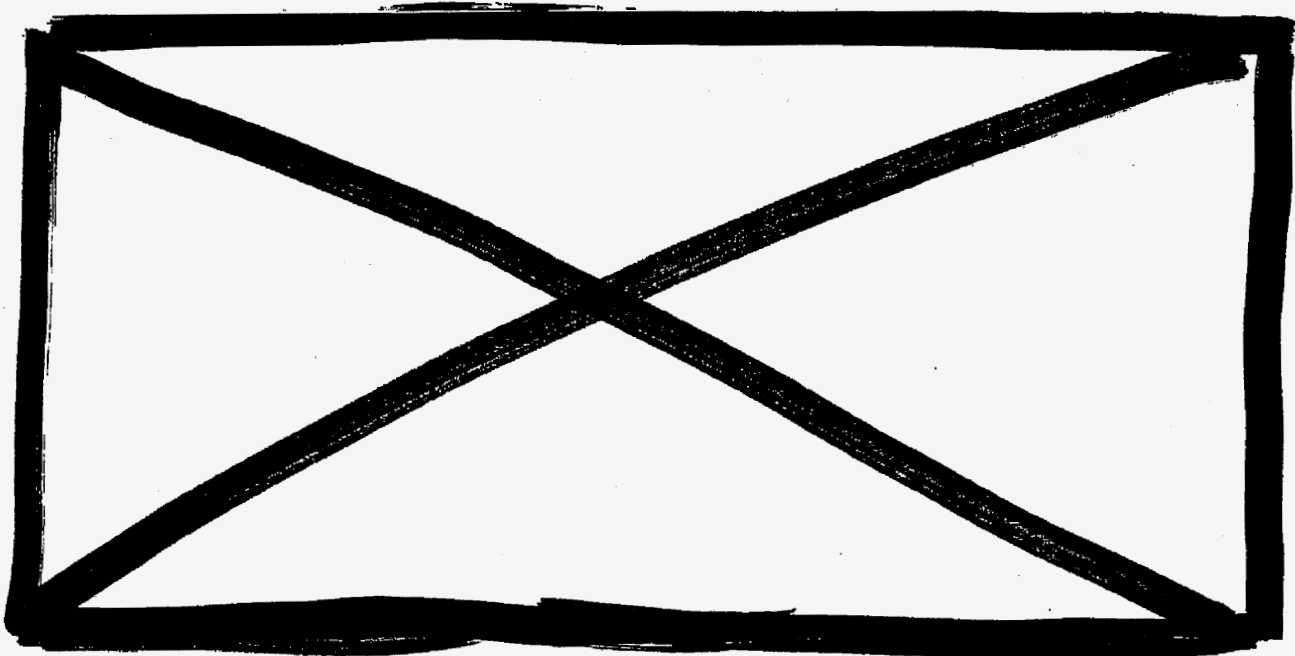
April 26, 2004

Progress Energy Inc.
P.O. Box 1551 – PEB 10A
Raleigh, NC 27602

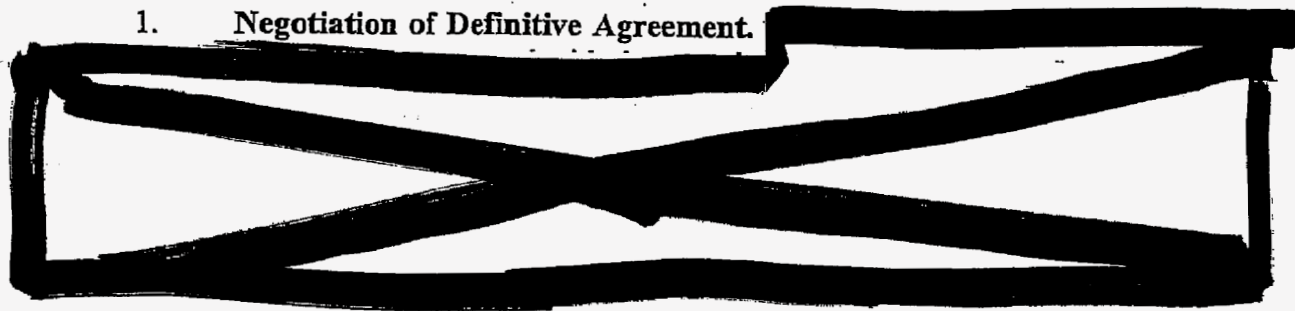
Attention: Rick Rhodes

Re: Letter of Intent

Ladies and Gentlemen:



1. Negotiation of Definitive Agreement.



2. Term



3. Governing Law.

[REDACTED]

4. Scope of Project.

[REDACTED]

5. Relationship of the Parties

[REDACTED]

6. Binding Nature.

[REDACTED]

7. Assignment.

[REDACTED]

8. Dispute Resolution.

[REDACTED]

9. Damages.

[REDACTED]

[REDACTED]

10. **Non-Exclusivity.**

[REDACTED]

11. **Corporate Approvals.**

[REDACTED]

12 **Confidentiality.**

[REDACTED]

Very truly yours,

[REDACTED]

By: _____

Its: [REDACTED]

Accepted and Agreed to this ____ Day
of _____, 2004:

Florida Power Corporation

By: _____

Its: _____

EXHIBIT "A" to
Letter of Intent dated April 26, 2004

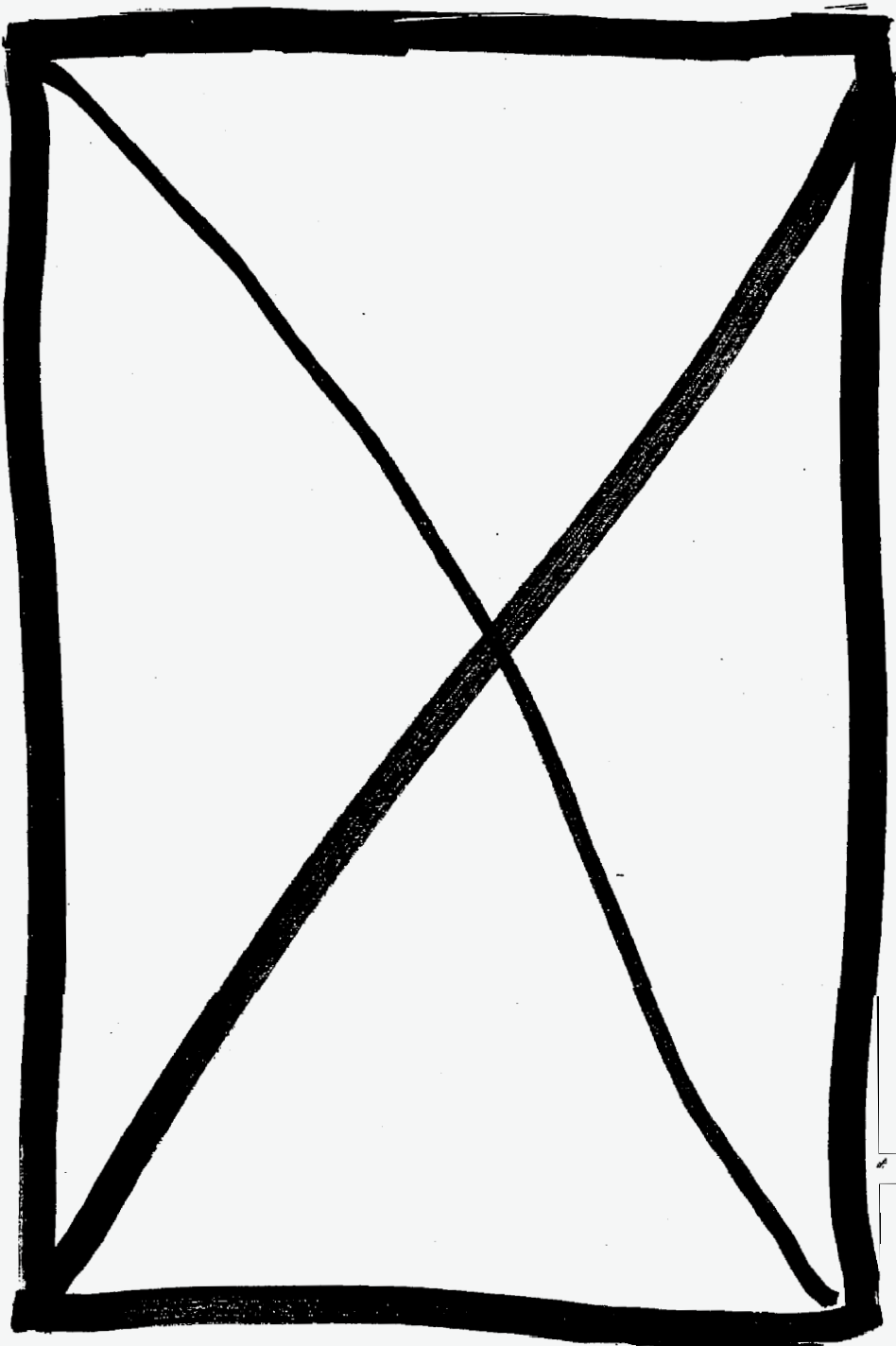
Major Commercial Terms of Definitive Agreements
Between ~~_____~~ and Florida Power Corporation d/b/a Progress Energy
Florida, Inc.

Term:

Daily Contract
Quantity ("DCQ"):

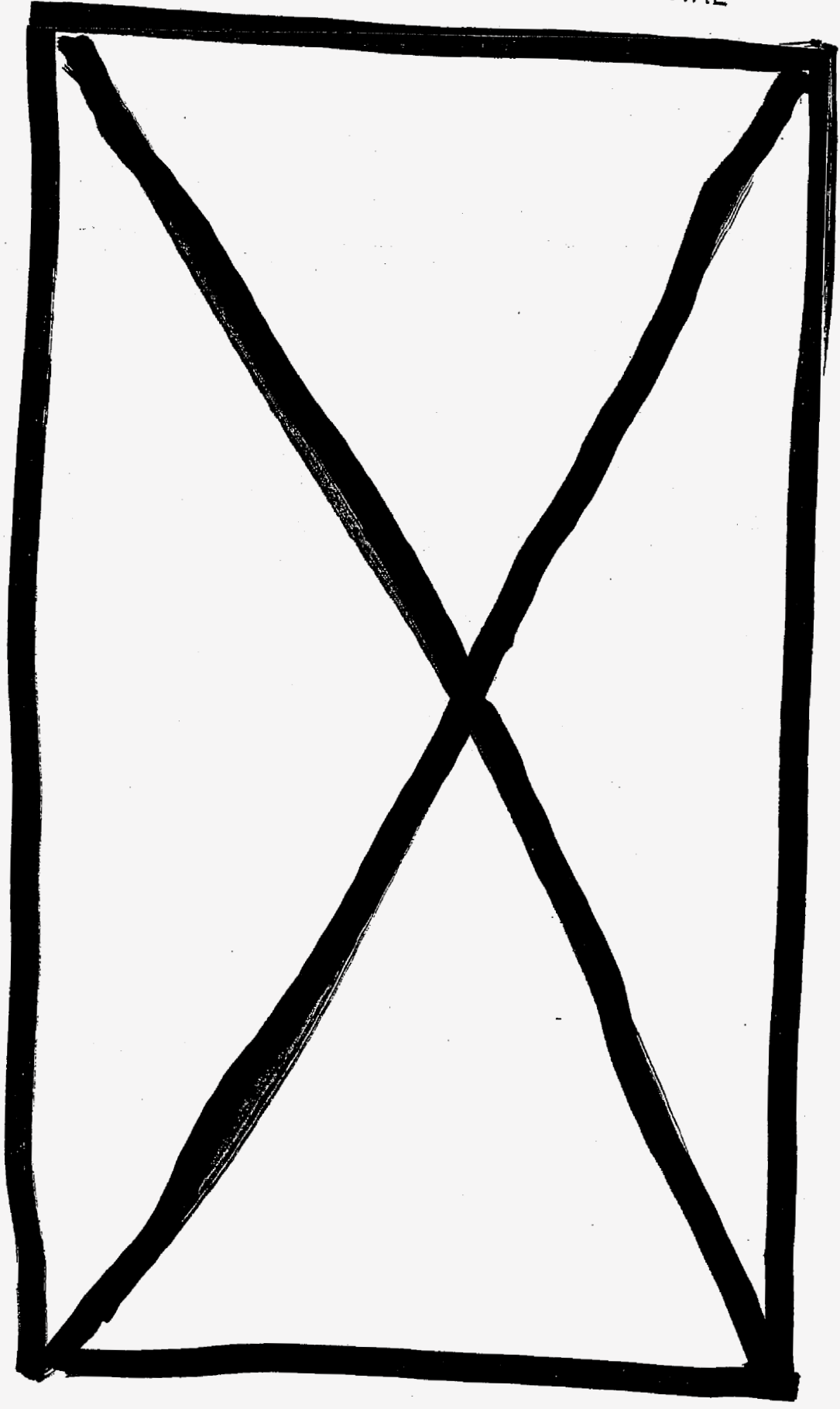
Delivery Point:

Contract Price:

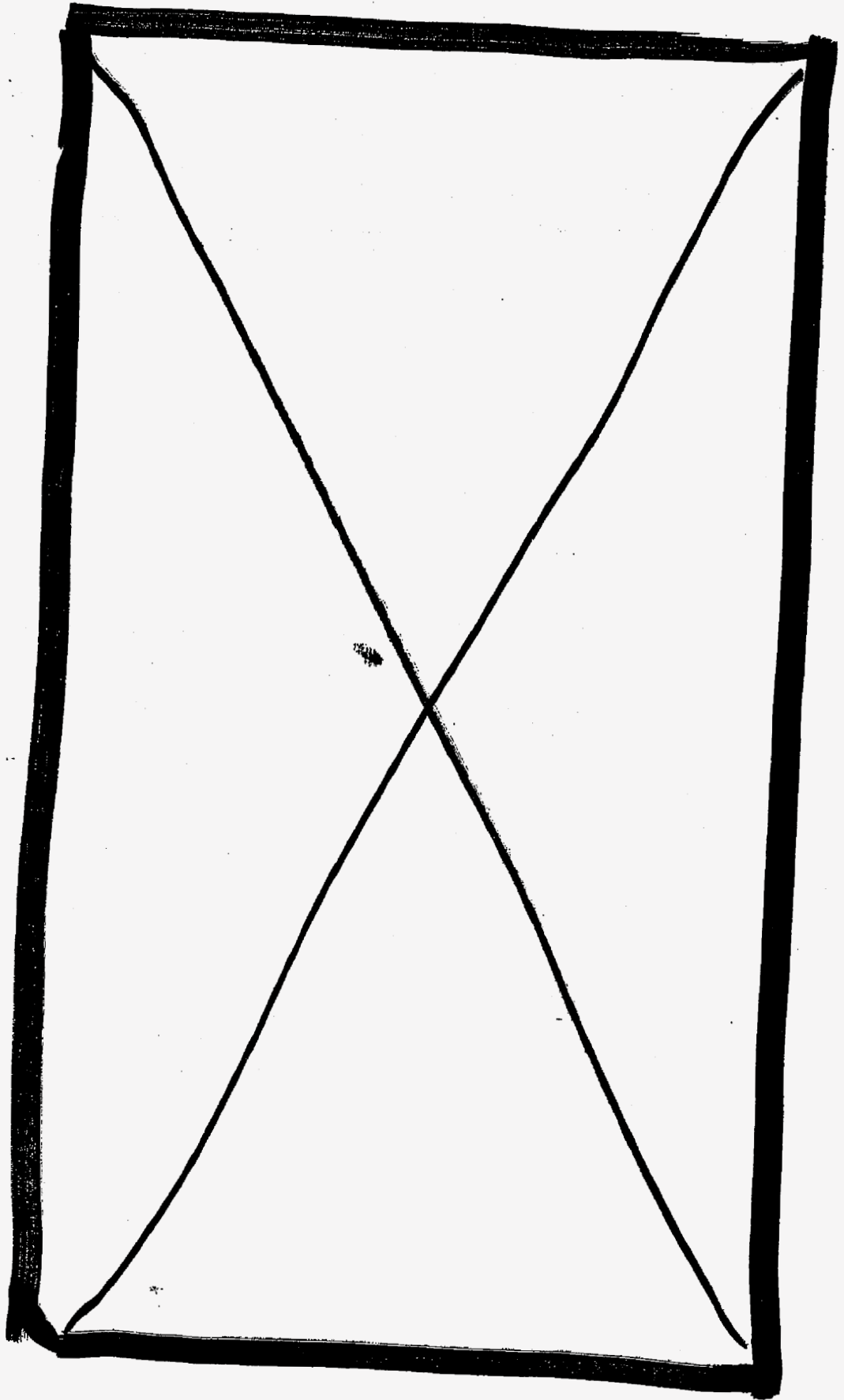


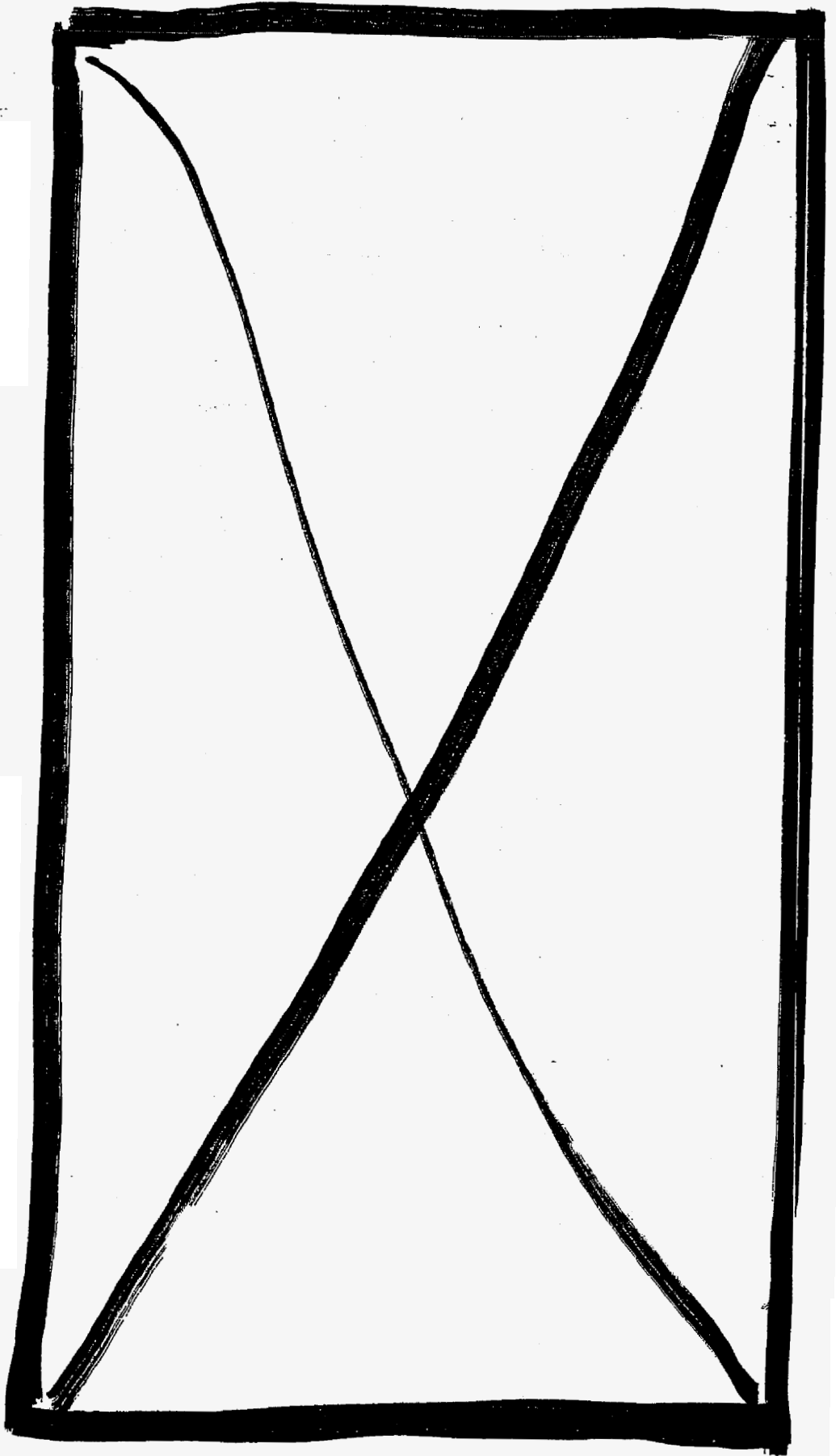
Liquidated Damages:

Force Majeure:



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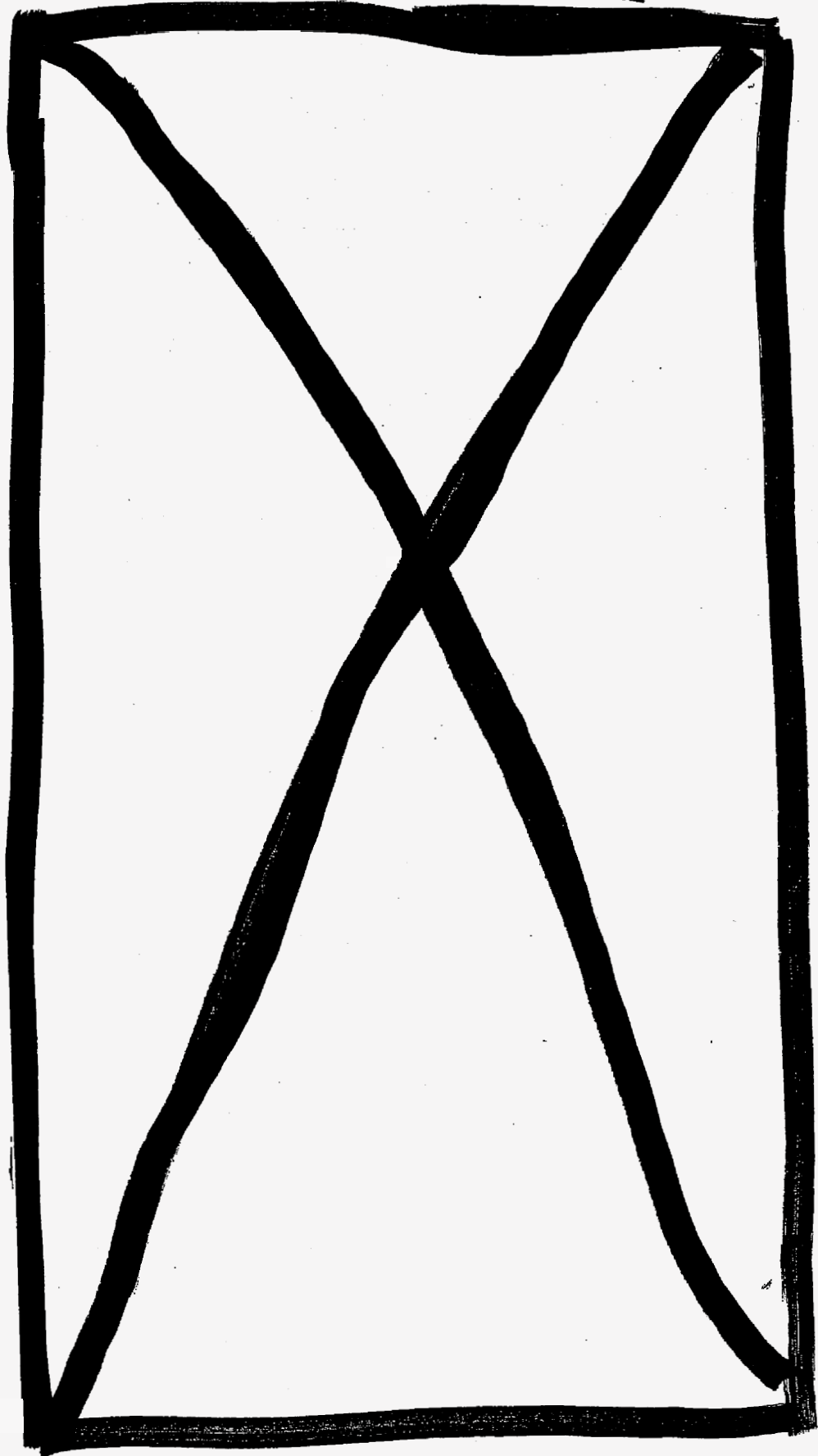
Force Majeure Exclusion:

Conditions Precedent:

Billing and Payment:

Quality Specifications:

**Nominations and
Balancing:**



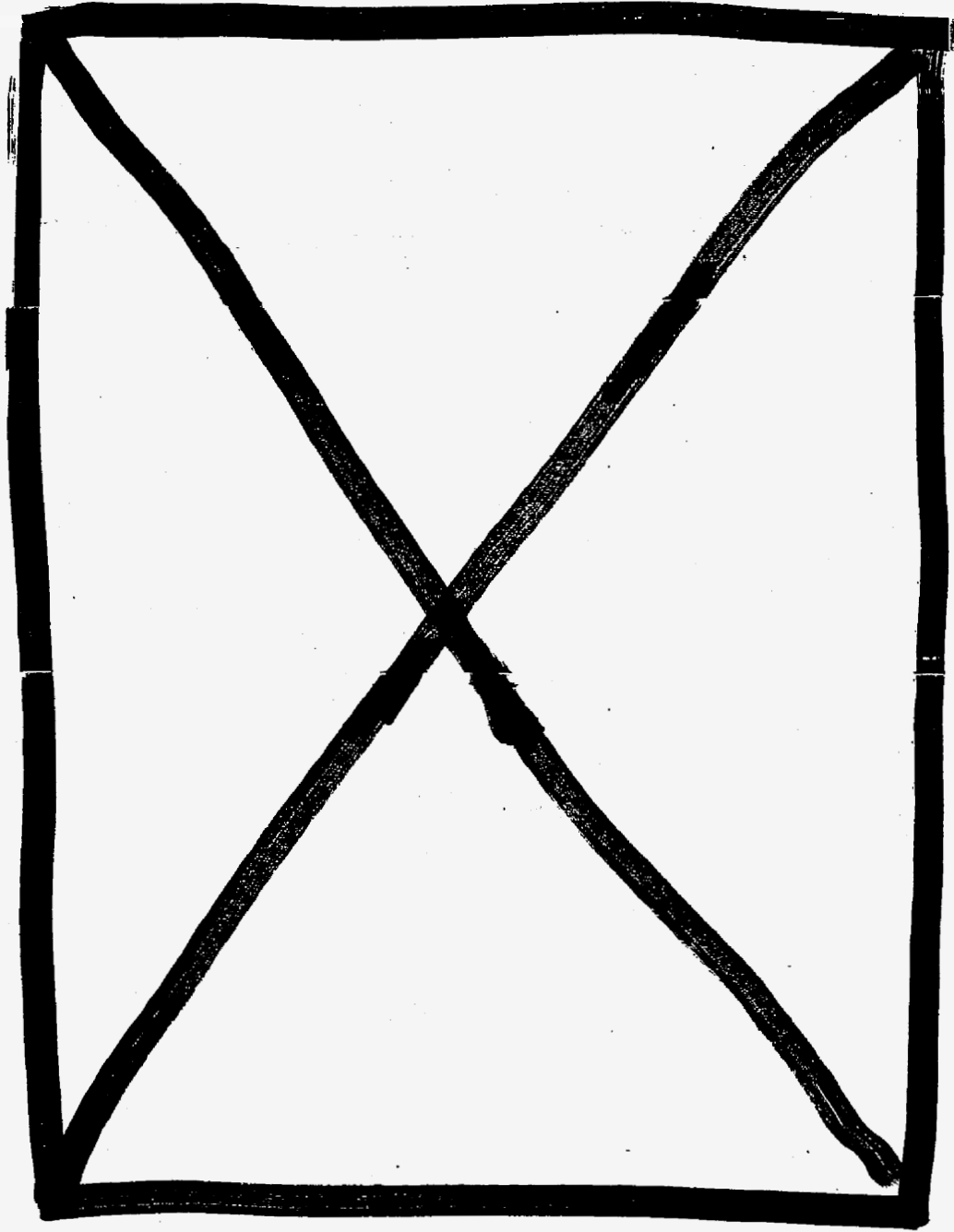
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Credit and Security:

Limitation of Damages:

Assignment:

Miscellaneous:



This proposal is submitted as a basis for further negotiation and does not constitute a binding offer.

CONFIDENTIAL

[REDACTED]

April 27, 2004

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VIA E-MAIL

Progress Energy Inc.
Attn: Rick Rhodes
Term Gas and Logistics Unit
P.O. Box 1551 - PEB 10A
Raleigh, NC 27602

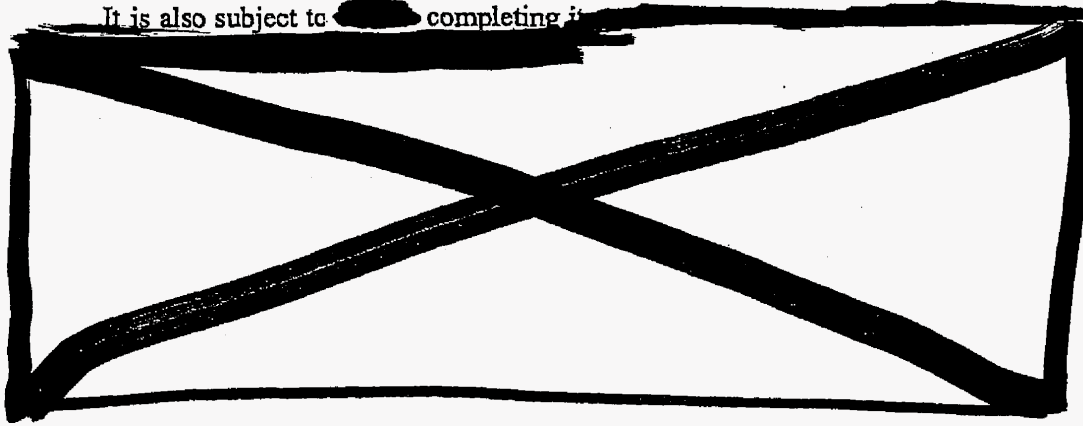
Re: Non Binding Proposal responding to RFP [REDACTED]

Dear Rick:

Enclosed for your consideration is a non-binding proposal being submitted by [REDACTED] to meet the [REDACTED] needs of Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("Progress Energy"), on a [REDACTED], in response to the referenced RFP. This non-binding proposal is provided on a confidential basis and should not be discussed with anyone outside Progress Energy other than your advisers and your agents and consultants assisting you in relation to this RFP.

Please note that this proposal is purely indicative and is non-binding. It is not an offer capable of acceptance. Any transaction to be entered into pursuant to this non-binding proposal would be subject to the approval of [REDACTED] Board and entering into a definitive agreement on terms agreeable to [REDACTED]. No binding obligations shall be created unless such approval is received and such definitive agreement is executed.

It is also subject to [REDACTED] completing it [REDACTED]



Anal. RCT.010 - Fol. 04

PEF 000112
DOCKET NO. 041414-EI

CONFIDENTIAL

Mr. Rick Rhodes
April 27, 2004
Page 2

[REDACTED]

I look forward to further discussing the enclosed non-binding proposal with you,
at your convenience.

Very truly yours,

[REDACTED]

Enclosure

PEF 000113
DOCKET NO. 041414-EI

CONFIDENTIAL

RFP# LT040504-bahamas

CONFIDENTIAL

Request for Proposal for [REDACTED] Gas Supply

Non Binding Proposal by [REDACTED]
Florida Power Corp d/b/a Progress Energy Florida, Inc ("Progress Energy")

Term

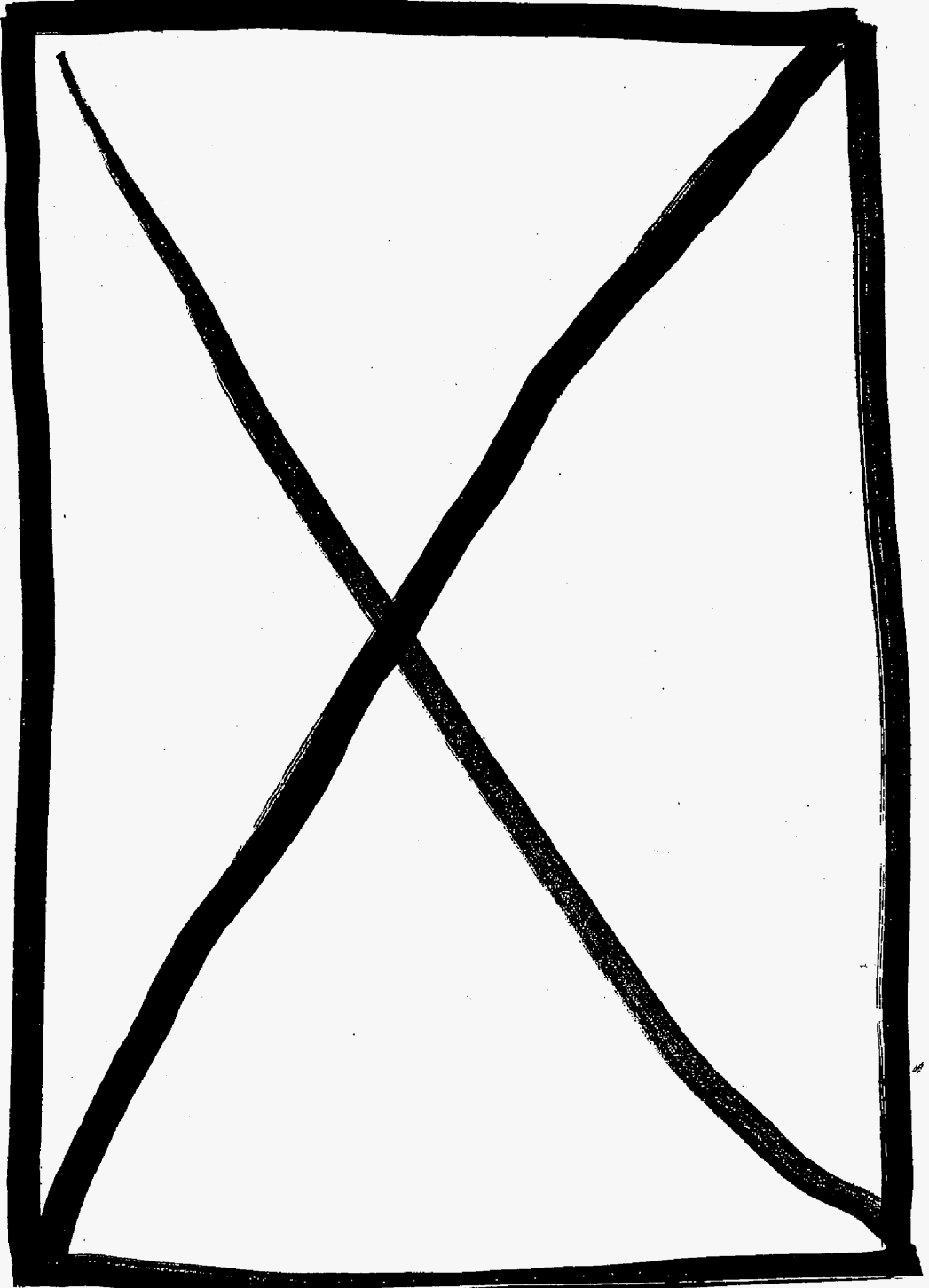
Volume

Primary Receipt
Point

Service

Pricing

Options



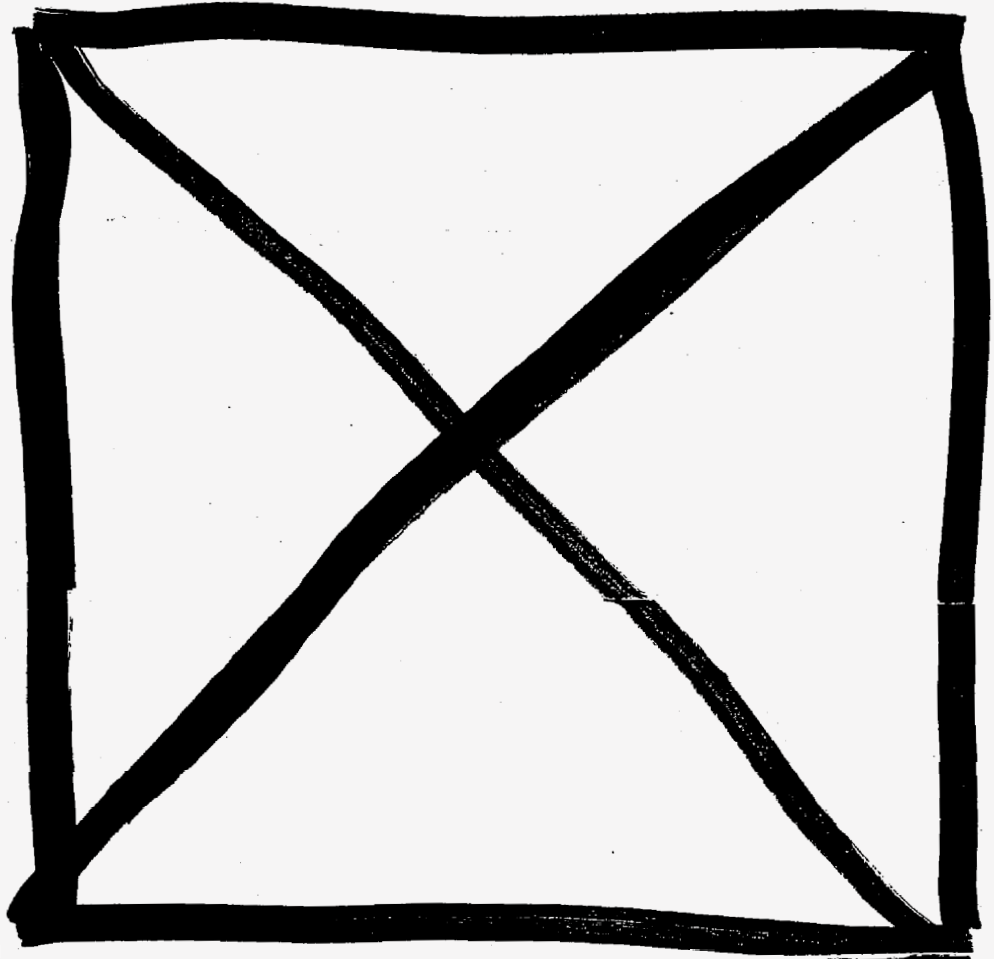
CONFIDENTIAL

Force Majeure

Nominations

Requirements

Gas Quality



This non-binding proposal is issued as an attachment to, and is to be read subject to, the letter from [REDACTED]

[REDACTED] It is indicative and solely meant for discussion purposes. It is not an offer capable of acceptance. It is subject to the approval of Progress Energy's and [REDACTED] respective Boards and the entry into of a definitive agreement on terms mutually agreeable to Progress Energy and [REDACTED]. No binding obligations shall be created unless such approvals are received and such definitive agreement is executed.

CONFIDENTIAL

[REDACTED]

[REDACTED]

April 28, 2004

Progress Energy Inc.
Attn: Rick Rhodes
P. O. Box 1551 - PEB 10A
Raleigh, North Carolina 27602

Dear Mr. Rhodes:

RFP# [REDACTED]

Enclosed is [REDACTED] response to your letter dated April 7, 2004. Note that the proposal is submitted in express reliance on Progress Energy, Inc's ("Progress") maintenance of the confidentiality of the proposal and its terms, subject to Progress' legal and regulatory obligations. In the event Progress is unwilling to maintain the confidentiality of the such proposal on this basis, we request that Progress comment on the enclosed form [REDACTED] and that we execute a mutually agreeable form of Confidentiality Agreement prior to Progress' consideration of the proposal. In any case, we believe that it would be appropriate to execute a Confidentiality Agreement prior to further clarification and discussion regarding our proposal.

We look forward to working with you to develop a mutually beneficial arrangement for gas supply to FPC's ratepayers.

For: [REDACTED]

By: [REDACTED]

Its: [REDACTED]

Attachments: Proposal
Confidentiality Agreement

Copies: [REDACTED]

[REDACTED]

[REDACTED]

DRAFT

REVISED PROPOSAL TO
PROGRESS ENERGY FLORIDA, INC.

BY

(RFP# [REDACTED])

April 22, 2003

Buyer: Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("Buyer")

Seller: [REDACTED]

[REDACTED]

TRANSACTION

Description of Transaction for [REDACTED] Gas Supply

[REDACTED]

Term of Agreement

[REDACTED]

Preliminary Notional Proposal: This document constitutes a preliminary indication of interest on the part of [REDACTED] and affiliates and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this letter shall exist unless and until the execution and delivery of definitive contracts containing terms and conditions acceptable to [REDACTED], and Buyer, each in its sole discretion.

Contract Quantity

The Daily Contract Quantity (DCQ) at the Delivery Point(s) shall be as follows:

[REDACTED]

[REDACTED]

Price

[REDACTED]

Demand Charge -

[REDACTED]

[REDACTED]

Commodity Charge -

[REDACTED]

Flexible Pricing

[REDACTED]

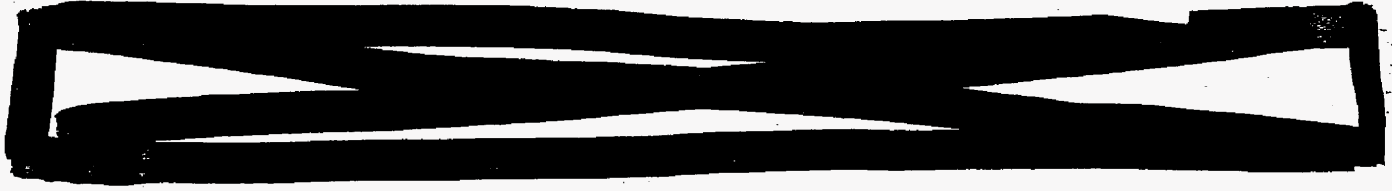
Delivery Point(s)

[REDACTED]

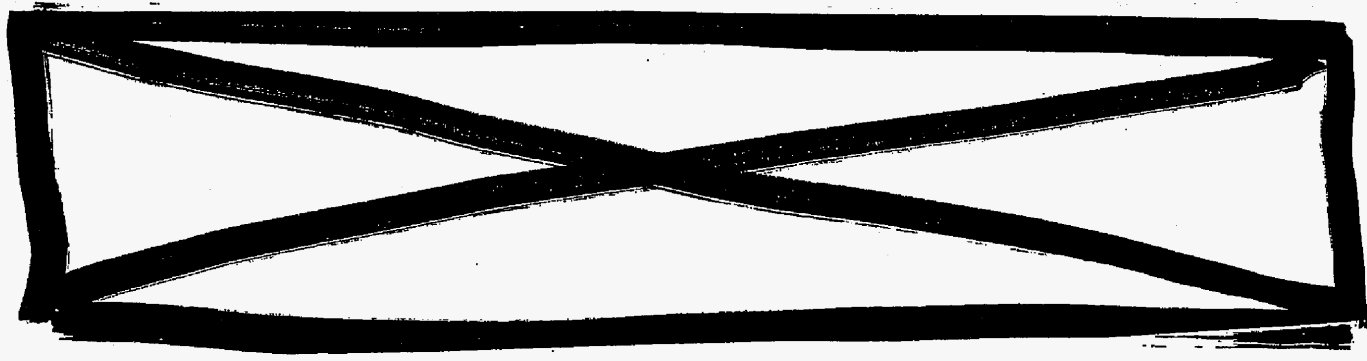
Preliminary Notional Proposal: This document constitutes a preliminary indication of interest on the part of [REDACTED], and affiliates and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this letter shall exist unless and until the execution and delivery of definitive contracts containing terms and conditions acceptable to [REDACTED] and Buyer, each in its sole discretion.

[REDACTED]

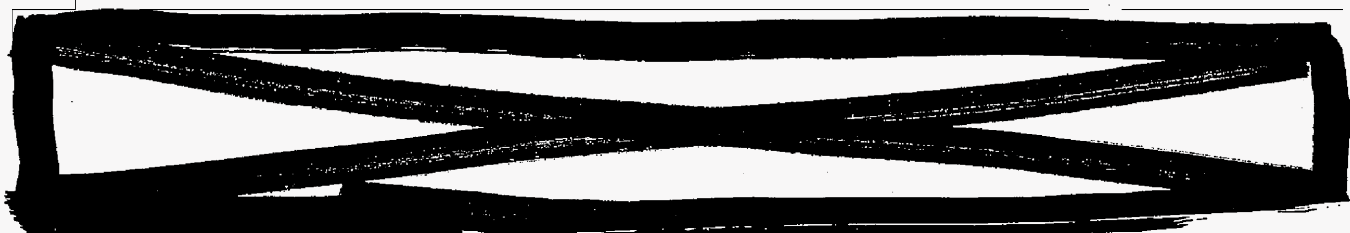
[REDACTED]



Put-Back Provision



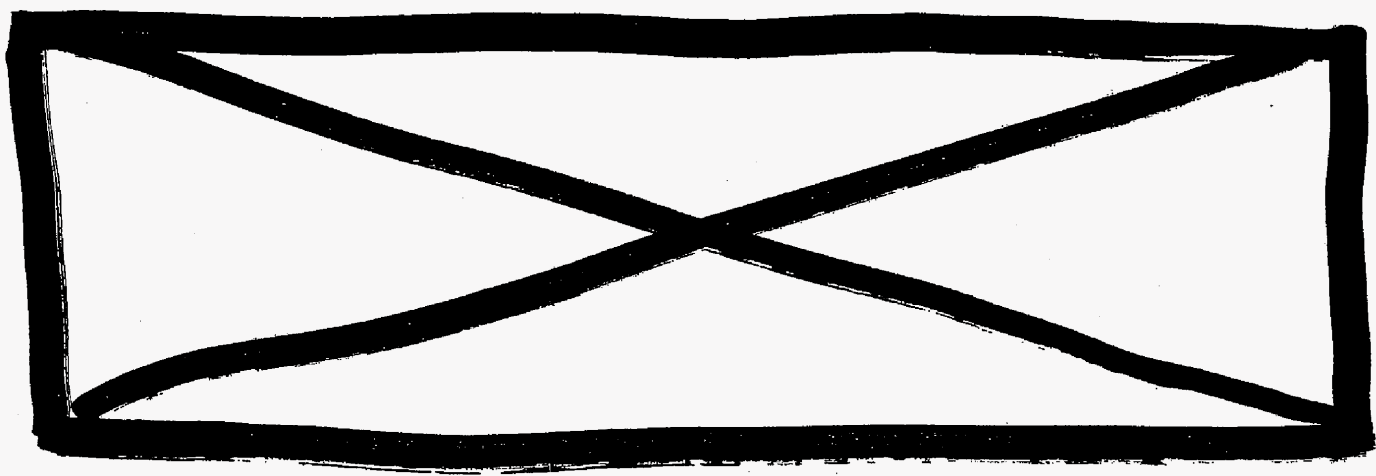
Nominations and Scheduling



Take and Delivery Obligations



Transportation



Preliminary Notional Proposal: This document constitutes a preliminary indication of interest on the part of [REDACTED] and affiliates and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this letter shall exist unless and until the execution and delivery of definitive contracts containing terms and conditions acceptable to [REDACTED] and Buyer, each in its sole discretion.



GENERAL TERMS

Liquidated Damages

[REDACTED]

[REDACTED]

Credit and Security

[REDACTED]

Agreements

[REDACTED]

Representations and Warranties

[REDACTED]

Conditions Precedent

[REDACTED]

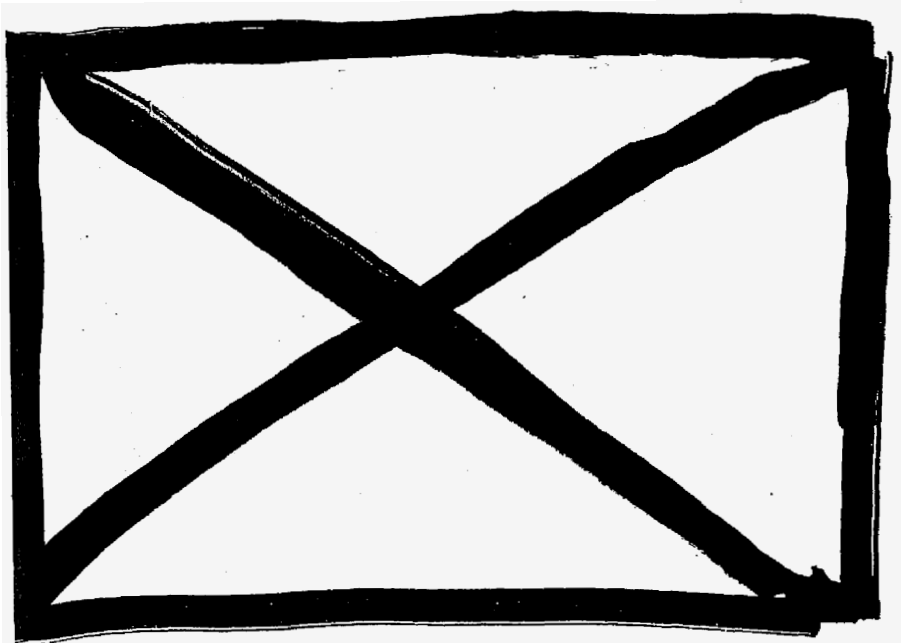
Preliminary Notional Proposal: This document constitutes a preliminary indication of interest on the part of [REDACTED], and affiliates and is intended solely as a basis for discussions. It does not constitute an offer capable of acceptance and no legally binding commitment or obligation related to the subject matter of this letter shall exist unless and until the execution and delivery of definitive contracts containing terms and conditions acceptable to [REDACTED] and Buyer, each in its sole discretion.

[REDACTED]

[REDACTED]

CONFIDENTIAL

Force Majeure



Gas Quality



Confidentiality



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; and is intended solely as a basis for discussions. It does not constitute an offer capable of
obligation related to the subject matter of this letter shall exist unless and until the execution
; and conditions acceptable to [REDACTED] and Buyer, each in its sole discretion.