

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of two unit power sales agreements with Southern Company Services, Inc. for purposes of cost recovery through capacity and fuel cost recovery clauses, by Progress Energy Florida, Inc.

Docket No. 041393-EI

Filed: May 11, 2005

PROGRESS ENERGY FLORIDA'S REPLY TO WHITE SPRING'S ANSWER TO MOTION TO FILE SUPPLEMENTAL TESTIMONY

Progress Energy Florida, Inc., (PEF) hereby replies to the answer to PEF's Motion to File Supplemental Testimony filed by White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate – White Springs (“White Springs”).

1. White Springs' opposition to PEF's motion is premised on the false assertion that the revised five-year cost analysis explained in the proffered Supplemental Testimony “calls into question the entire economic analysis upon which Progress Energy's case is based.” As explained in the proffered supplemental testimony, the revised five-year cost savings analysis still shows significant savings over the term of the agreements, and it does not affect the results of the PEF's long-term cost analysis. Moreover, the five-year cost analysis is just one of several bases for PEF's request for approval of the agreements. Most importantly, it does not in any way relate to the strategic benefits of the agreements -- such as access to coal fired capacity via firm transmission rights. Indeed, this Commission less than four months ago found those strategic benefits to be significant enough in their own right to justify Florida Power & Light Company's (FPL's) similar UPS agreements despite evidence that the FPL agreements were projected to result in net costs of \$69 to \$117 million. See Order No. PSC-05-0084-FOF-EI.

2. White Springs' cites no legal basis for its bald assertion that allowing PEF to file Supplemental Testimony would somehow deny White Springs' due process. Moreover, contrary

to White Springs' assertion, PEF has provided its discovery responses within the time-frame set out in the Order Establishing Procedure (OEP). In that regard, after waiting nine days, White Springs served its first discovery requests on April 29. PEF served its written responses to those requests by e-mail on May 6. And, even though the OEP only required a written response to White Springs' document production request by May 6, PEF shipped four CD-ROMs of responsive documents to White Springs' counsel and consultant by overnight delivery for receipt on May 6. Other documents were shipped by overnight delivery as soon as possible. Thus, PEF has fully complied with the OEP, and has acted in good faith to expedite the discovery process.

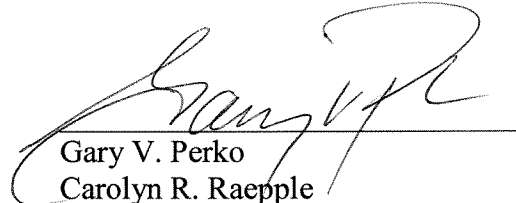
4. Contary to White Springs' assertion, PEF does not seek to amend its petition through Supplemental Testimony. Neither the agreements at issue nor PEF's fundamental bases for seeking approval have changed. Through its proffered supplemental testimony, PEF has in good faith simply acknowledged the error in the five-year analysis and sought to present corrected information to the Commission and other parties. The methodology used in the analysis has not changed, only the inputs and the result. Moreover, PEF previously explained the spreadsheets underlying the original analysis and has provided White Springs the spreadsheets underlying the revised analysis. Any claim of prejudice is unfounded.

5. Finally, White Springs' suggested suspension of the procedural schedule would prejudice PEF and its customers by jeopardizing the agreements and benefits they would provide. Under the agreements, PEF must obtain firm transmission before February, 2006. To maintain its transmission rollover rights, PEF was required to and did submit a System Impact Study agreement and deposit to Southern Company. In light of that development Southern could grant PEF's request at any time, thereby leaving PEF at risk of being obligated to take the transmission without assurance that the UPS agreements will be approved.

WHEREFORE, Progress Energy Florida, Inc., respectfully requests that the Commission grant its motion for leave to file the Supplemental Testimony of Samuel S. Waters.

Respectfully submitted, this ¹⁷/₄ day of May, 2005.

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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing have been provided by e-mail and by U.S. Mail, postage pre-paid, on May 11, 2005, to the following:

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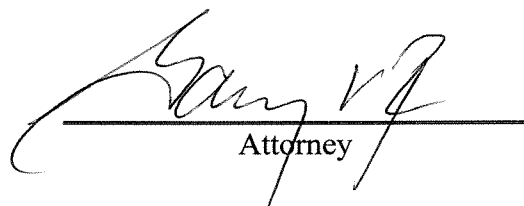
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