

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

JUNE 14, 2005

RE: Docket No. 041414-EI - Petition for approval of long-term fuel supply and transportation contracts for Hines Unit 4 and additional system supply and transportation, by Progress Energy Florida, Inc.

Issue 1: Did Progress Energy Florida (PEF) adequately solicit potential natural gas providers to provide fuel to the Hines Unit 4 generating unit?

Recommendation: Yes. PEF adequately solicited both natural gas supply and transportation providers for its long-term fuel needs for Hines Unit 4.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Lain Edger
Rudy Bradley
Michael...
J. Terry...

REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

05661 JUN 14 05

FPSC-COMMISSION CLERK

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Issue 2: Is the proposal contemplated in PEF's petition the most cost-effective option considering price and non-price factors?

Recommendation: Yes. The BG/Cypress/FGT contracts are the most cost-effective option for supplying natural gas to Hines Unit 4, considering all price and non-price factors at this time. While the Bahamas-based option appears to be the least-cost alternative, it was reasonable for PEF to eliminate this option due to the significant uncertainty associated with the in-service date of the project. There is sufficient certainty that the Cypress/FGT pipelines can meet the needs of Hines Unit 4 both in quantity and timeliness. PEF estimates that the proposed BG/Cypress/FGT contracts will be slightly more costly than a Gulf of Mexico-based alternative. However, the BG/Cypress/FGT contracts offer geographic advantages for PEF and its ratepayers due to the increase in operational flexibility and supply diversity.

APPROVED

Issue 3: Is the 20-year term of the contracts contemplated in PEF's petition appropriate?

Recommendation: Yes.

APPROVED

Issue 4: Based on the resolution of the foregoing issues, should the Commission grant PEF's petition?

Recommendation: Yes. Staff recommends that Commission approve PEF's long-term supply and transportation contracts. The delivered cost and volumes of re-gasified LNG specified in PEF's contracts, as well as the contracts' terms and conditions, appear reasonable for planning purposes. PEF will present the costs incurred under the three contracts for recovery through the fuel and purchased power cost recovery clause on an annual basis. Staff recommends that the Commission permit recovery of these costs subject to a finding that PEF has managed the contracts in a reasonable and prudent manner.

APPROVED

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Issue 5: Should this docket be closed?

Recommendation: The docket should be closed after the time for filing an appeal has run.

APPROVED