

REDACTED

050078-EI

**PEF'S
15TH REQUEST FOR
CONFIDENTIAL
CLASSIFICATION**

**ATTACHMENT
B**

DOCUMENT NUMBER-DATE

08095 AUG 19 18

FPSC-COMMISSION CLERK

212. Please refer to Page 22, Lines 3 through 17, of Javier Portuondo's direct testimony, in which he discusses the formation of a new consolidated organization which would prospectively provide coal procurement and related transportation services to PEF. With regard to Mr. Portuondo's testimony, please address the following:

a) Please explain whether the new consolidated organization is going to be a separate subsidiary of Progress Energy, Progress Energy Carolinas (PEC), or Progress Energy Florida, Inc.?

b) Please explain whether the \$1.8 million in A&G expense represents the prospective allocated cost of the new organization?

c) Please discuss or provide a cost itemization of PEC's coal procurement and related transportation services for the calendar year end 2004 (including the position/title of all associated employees and their respective salaries).

d) Please discuss or provide a cost itemization of PFC coal procurement and related transportation services to PEF for the calendar year end 2004 (including the position/title of all associated employees and their respective salaries).

e) For the new consolidated organization, please provide the position/title of all associated employees and their respective salaries.

f) If any of the employees of the new consolidated organization are former employees of PEC who were previously charged with the coal procurement and related transportation services for PEC, please provide their position/title and respective salaries.

g) If any of the employees of the new consolidated organization are former employees of PFC who were previously charged with the coal procurement and related transportation services for PEC, please provide their position/title and respective salaries.

h) Please discuss or provide a cost itemization of the \$1.766 million which is reflected on MFR Schedule C-2, Page 3 of 7, Line 9, and explain the difference between that amount and the \$1.819 million itemization amount which PEF provided in response to OPC Interrogatory No. 63.

i) Please explain why the transfer of the coal procurement and related transportation services from PFC to the new consolidated organization renders such costs ineligible for fuel clause recovery. In your response, please cite any Commission order and/or rule which requires such non-fuel clause recovery treatment.

j) Please explain in detail how the prospective costs for coal procurement and related transportation services will be allocated between PEC and PEF.

DOCUMENT NUMBER-DATE

08095 AUG 19 13

FPSC-COMMISSION CLERK

Answer

- a) The new organization will be part of PEC. The new organization will procure all coal and coal transportation services for PEF and Progress Energy Carolinas.
- b) The \$1.8 million represents the budgeted 2006 A&G expense forecasted in the 2005 budget under the pre-coal consolidation structure. The savings from the consolidated organization are reflected in the work force reduction amounts in the base case filing.

c)	Labor & Burden	\$2,423,086
	Professional Fees	258,384
	Travel Meals & lodging	124,619
	Corporate Aircraft	7,034
	Other G&A	272,986

FMS Fuels Analyst	[REDACTED]
Lead Asset Optimization Analyst	[REDACTED]
Contract Administration	[REDACTED]
Manager Fuel Delivery	[REDACTED]
Lead Procurement Agent	[REDACTED]
Fossil Fuels Opt Analyst	[REDACTED]
Trans & By Product – Fossil Fuels	[REDACTED]
Manager-Administration & Emissions	[REDACTED]
FMS Fuels Specialist	[REDACTED]
Manager Procurement & Risk Mgm	[REDACTED]
Executive Director	[REDACTED]
Director Strategy & Admin	[REDACTED]
Lead Contract Administrator	[REDACTED]
Lead Technical Project Mgm Specialist	[REDACTED]
Logistics Planning Analyst	[REDACTED]
Manager – Fuel Procurement	[REDACTED]
Administrative Assistant	[REDACTED]

d)	Labor & Burden	\$ 1,133,348
	Professional Fees	305,546
	Marine Cargo Insurance	62,006
	Pension/OPEB/SERP	437,819
	Other G&A	339,152

Lead Business Financial Analyst	[REDACTED]
Senior Financial Specialist	[REDACTED]
Senior business Financial analyst	[REDACTED]
Sr. Financial support Assistant	[REDACTED]
Lead Business Financial analyst	[REDACTED]

Sr. FMS Fuels Specialist
Director – Fuel Strategy & Long Term
Sr. Human Resources Specialist
Controller Coal & Reg Accounting
Lead IT Analyst



Business Financial Analyst
Lead Business Financial analyst
Field Rep-PFC
Business Financial Analyst
Financial Support Assistant I
Assistant Manger Transportation
Sr. Financial Specialist
Manager Transportation
Sr. FMS Fuel specialist/BFA
Sr. Data Management Assistant
IT Analyst
Data Management Assistant II
Tech Support Analyst IT
Sr. Business Financial Analyst
Sr. Administrative Assistant
Senior Business financial Analyst
VP Coal Procurement and Transportation
Manager Technical Services
Manager Budgeting and Finance
Sr. Administrative Assistant
Manager –IT
Lead IT Analyst
Senior Business Financial analyst
Administrative Assistant to Department
Lead Business Financial Analyst



- e) Director Coal
- Sr. Administrative Assistant
- Manager Coal Procurement
- Sr. Coal Procurement Agent
- Coal Procurement Analyst
- Quality Field Representative
- Sr. Engineer – PEC
- Sr. Coal Procurement Agent
- Sr. Fuels Analyst
- Manager Coal Transportation
- Sr. Transportation Specialist – Barge/Import
- Lead Transportation Specialist – NS
- Coal Scheduler -Fl



Sr. Transportation Specialist CSX
Coal Scheduler -NC
Sr. Transportation Specialist – By Products
Sr. Engineer – PEF
Manager Fuel Forecasting
Sr. Fuel Analyst
Director Fuel Strategy & Long Term Origination
Manager-Fuel Planning
Sr. Fossil supply Rep



Many of the above positions will be allocated between PEF and PEC. Also, an allocation for time spent by other departments, such as Human Resources and Information Technology, will be allocated monthly to PEC and PEF as it relates to work performed for each company.

- f) Manager Fuel Delivery
Administrative Assistant to Dept. Head
Lead Procurement Agent
FMS Fuel Specialist
Logistic Planning Analyst
Fossil Fuels Optimization Analyst
Transportation & By Product analyst



- g) Sr. Data Management Assistant-Florida
Quality Field Representative

\$ 

- h) The \$1.819 million are system SG&A expenses related to the coal procurement consolidation. The \$1.766 million is the amount assigned to the retail jurisdiction.
- i) Subject to PEF's general objections to Staff's Ninth Set of Interrogatories, and its specific objection to Interrogatory No. 212(i), and without waiving same, PEF responds as follows. SG&A expenses related to the coal procurement should be recovered through PEF's base rates as they no longer meet the criteria of costs recoverable through the fuel clause as defined in FPSC Order No. 14546 dated 7/8/85.
- j) Costs that can be specifically identified with a service or product will be directly charged to PEC or PEF. Other costs will be allocated between PEC and PEF based on a reasonable allocation method.

223. PEF witness David McDonald indicates in his testimony that one of PEF's distribution initiatives is the Mobile Meter Reading program. Please identify or discuss how much this program will cost PEF to implement, how much this program will save, and how many years it will take for this program to pay for itself.

Answer

Implementation of the Mobile Meter Reading program is expected to cost approximately [REDACTED] in capital, as indicated in the Company's original filing. Annual net pretax O&M savings of [REDACTED] are anticipated beginning in the first full year of operations. The Company continues to update its estimates as these numbers are changing, however, the Company believes that what it filed, as indicated above, is an appropriate basis upon which the Commission should incorporate this program into base rates. The program is expected to produce a total lifetime benefit of [REDACTED] (net present value). A payback period of [REDACTED] years is anticipated.