



John T. Burnett
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PROGRESS ENERGY SERVICE COMPANY, LLC

January 26, 2006

Ms. Blanca S. Bayo, Director
Division of Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Revised Fuel Emergency Plan

Dear Ms. Bayo:

Pursuant to Rule 25-6.0185, F.A.C., Progress Energy Florida, Inc. hereby submits for filing an original and fifteen (15) copies of its revised Fuel Emergency Plan.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. A 3 ½ inch disk containing the above-referenced document in Word format is also enclosed. Thank you for your assistance in this matter.

Respectfully,

John T. Burnett

JTB/lms

cc: James McRoy

DOCUMENT NUMBER - DATE
00812 JAN 26 06
FPSC-COMMISSION CLERK

Fuel Emergency Plan

Task 75

EMG-PGNF-009

Purpose and Scope

The Progress Energy Regulated Fuels group is responsible for the preparation and maintenance of the fuel emergency plan. The PEF Energy Control Center, in conjunction with the Progress Energy Regulated Fuels Group, is the primary contact for the plan document. Beginning in January 1999 and every three years thereafter, Progress Energy Florida (PEF) is required to notify the Florida Public Service Commission (PSC) that we have reviewed our Fuel Emergency Plan (FPSC Rule 25-6.0185). Whenever the Fuel Emergency Plan is updated or changed, the new plan document must be filed with the PSC. John Burnett in Legal is the contact for filing notices or updates. The attached plan was revised in January 2006.

Progress Energy Florida Plan for a Long Term Energy Emergency Caused by a Fuel Supply Shortage

Introduction This plan outlines the procedure to be used in the event of an extended fuel emergency involving Progress Energy Florida (PEF). Should an extended fuel emergency or the threat of an extended fuel emergency occur, one in which the energy supply in the entire service territory is subject to jeopardy, then this plan applies.

A Fuel Supply Committee is established and will consist of one representative from each of the following sections: Power Trading, Energy Control, Portfolio Management, Coal Procurement, Gas & Oil Trading, Regulatory Affairs and Corporate Communications. Other representatives may be identified by the Fuel Supply Committee. The Director of the Energy Control Center (ECC) or designated representative will serve as Chairman. The Vice President Regulated Fuels, or designated representative, will closely monitor fuel supplies, deliveries, and anticipated usage rates. When fuel levels reach or are highly at risk of reaching potentially serious levels, as determined by the VP of Regulated Fuels, the Chairman will activate the Fuel Supply Committee. The Committee will abide by all applicable state and federal standards and codes of conduct.

The committee has authority and the responsibility to decide when the levels or availability of fuel supplies, or the rate of change in these levels is such that declaration of an ALERT is required. The Chairman will inform the Senior Vice President, Power Operations, when an ALERT is declared so that he may implement the appropriate portion of this plan.

Definitions The classifications of degree of supply levels are defined in the following fuel emergency situations. These situations could occur at any site where generation and fuel storage facilities exist, thus causing a site emergency. Likewise, they could occur at multiple sites or system-wide.

ALERT

An ALERT condition exists when the potential for a FUEL EMERGENCY arises and specific Company actions are deemed prudent.

FUEL EMERGENCY

When the inventory of fuel (on a system basis) is such that current or projected usage will result in the supply reaching the following levels before deliveries can be made and a downward trend is anticipated to continue:
Light Oil – 50 hours

Residual – 6 days

Coal – 10 days

Natural Gas – Long-term (greater than three months) loss of major pipeline supply source

ALERT

When an ALERT condition is declared, the following actions will be taken. These actions will be done under the direction of the Fuel Supply Committee in an attempt to minimize the potential for a fuel emergency condition. These actions, while not necessarily in the sequence to be performed, may include, but not be limited to, the following:

1. Notify the Senior Vice President, Power Operations, that a fuel supply ALERT is declared and in progress.
2. Conduct periodic (at least daily) conference calls with the Fuel Supply Committee to review current status and operational changes. Such calls shall be posted on OASIS pursuant to FERC requirements.
3. Defer or reschedule, to the extent practicable, maintenance on oil or coal-fired units, taking into consideration heat rate and availability.
4. Operate oil, natural gas, and coal-fired generation utilizing the lowest heat rate source to minimize the consumption of distillate oil and residual oil by oil-fired units and/or coal by coal-fired units, and/or natural gas by natural gas fired units, consistent with conserving the fuel(s) in short supply.
5. Engage the power market to effectively maximize conservation of constrained fuel(s) via market purchases.
6. Utilize load management procedures and voltage reductions to control demand and energy consistent with conserving the fuel(s) in short supply.
7. Shut down low inventory and/or high heat rate units and/or natural gas units, over weekends and overnight, if practicable, to conserve the fuel which is in short supply.
8. Place maximum allowable Operating Reserve in the non-synchronized quick-start category to minimize fuel consumption.
9. Request the Fuel Supply Committee to implement fuel transfers to eliminate geographical shortages and locate fuel where it can most efficiently be utilized.
10. Request the Environmental Service Department to remove environmentally initiated constraints for generating units that inhibit the most efficient use of available fuel.
11. ECC to evaluate the use of DSM and industrial curtailment to

minimize fuel consumption.

12. The Chairman will contact the FRCC and Security Coordinator and apprise them of our alert status and will request daily conference calls to apprise them of our fuel inventory status.

**Granting
Authority in Fuel
Supply
Emergency**

After the Fuel Supply Committee has determined that a specific fuel emergency exists, they will inform the Senior Vice President, Power Operations, who will implement the associated corrective actions for the specific FUEL EMERGENCY condition in effect consistent with system security constraints. The Senior Vice President, Power Operations, will have the authority to implement and cancel steps within the specific FUEL EMERGENCY condition as system conditions permit.

**Declaration of
Fuel Emergency**

When a FUEL EMERGENCY is declared, the Senior Vice President, Power Operations, shall ensure all actions normally anticipated to occur during an ALERT has taken place and then will invoke the following actions to minimize fuel consumption. These actions, while not necessarily in the sequence to be performed, may include, but not be limited to, the following:

1. Notify appropriate PEF personnel that a FUEL EMERGENCY is in effect. The Corporate Communications Department will have the responsibility for notification of employees, customers, and the general public. News media representatives will be contacted to assist.
2. Conduct periodic (at least daily) conference calls with the Fuel Supply Committee to review current status and operational changes. Such calls shall be posted on OASIS pursuant to FERC requirements.
3. Curtail Company use wherever possible.
4. ECC to limit transmission line equipment outages to emergency outages if the outages would reduce delivery of energy into the system.
5. Engage the power market to effectively maximize conservation of constrained fuel(s) via market purchases.
6. The Chairman will contact the FRCC and Security Coordinator and apprise them of our fuel emergency status.
7. ECC to implement the use of DSM and industrial curtailment to minimize fuel consumption.
8. Advise the Corporate Communications Department to make radio and television appeals to the public to minimize electrical energy consumption.
9. Contact municipal systems and cooperative systems and request that their customers voluntarily reduce their load.

10. Declare force majeure and discontinue from energy sales to neighboring systems as permitted under the power sales agreement, or as directed by Governor's orders during the emergency. (Except under extreme conditions, assistance could be provided if the fuel inventory is above the 12-hour emergency minimum.)

**Customer
Priorities for
Load Interruption**

In the early stages of a capacity emergency, PEF will curtail recallable interchange sales and those interchange sales declining a buy-through option. During Phase 1, interruptible and curtailable customers are notified that emergency purchases may be required. During Phase 2, emergency purchases for interruptible and curtailable customers begin. During Phase 3, interruptible and curtailable customer loads are interrupted. During Phase 4, emergency purchases are made to support firm load. Also, at various points during a developing capacity emergency several other actions are undertaken to mitigate the severity of the emergency, including maximizing available generation, activating DSM, activating voltage reduction, reduction of PEF energy consumption and public appeals for conservation.

Firm load curtailment occurs during Phase 5, when service to firm loads is interrupted on a rotating basis in order to maintain a balance between available generation and system load. The load interruptions will be rotated in order that no single customer or area is without electricity for an extended period of time.

The priority for interruption of individual customers and feeders is determined and reviewed on an annual basis as part of the PEF under-frequency relay program update. Each year, each feeder on the PEF system is reviewed and classified for purposes of potential firm load interruption. Feeders serving critical customers or loads are classified as 'no trip' and are exempt from interruption providing that resources exist to continue serving this critical group of customers. The types of customers and loads designated as no trip are as follows:

- Critical PEF facilities
- Hospitals and nursing homes
- Customers on life-sustaining medical equipment
- Airports and FAA facilities
- Police and fire stations
- Telephone and satellite communication facilities
- Water treatment and pumping facilities
- Critical government facilities
- Newspaper, radio, and TV stations
- Malls and large public arenas
- Major commercial and industrial customers

Whenever possible during a capacity emergency, PEF will sustain uninterrupted service to critical customers.

**Statewide Fuel
Supply
Emergency**

In the event a Fuel Supply Emergency is declared by the Governor of Florida due to conditions either within the Company or in another utility, PEF will take the actions listed within this plan consistent with the actions directed by the Governor's order and the FRCC, specifically:

1. The Fuel Supply Committee will be responsible for fuel calculations and transferring to the FRCC staff, upon request, PEF's DAYS BURN by fuel type. They will also supply any additional data relating to fuel supply conditions requested by the FRCC staff.
2. The Senior Vice President, Power Operations, or designee, will assure the operation of all generating units as appropriate to share energy so as to minimize a statewide fuel shortage.
3. The Vice President, Regulated Fuels or designee, will be responsible for arranging any necessary transfer of fuels and the conditions affecting the transfer and payment and/or return of such fuel.

**Authority for
Reduction of Fuel
Emergency
Conditions**

If any portion of this plan has been activated by the Governor due to a long-term fuel emergency within the state, then it will remain in effect until the emergency is declared over by the Governor.

Should this plan, however, be initiated by the Fuel Supply Committee, this Committee will then advise the Senior Vice President, Power Operations, when the levels of supply or rates of change in these levels are such that a fuel emergency condition can be terminated. The Senior Vice President, Power Operations, will decide when to declare the termination of the appropriate emergency condition. The Fuel Supply Committee chairman will then notify all affected departments of the termination of the fuel emergency condition and institute relaxation of the conservation measures consistent with system reliability requirement. The Fuel Supply Committee chairman will also notify the appropriate state and federal agencies as required.

Revised

January 2006
May 2003
June 2002
December 1998
September 1997
October 1992
January 1992