

ORIGINAL

STATE OF FLORIDA

COMMISSIONERS:
LISA POLAK EDGAR, CHAIRMAN
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW



CAPITAL CIRCLE OFFICE CENTER
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

Public Service Commission

March 16, 2006

RECEIVED - FPSC
MAR 16 PM 3:36
COMMISSION
CLERK

Gary V. Perko
Carolyn S. Raeppe
Hopping Green & Sams, P.A.
Post Office Box 6526
Tallahassee, Florida 32314

Re: Docket No. 060162-EI - Petition by Progress Energy Florida, Inc. for approval to recover modular cooling tower costs through fuel cost recovery clause.

Dear Mr. Perko:

By this letter, the Commission staff requests that Progress Energy Florida, Inc. provide responses to the following data requests:

1. According to the direct testimony of Thomas Lawery, the Crystal River plant uses water removed from the Gulf of Mexico to condense turbine exhaust steam to water. He stated that the Crystal River generating units share a common discharge canal that sends the cooling water back into the Gulf of Mexico. Please list all Crystal River Generating units that share the common discharge canal and how much water each unit uses for cooling.

2. If Crystal River unit 3 shares a common discharge canal with units 1 and 2, please provide the contribution that each unit make to the temperature of the cooling water discharges.

DMP _____

3. Has Crystal River unit 3 been subjected to thermal permit limits? Explain

DOM _____

4. Did PEF recently install modular cooling towers along the common discharge canal? Explain.

STR _____

5. If the answer to question 4 is yes, what was the cost to install those towers and how was the cost recovered?

CR _____

PC _____

6. Describe the modular cooling towers that now exist along the common discharge canal (i.e., its purpose, size, performance, pump-size, energy demand, were they cost effective).

CA _____

CR _____

7. According to the direct testimony of Thomas Lawery, PEF has explored other alternatives to the modular cooling towers. Please provide the cost analysis that lead PEF to select the modular cooling towers as the most cost-effective. Show all assumptions.

GA _____

EC _____

TH _____

DOCUMENT NUMBER - DATE
02318 MAR 16 08
FPSC-COMMISSION CLERK

8. According to Exhibit TL-1 of Thomas Lawery's direct testimony, the de-rating of Crystal River units 1 and 2 begin in 2003, is that correct? If not then when were they de-rated?

9. Does PEF plan to continue to de-rate Crystal River units 1 and 2 until additional cooling tower modules are installed? Please explain.

10. Did PEF list Crystal River units 1 and 2 as de-rated in Progress Energy's Ten-Year Site Plan? Please explain.

11. How did the de-rating attributable to the thermal permit limit of approximately 330 MW affect PEF's reserve margins.

12. If the Commission denies PEF's request for cost recovery though the fuel cost recovery clause, how will this effect PEF's earnings until its next rate case?

13. Please provide a copy of the FDEP Industrial Wastewater permit which limits the temperature of cooling water discharged from Crystal River 1 and 2. Please highlight the section for which this project will provide compliance.

14. Mr. Lawery states on Page 3 of his testimony (Lines 11-12) the type and capacity of the modular units to be installed is dependent upon the ongoing bidding process. When will the contract be signed for this project?

15. Mr. Lawery states on Page 6 of his testimony (Line 22) that the University of Florida is in the final stages of developing a model to predict the amount of de-rates necessary to ensure permit compliance without the modular cooling towers. When will this model be completed? Is it correct that this model would represent the base case for evaluating the project?

16. Since PEF has not received a final model from the University of Florida and the type and capacity of the modular units are unknown, what is the basis for the cost estimates on Page 6 of Mr. Lawery's testimony? If based upon interim reports, please provide copies.

17. Is it anticipated that the modular towers will be in operation for five years? What is the rationale for selecting the 5 year period?

18. If at the end of the five year period, it is concluded that the cooling capacity of the modular towers are still needed, what is the utility's plan for a permanent solution and what would be the status of the modular towers and associated facilities?

19. For the University of Florida to predict de-rates necessary to ensure permit compliance without the modular towers, the temperature of the inlet water would need to be predicted for the life of the project. What is the source of this weather data and what leads PEF to believe that 2005 was not a single occurrence. Provide copies of weather data used in the analysis.

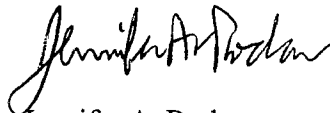
20. Regarding the estimated \$45,000,000 fuel savings, please provide copies of the fuel and purchased power forecast used over the life of the project. Detail all assumptions.

21. Mr. Portuondo states on Page 9 of his testimony that PEF proposes to recover all capital and O&M costs incurred for the project to the extent such costs do not exceed cumulative fuel savings over the life of the project. From the standpoint of risk to ratepayers, is it correct that should savings over the life of the project be less than costs, the worst case scenario for ratepayers would be a breakeven situation whereby costs would equal savings?

22. Since actual costs proposed to flow through the fuel clause could be subject to true-up after five years if savings are less than costs, would costs be subject to an annual true-up or a true-up at the end of five years. How does PEF propose these cost and savings run through the fuel clause?

Please provide responses by April 10, 2006. If you have any questions, please do not hesitate to contact me at (850) 413-6189.

Sincerely,



Jennifer A. Rodan
Attorney

cc: R. Alexander Glenn
Deputy General Counsel
Progress Energy Services Company, LLC.
100 Central Avenue, Suite 1D
St. Petersburg, FL 33701-3324

Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Von Fossen)