



September 22, 2006

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

*Re: Fuel and purchased power cost recovery clause with generating performance
incentive factor; Docket No. 060001-EI*

Dear Ms. Bayó:

Please find enclosed for filing the List of Issues and Positions in the above
referenced docket on behalf of Progress Energy Florida, Inc.

Please call me at (727) 820-5184 should you have any questions.

Sincerely,

John T. Burnett LMS
John T. Burnett

JTB/lms
Enclosure

DOCUMENT NUMBER-DATE

08772 SEP 22 06

FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

DOCKET NO. 060001-EI

DATED: September 22, 2006

**PROGRESS ENERGY FLORIDA, INC.'S
PRELIMINARY LIST OF ISSUES AND POSITIONS**

Progress Energy Florida, Inc. (PEF) hereby submits its Preliminary List of Issues and Positions with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of January through December 2007:

Generic Fuel Adjustment Issues

1. ISSUE: What are the appropriate final fuel adjustment true-up amounts for the period January 2005 through December 2005?
PEF: \$385,055 under-recovery. (Portuondo)

2. ISSUE: What are the appropriate estimated fuel adjustment true-up amounts for the period January through December 2006?
PEF: \$30,200,047 over-recovery. (Portuondo)

3. ISSUE: What are the appropriate total fuel adjustment true-up amounts to be collected from January 2007 through December 2007?
PEF: \$29,814,992 over-recovery (Portuondo)

4. ISSUE: What is the appropriate revenue tax factor to be applied in calculating each investor owned electric utility's levelized fuel factor for the projection period of January 2007 through December 2007?
PEF: 1.00072 (Portuondo)

5. ISSUE: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2007 through December 2007?
PEF: \$2,225,475,906 (Portuondo)

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6. ISSUE: What is the appropriate levelized fuel cost recovery factor for the period of January 2007 through December 2007?

PEF: 5.451 cents per kWh (adjusted for jurisdictional losses). (Portuondo)

7. ISSUE: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

PEF:

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
A.	Transmission	0.9800
B.	Distribution Primary	0.9900
C.	Distribution Secondary	1.0000
D.	Lighting Service	1.0000

(Portuondo)

8. ISSUE: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

PEF:

Fuel Cost Factors (cents/kWh)						
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	Time of Use	
					On-Peak	Off-Peak
A	Transmission	--	--	5.350	7.592	4.317
B	Distribution Primary	--	--	5.404	7.668	4.361
C	Distribution Secondary	5.118	6.118	5.459	7.746	4.405
D	Lighting	--	--	5.030	--	--

(Portuondo)

9. ISSUE: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

PEF: The new factors should be effective beginning with the first billing cycle for January 2007, and thereafter through the last billing cycle for December 2007. The first billing cycle may start before January 1, 2007, and the last billing cycle may end after December 31, 2007, so long as each customer is billed for twelve months regardless of when the factors became effective. (Portuondo)

10. ISSUE: What is the appropriate actual benchmark level for calendar year 2006 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$5,626,264 (Portuondo)

11. ISSUE: What is the appropriate estimated benchmark level for calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$3,187,140 (Portuondo)

Company-Specific Fuel Adjustment Issues

- 12A. ISSUE: Were the prices that PEF paid to Progress Energy Fuels Corporation for coal reasonable in amount? If not, what adjustment should be made?

PEF: Yes, the prices PEF paid to Progress Fuels Corporation for coal were reasonable in amount. (Portuondo)

Generic Generating Performance Incentive Factor Issues

17. ISSUE: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period of January 2005 through December 2005?

PEF: \$1,547,048 penalty (Oliver)

18. ISSUE: What should the GPIF targets/ranges be for the period of January 2007 through December 2007?

PEF: The appropriate targets and ranges are shown on page 4 of Exhibit RMO-1P filed on 9/01/2006 with the Direct Testimony of Robert M. Oliver. (Oliver)

Generic Capacity Cost Recovery Issues

23. ISSUE: What is the appropriate capacity cost recovery true-up amount for the period of January 2005 through December 2005?

PEF: \$581,276 under-recovery. (Portuondo)

24. ISSUE: What is the appropriate estimated capacity cost recovery true-up amount for the period of January 2006 through December 2006?

PEF: \$6,267,762 under-recovery. (Portuondo)

25. ISSUE: What is the appropriate total capacity cost recovery true-up amount to be collected/refunded during the period January 2007 through December 2007?
PEF: \$6,849,038 under-recovery. (Portuondo)
26. ISSUE: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2007 through December 2007?
PEF: \$391,011,256. (Portuondo)
27. ISSUE: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2007 through December 2007?
PEF: Base - 93.753%, Intermediate – 79.046%, Peaking – 88.979%. (Portuondo)
28. ISSUE: What are the appropriate capacity cost recovery factors for the period January 2007 through December 2007?

<u>PEF</u> : <u>Rate Class</u>	<u>CCR Factor</u>
Residential	1.126 cents/kWh
General Service Non-Demand	0.953 cents/kWh
@ Primary Voltage	0.943 cents/kWh
@ Transmission Voltage	0.934 cents/kWh
General Service 100% Load Factor	0.653 cents/kWh
General Service Demand	0.804 cents/kWh
@ Primary Voltage	0.796 cents/kWh
@ Transmission Voltage	0.788 cents/kWh
Curtable	0.580 cents/kWh
@ Primary Voltage	0.574 cents/kWh
@ Transmission Voltage	0.568 cents/kWh
Interruptible	0.689 cents/kWh
@ Primary Voltage	0.682 cents/kWh
@ Transmission Voltage	0.675 cents/kWh
Lighting	0.160 cents/kWh
(Portuondo)	

Issues Raised By Petition of the Citizens of the State of Florida Regarding the Modification of Reward/Penalty Criteria of GPIF Mechanism

33. **ISSUE:** Should the Commission amend or modify the existing GPIF mechanism so as to incorporate a "dead band" around the scale of Generating Performance Incentive Points in the amounts proposed by OPC?

PEF: No. Modifying the GPIF mechanism so as to incorporate a "dead band" as proposed by OPC would bias the system toward penalties. The GPIF mechanism is intended to be an even-handed mechanism. As such, PEF opposes the change to the GPIF mechanism as proposed by OPC. (Oliver)

34. **ISSUE:** If the "dead band" amendment to the GPIF mechanism is implemented by the Commission should it be applied for the current year so that the rewards or penalties are applied commencing January 1, 2007?

PEF: No. The rewards or penalties calculated in the 2007 GPIF True Up are based on GPIF Targets that were set in 2005 for the calendar year of 2006. It would be inappropriate to apply a different methodology than was in effect at the time the Targets were approved. Should the Commission approve a "dead band" amendment to the GPIF mechanism, such changes should only go into effect for subsequent Target setting. For instance, if a "dead band" amendment was approved by the commission prior to or in conjunction with approving 2007 GPIF Targets, they would then take effect with the 2008 True Up, as these calculations would be the first rewards or penalties based on 2007 actual data. (Oliver)

RESPECTFULLY SUBMITTED this 22nd day of September, 2006.

By: John T. Burnett LMS
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of PEF's List of Issues and Positions in Docket No. 060001-EI has been furnished via U.S. Mail this 29th day of September, 2006 to all parties of record as indicated below.


JOHN T. BURNETT

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