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 Subject: Docket 060007-EI

Attachments: Docket No. 060007 PEF's Prehearing Statement.DOC

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Docket No. 0007 PEF's Prehe:

a. Person responsible for this electronic filing:

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b. Docket No. 060007-EI

In re: Environmental Cost Recovery Clause

c. Document being filed on behalf of Progress Energy Florida, Inc.

d. There are a total of 6 pages.

e. The document attached for electronic filing is Progress Energy Florida's Prehearing Statement.

Thank you for your cooperation.

Dana Greene, Legal Assistant to  
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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

## BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental cost recovery )  
 clause. )  
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Docket No. 060007-EI  
 Filed: October 4, 2006

**PROGRESS ENERGY FLORIDA'S  
PREHEARING STATEMENT**

Pursuant to the requirements of the Order Establishing Procedure (Order No. PSC-06-0220-PCO-EI), Progress Energy Florida, Inc. ("PEF") hereby submits its Prehearing Statement.

A. Known Witnesses - PEF intends to offer the direct testimony of:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issue</u>
Javier Portuondo	Final and Estimated True-up Environmental Compliance Cost Projections	1-8, 10A, 10B
Kent D. Hedrick	Estimated True-up variances Environmental compliance cost projections	2-4
Patricia Q. West	Estimated True-up variances Environmental compliance cost projections	2-4
Daniel J. Roeder	Integrated Clean Air Compliance Program	10B
John Holler	Integrated Clean Air Compliance Program	10B
Thomas Lawery	New Modular Cooling Tower Project	10A

B. Known Exhibits - PEF intends to offer the following exhibits:

<u>Witness</u>	<u>Exhibit(s)</u>	<u>Description</u>
Javier Portuondo	JP-1	ECRC Forms 42-1A through 42-8A
	JP-2	ECRC Forms 42-1E through 42-8E
	JP-3	ECRC Forms 42-1P through 42-7P
Thomas Lawery	TL-1	Expected Crystal River 1 & 2 Derates Without Modular Cooling Towers

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Daniel J. Roeder	DJR-1	Progress Energy Florida Integrated Clean Air Compliance Plan
	DJR-2	Summary of Alternative Compliance Plans
	DJR-3	Comparison of Cumulative Present Value of Revenue Requirements
	DJR-4	Impact of Allowance Price Uncertainty
John Holler	JH-1	Conceptual Level Schematic of Emission Controls for Utility Boilers

C. Statement of Basic Position – none necessary.

D.-F. Issues and Positions

PEF's positions on the issues identified in this proceeding are as follows:

Generic Environmental Cost Recovery Issues

- Issue 1      What are the appropriate final environmental cost recovery true-up amounts for the period ending December 31, 2005?  
PEF:    \$237,170 under-recovery (Portuondo)
- Issue 2      What are the estimated environmental cost recovery true-up amounts for the period January 2006 through December 2006?  
PEF:    \$16,770,646 under-recovery (Portuondo, Hedrick, West)
- Issue 3      What are the appropriate projected environmental cost recovery amounts for the period January 2007 through December 2007?  
PEF:    \$36,759,254 (Portuondo, Hedrick, West)
- Issue 4      What are the environmental cost recovery amounts, including true-up amounts and adjusted for revenue taxes, for the period January 2007 through December 2007?  
PEF:    \$53,805,782 (Portuondo, Hedrick, West)

Issue 5 What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2007 through December 2007?

PEF: For 2007 final true-up purposes, the depreciation rates used to calculate the depreciation expense are based on the applicable rates per Exhibit 2 of PEF's Settlement Agreement, dated August 23, 2005. (Portuondo)

Issue 6 What are the appropriate jurisdictional separation factors for the projected period January 2007 through December 2007?

PEF: The jurisdictional energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.  
 Transmission Average 12 CP demand jurisdictional factor - 70.597%  
 Distribution Primary demand jurisdictional factor - 99.597%  
 Jurisdictional Separation Study factors were used for production demand jurisdictional factor as Production Base – 93.753%, Production Intermediate – 79.046%, and Production Peaking – 88.979%. (Portuondo)

Issue 7 What are the appropriate environmental cost recovery factors for the period January 2007 through December 2007, for each rate group?

PEF: The appropriate factors are as follows:

<b>Rate Class</b>	<b>ECRC Factor cents/kWh</b>
Residential	0.153
General Service Non-Demand	
@ Secondary Voltage	0.137
@ Primary Voltage	0.136
@ Transmission Voltage	0.134
General Service 100% Load Factor	0.088
General Service Demand	
@ Secondary Voltage	0.111
@ Primary Voltage	0.110
@ Transmission Voltage	0.109
Curtable	
@ Secondary Voltage	0.107

@ Primary Voltage	0.106
@ Transmission Voltage	0.105
Interruptible	
@ Secondary Voltage	0.089
@ Primary Voltage	0.088
@ Transmission Voltage	0.087
Lighting	0.111

(Portuondo)

Issue 8

What should be the effective date of the environmental cost recovery factors 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)

Company Specific Environmental Cost Recovery Issues

Issue 10A:

Should the Commission approve inclusion of the costs in the 2007 ECRC factors of PEF's Modular Cooling Tower Project subject to refund including interest pending resolution of Docket No. 060162-EI?

PEF: Yes. The costs for the Modular Cooling Tower Project meet the requirements of Section 366.8255 for recovery through the Environmental Cost Recovery Clause and should be included in the 2007 ECRC factors, subject to refund including interest, pending resolution of Docket No. 060162-EI. (Portuondo, Lawery)

Issue 10B:

Are PEF's incurred costs related to the CAIR/CAMR Program for the years 2005 and 2006 reasonable and prudent?

PEF: Yes. The costs incurred to comply with regulatory requirements under the CAIR/CAMR Program approved in Order No. PSC-05-1251-FOF-EI are reasonable and prudent. (Portuondo, Roeder, Holler)

PEF takes no position on other company-specific issues, which relate to other utilities.

G. Stipulated Issues

PEF is not a party to any stipulations at this time.

H. Pending Motions

PEF has no pending motions at this time.

I. Requests for Confidentiality

PEF has one pending request for confidential classification filed on March 31, 2006.

J. Requirements of Order

PEF believes that this prehearing statement complies with all the requirements of the Order on Procedure.

K. Objections to Qualifications

PEF has no objection to the qualifications of any expert witnesses in this proceeding.

RESPECTFULLY SUBMITTED this 4<sup>th</sup> day of October, 2006.

HOPPING GREEN & SAMS, P.A.

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Prehearing Statement in Docket No. 060007-EI have been furnished by electronic mail and regular U.S. mail to the following this 4<sup>th</sup> day of October, 2006.

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