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October 25, 2006

COMMISSION  
CLERK

Ms. Blanca S. Bayó, Director  
Division of the 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 on behalf of Progress Energy Florida, Inc. ("PEF")  
the original and seven (7) copies of the following:

- PEF's Motion for Leave to File Supplemental Petition for Approval of Fuel Cost Recovery Factors, and
- PEF's Supplemental Petition for Approval of Fuel Cost Recovery Factors. *09826-06*

Also, enclosed for filing are the original and fifteen (15) copies of the following:

- Supplemental Testimony and Exhibits of Javier Portuondo. *09827-06*

Thank you for your assistance in this matter. If you have any questions, please  
don't hesitate to call me at (727) 820-5184.

Sincerely,

*John T. Burnett LMS*  
John T. Burnett

JTB/lms

cc: Parties of record

DMP \_\_\_\_\_  
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Progress Energy Florida, Inc.  
106 E. College Avenue  
Suite 80C  
Tallahassee, FL 32301

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# ORIGINAL

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 060001-EI  
Filed: October 25, 2005

### PROGRESS ENERGY FLORIDA'S MOTION FOR LEAVE TO FILE SUPPLEMENTAL PETITION FOR APPROVAL OF REVISED FUEL AND CAPACITY COST RECOVERY FACTORS AND SUPPLEMENTAL TESTIMONY AND EXHIBITS OF JAVIER PORTUONDO

Progress Energy Florida, Inc. ("PEF"), pursuant to Rule 28-106.204, F.A.C., hereby moves for leave to file the attached supplemental petition of PEF for approval of fuel and capacity cost recovery charges (the "Supplemental Petition") and supplemental direct testimony and exhibits of Javier Portuondo (the "Supplemental Testimony"). In support of its motion, PEF states as follows:

1. On August 8, 2006 and September 1, 2006, PEF filed its petitions and supporting testimonies and exhibits for approval of fuel cost recovery ("FCR") and capacity cost recovery ("CCR") estimated/actual true-up for 2006 and charges for January through December 2007, respectively.

2. The FCR 2006 estimated/actual true-up and 2007 charges for which the August 8<sup>th</sup> and September 1st petitions sought approval were based on fuel price projections for the remainder of 2006 and for 2007 as of May 31, 2006, the most current information that could be accommodated in those filings. Subsequently, the fuel price projections for residual fuel oil and natural gas have declined substantially. PEF has re-calculated its 2007 FCR charges and 2006 estimated/actual true-up based on fuel price projections as of October 5, 2006. In conjunction with the FCR revisions, PEF has also revised its CCR projections in order to reflect a more

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current forecast of capacity and incremental security charges. The Supplemental Petition seeks approval of the re-calculated 2007 FCR and CCR charges and 2006 estimated/actual true-up, in lieu of those presented in the August 8<sup>th</sup> and September 1st Petitions. The Supplemental Testimony explains and supports these changes to the 2007 FCR and CCR charges and the 2006 estimated /actual true-up.

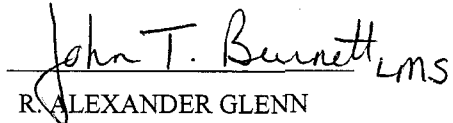
3. In Order No. 13694 in Docket No. 840001-EI, dated September 20, 1984, the Commission stated that:

[A]ll regulated utilities [are] on notice that testimony given at hearing, whether verbal or prefiled, must be true and correct as of the date it is incorporated in the record. While we recognize that fuel adjustment projections are compiled significantly in advance of hearing and are composed of many assumptions that are subject to change, we must, at the time of hearing, have the benefit of the most accurate and current information available to the utilities. This is not to say that every known change must be brought to our attention. Rather, *we are concerned with material and significant changes in the basic assumptions supporting a company's request.* A changed assumption that would either result in, or have the potential to result in, a mid-course correction should certainly be brought to our attention. Likewise, changes in the assumptions regarding nuclear or other base load units should be updated. A certain element of judgment will have to be exercised in updating assumptions of limited materiality. We will expect such updates at hearing and shall evaluate failures to update on a case-by-case basis.

(Emphasis added). The updated fuel price projections, together with the actual fuel cost data for July through September 2006, represent a “material and significant change in the basic assumptions supporting” PEF’s requested FCR factors for 2007. Accordingly, filing the Supplemental Petition and Supplemental Testimony and Exhibit is consistent with the Commission’s direction in Order No. 13694. Use of the revised FCR and CCR factors instead of those that PEF filed on September 1 will result in customers’ paying substantially reduced fuel charges, which more accurately reflect PEF’s actual fuel costs in 2006 and currently projected fuel costs the remainder of 2006 and for 2007.

WHEREFORE, PEF moves the Commission for leave to file the attached Supplemental Petition for Approval of Fuel Cost Recovery Factors and supplemental direct testimony and exhibits of Javier Portuondo.

RESPECTFULLY SUBMITTED this 25<sup>th</sup> day of October, 2006.

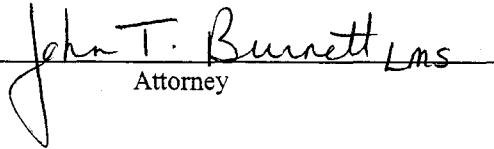
 Lms

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Attorneys for  
PROGRESS ENERGY FLORIDA, INC.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing in Docket No. 060001-EI has been furnished by regular U.S. mail to the following this 25<sup>th</sup> day of October, 2006.

  
Attorney

<p>Lisa Bennett, Esq. Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850</p>	<p>Florida Industrial Power Users Group c/o John McWhirter, Jr. McWhirter Reeves Law Firm 400 N. Tampa Street, Ste. 2450 Tampa, FL 33602</p>
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<p>Jeffrey A. Stone, Esq. Russell A. Badders, Esq. Steven R. Griffin Beggs &amp; Lane Law Firm P.O. Box 12950 Pensacola, FL 32591</p>	<p>Robert Scheffel Wright John T. LaVia, III Young van Assenderp, P.A. 225 S. Adams Street, Suite 200 Tallahassee, FL 32301</p>
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<p>Ms. Brenda Irizarry Tampa Electric Company P.O. Box 111 Tampa, FL 33601</p>	<p>Karen S. White, Lt. Col., USAF Damund E. Williams, Capt., USAF AFLSA/JACL-ULT 139 Barnes Drive, Suit 1 Tyndall Air Force Base, FL 32403-5319</p>
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