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January 19, 2007

Ms. Blanca S. Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

HAND DELIVERY

RECEIVED-FPSC
07 JAN 19 PM 1:51
COMMISSION
CLERK

Re: Docket No. 060793-EI

Dear Ms. Bayo:

Enclosed for filing in the above referenced docket on behalf of Progress Energy Florida, Inc. ("PEF") are the following documents:

1. Original and one copy of PEF's Notice of Service of Responses to Staff's First Data Request with a copy of the Responses attached thereto; and *00541-07*

2. Original and fifteen copies of PEF's Notice of Intent to Request Confidential Classification of Parts of Responses to Staff's First Data Request. The information which is considered "CONFIDENTIAL" is enclosed in an envelope marked CONFIDENTIAL.

NoI 00542-07 CONFIDENTIAL 00543-07
If you have any questions, please do not hesitate to contact me. Thank you for your assistance with this filing.

Sincerely,

Kenneth A. Hoffman
Kenneth A. Hoffman

This docketed notice of intent was filed with Confidential Document No. *00543-07*. The document has been placed in confidential storage pending timely receipt of a request for confidentiality.

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cc: Lisa C. Bennett, Esq.
progressenergy/sesh/bayo.jan1907tr

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

07 JAN 19 PM 1:57

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COMMISSION CLERK

In re: Progress Energy Florida, Inc.'s)
Petition for Approval of Southeast Supply)
Header long-term fuel transportation)
contracts.)

Docket No. 060793-EI

Filed: January 19, 2007

**PROGRESS ENERGY FLORIDA, INC.'S NOTICE OF INTENT
TO REQUEST CONFIDENTIAL CLASSIFICATION OF
PARTS OF RESPONSES TO STAFF'S
FIRST DATA REQUEST**

Progress Energy Florida, Inc. ("PEF"), pursuant to Section 366.093, Florida Statutes and Rule 25-22.006(3)(a), Florida Administrative Code, hereby files its Notice of Intent to Request Specified Confidential Classification of certain information and exhibits provided by PEF in response to Staff's First Data Request, and states as follows:

1. On January 9, 2007, Staff served its First Data Request on PEF. A copy of Staff's First Data Request is attached hereto as Exhibit A.

2. PEF's Responses to Staff's First Data Request contain confidential, proprietary business information. Accordingly, PEF hereby gives notice of its intent to seek confidential classification of portions of PEF's Responses to Staff's First Data Request pursuant to Rule 25-22.006(3)(a). The proprietary confidential business information has been redacted from the text of PEF's Responses as well as Confidential Exhibits C, D and E to PEF's Responses filed on this date with the Commission's Director, Division of Commission Clerk and Administrative Services. The unredacted portions of the text of PEF's Responses and Exhibits to PEF's Responses containing the proprietary confidential business information (highlighted in yellow) have been provided under separate cover in an envelope marked "CONFIDENTIAL" filed on this date with the Director of the

DOCUMENT NUMBER-DATE

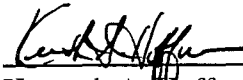
00542 JAN 19 07

FPSC-COMMISSION CLERK

Division of the Commission Clerk and Administrative Services.

3. In accordance with Rule 25-22.006(3)(a) and (4), Florida Administrative Code, PEF will file a request for confidential classification of said proprietary confidential business information within 21 days of the filing of this Notice of Intent.

Respectfully submitted this 19th day of January, 2007.



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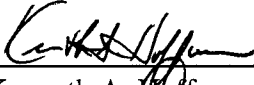
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P. O. Box 14042
St. Petersburg, FL 33733-4042
(727) 820-5184 (Telephone)
(727) 820-5249 (Telecopier)

Attorneys for Progress Energy Florida, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by Hand Delivery to the following this 19th day of January, 2007:

Lisa C. Bennett, Esq.
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850



Kenneth A. Hoffman, Esq.

progressenergy\ses\noticeofintent2

COMMISSIONERS:
LISA POLAK EDGAR, CHAIRMAN
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STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
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Public Service Commission

January 9, 2007

STAFF'S FIRST DATA REQUEST

Kenneth Hoffman, Esquire
Rutledge, Ecenia, Purnell & Hoffman
Post Office Box 551
Tallahassee, FL 32302-0551

Re: Docket No. 060793-EI - Petition for approval of long-term fuel transportation contracts with Duke Energy Southeast Supply Header, LLC and CenterPoint Energy Southeastern Pipelines Holding, L.L.C. ("SESH Pipeline Contracts"), by Progress Energy Florida, Inc.

Dear Mr. Hoffman:

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

1. Why does PEF seek approval of its long-term fuel supply and transportation contracts with the Southeast Supply Header, LLC (SESH), as opposed to only seeking Commission approval of the SESH project's costs as prudent and reasonable for fuel clause cost recovery purposes? In responding to this question, please include responses to the following questions:

A.) If the Commission only approves PEF's SESH project for cost recovery purposes and does not approve the long-term fuel supply and transportation contracts, will PEF continue with the SESH project? Please explain.

B.) Why would Commission approval of the long-term fuel supply and transportation contracts be in the public interest?

C.) Please cite all relevant examples that PEF believes serves as precedent for the Commission approving fuel transportation contracts (as opposed to Commission approval of cost recovery only).

D.) If the Commission is being asked to approve a contract, shouldn't the Commission be involved in the contract negotiations between PEF and the contracting party?

E.) If the answer to the above is yes, would this open the door to PEF inviting the Commission into other contractual negotiations and management decisions?

EXHIBIT

A

CAPITAL CIRCLE OFFICE CENTER • 2540

An Affirmati

• TALLAHASSEE, FL 32399-0850

pyer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

Kenneth Hoffman, Esquire

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F.) If Commission found portions of the language within the contract objectionable, would PEF amend the contract to include the Commission's concerns?

2. Please refer to Exhibit KF-2. Also refer to witness Fonvielle's testimony, page 9, lines 15 through 23 and continuing on to page 10, lines 1 through 7, and to page 7 of witness Portuondo's testimony:

A.) Other than the cost estimates represented on this schedule, are there any other costs associated with PEF's SESH project that are proposed to be charged to the fuel cost recovery clause? Please explain.

B.) On page 9 of witness Fonvielle's testimony, lines 17 through 19, he states the following: "PEF's participation in the SESH Pipeline Project will result in, but not be limited to, two types of invoiced costs to be passed through the fuel clause: (1) fixed demand costs and, (2) variable commodity costs." Why would PEF not limit the costs proposed to be passed through the fuel cost recovery clause to these two components?

C.) What other known costs or potential costs does witness Fonvielle propose for recovery through the fuel cost recovery clause?

D.) Please provide an analysis of the variable costs on KF-2 showing the rates and calculation of the variable costs and stating all assumptions.

E.) Has the FERC set recourse rates for the SESH pipeline? If yes, what are these rates? If no, when does PEF expect the FERC to set recourse rates for the SESH pipeline?

3. Four new LNG import terminals are proposed for the Gulf coast (Conoco, Freeport, TX; Exxon, Ingleside, TX; Sempra, Hackberry, LA; Cheniere, Sabine, LA). Also, AES has proposed a LNG import terminal for the Bahamas. These proposed terminals are expected to begin service by 2010:

A.) If these new terminals begin service as proposed, what effect will that have on the Southeast Supply Header pipeline?

B.) What effect will new LNG terminals on the Gulf coast have on PEF's use of the SESH for supply?

C.) For each LNG terminal project listed above, what is PEF's current understanding of the status of the project?

4. Did PEF consider new LNG sources from new terminals on the Gulf coast as an alternative to the SESH project? Please explain.

Kenneth Hoffman, Esquire

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5. Please refer to page 6, lines 12 through 16, of Javier Portuondo's testimony and to Kent Fonvielle's testimony, page 7, lines 14 through 21 and continuing on to page 8, lines 1 through 6. For gas to meet increasing gas requirements, what are PEF's plans for transporting this additional gas on pipelines in Florida? As part of this answer, please provide a schedule showing additional firm pipeline capacity for the years 2008 through 2012.

6. Please refer to page 6 of witness Portuondo's testimony, lines 9 through 16 and to page 9, lines 4 through 12 of witness Fonvielle's testimony regarding potential savings for PEF's customers as a result of the SESH project. Also, regarding costs, please refer to page 7 of witness Portuondo's testimony and to page 9 of witness Fonvielle's testimony, lines 15 through 23 and continuing on to page 10, lines 1 through 7.

A.) Please explain how the potential savings are calculated. Include total savings, how the savings were calculated, and the comparison to PEF's estimated annual project costs.

B.) How can the SESH project potentially cause a lower overall cost of gas for PEF's customers?

C.) Will the SESH project increase PEF's delivered price of gas? Please explain.

7. Will the SESH project allow PEF to negotiate better non-price terms for natural gas supply contracts? Please explain.

8. Will the SESH project cause PEF to buy less off-shore gas? Please explain.

9. What part of new PEF demand for natural gas will be supplied by Mobile Bay?

10. PEF's proposed share of the SESH project capacity is 200,000 MMBtu by 2009. The projected in-service date is around mid-2008.

A.) As of the SESH project's mid-2008 in-service date, does PEF intend to fully use the 200,000 MMBtu firm capacity?

B.) Will PEF have excess capacity initially or at various times? If no, please explain. If yes, what are PEF's plans for the excess capacity?

C.) Referring to Exhibit KF-2, please provide the analysis assuming 80% and 90% utilization of pipeline capacity.

D.) How will PEF's participation in the SESH project be affected if the proposed in-service date is moved back to the end of 2008?

E.) What is the SESH pipeline project's status regarding FERC regulatory approval? As part of the response to this question, please provide a timeline of the significant FERC regulatory actions, both historical and expected.

F.) Other than FERC regulatory approval, are there remaining regulatory approvals for the SESH pipeline project? If yes, please provide a summary of the remaining regulatory approvals.

11. If the Commission chooses to move consideration of this petition past the March 13, 2007 Agenda Conference, what risks would this create for PEF regarding terms in the contract and whether PEF would proceed with the contract/project?

12. Please refer to Kent Fonvielle's testimony, page 10, lines 8 through 22, and pages 11 and 12. Of the various options that PEF considered, was the SESH the lowest cost alternative? Please explain. Also, provide an analysis showing the cost of each alternative considered.

13. Please provide complete copies of any studies or analyses done by PEF or on behalf of PEF since January 1, 2005 that consider LNG as a future source of supply of natural gas for PEF.

14. Please provide complete copies of any cost/benefit analyses that justify the SESH project as the lowest cost alternative for new natural gas supply for PEF.

15. Please provide complete copies of any cost/benefit analyses or savings calculations regarding the SESH project's potential to result in savings for customers.

16. Please refer to page 6 of witness Portuondo's testimony, lines 9 through 16 and to page 9, lines 4 through 12 of witness Fonvielle's testimony. Please provide any analyses of the impact the SESH project will have on gas prices in the Mobile Bay area. Also, please provide copies of any documentation that these witnesses relied upon in making these specific statements about savings and "lower overall cost of gas for PEF's customers."

17. Please provide complete copies of all workpapers, analyses, and source documents associated with the testimony and exhibits of Javier Portuondo.

18. Please provide complete copies of all workpapers, analyses, and source documents associated with the testimony and exhibits of Kent Fonvielle.

19. Please provide complete copies of studies done by or for PEF addressing gas procurement reliability and SESH.

20. Please provide a copy of Section 3 of Rate Schedule FTS included in the Transporter's tariff.

Kenneth Hoffman, Esquire

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January 9, 2007

Please send your responses and copies of the requested information by Friday, January 19, 2007, to me, Office of General Counsel, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6230 if you have any questions.

Sincerely,

Lisa C. Bennett
Attorney

LCB;jb

cc: Division of Economic Regulation (Lester, Colson)
Division of the Commission Clerk and Administrative Services (Docket file)

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