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Subject: Docket 070007-EI
Attachments: 070007 PEF Preliminary list of issues_1.DOC



070007 PEF
reliminary list of

a. Person responsible for this electronic filing:

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b. Docket No. 070007-EI

In re: Environmental Cost Recovery Clause

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

d. There are a total of 5 pages.

e. The document attached for electronic filing is Progress Energy Florida Inc.'s Preliminary List of Issues and Positions.

Thank you for your cooperation.

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BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause.

DOCKET NO. 070007-EI

FILED: SEPTEMBER 14, 2007

**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 Environmental Cost Recovery Clause ("ECRC") for the period of January 2008 through December 2008. 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, 2006?
- PEF: \$2,446,714 over-recovery (Garrett)
- Issue 2 What are the estimated environmental cost recovery true-up amounts for the period January 2007 through December 2007?
- PEF: \$3,333,530 under-recovery (Iacono, Lohss, West)
- Issue 3 What are the appropriate projected environmental cost recovery amounts for the period January 2008 through December 2008?
- PEF: \$43,204,989 (Iacono, Lohss, West)
- Issue 4 What are the environmental cost recovery amounts, including true-up amounts and adjusted for revenue taxes, for the period January 2008 through December 2008?
- PEF: \$44,123,551 (Iacono, Lohss, 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 2008?

DOCUMENT NUMBER-DATE

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PEF: For 2008 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. (Iacono)

Issue 6

What are the appropriate jurisdictional separation factors for the projected period January 2008 through December 2008?

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%. (Iacono)

Issue 7

What are the appropriate environmental cost recovery factors for the period January 2008 through December 2008, for each rate group?

PEF: The appropriate factors are as follows:

RATE CLASS	ECRC FACTORS
Residential	0.118 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.109 cents/kWh
@ Primary Voltage	0.108 cents/kWh
@ Transmission Voltage	0.107 cents/kWh
General Service 100% Load Factor	0.081 cents/kWh
General Service Demand	
@ Secondary Voltage	0.094 cents/kWh
@ Primary Voltage	0.093 cents/kWh
@ Transmission Voltage	0.092 cents/kWh
Curtable	
@ Secondary Voltage	0.090 cents/kWh
@ Primary Voltage	0.089 cents/kWh

@ Transmission Voltage	0.088 cents/kWh
Interruptible	
@ Secondary Voltage	0.079 cents/kWh
@ Primary Voltage	0.078 cents/kWh
@ Transmission Voltage	0.077 cents/kWh
Lighting	0.094 cents/kWh

(Iacono)

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 2008, and thereafter through the last billing cycle for December 2008. The first billing cycle may start before January 1, 2008, and the last billing cycle may end after December 31, 2008, so long as each customer is billed for twelve months regardless of when the factors became effective.
(Iacono)

Company Specific Environmental Cost Recovery Issues

Issue 10A: Are PEF's incurred costs with the Clean Air Interstate Rule ("CAIR")/Clean Air Mercury Rule ("CAMR") Program for the year 2007 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. (West, Cornell, Waters)

Issue 10B: Are PEF's projected costs related to the CAIR/CAMR Program for the year 2008 reasonable and prudent?

PEF: Yes. The costs projected for 2008 to comply with regulatory requirements under the CAIR/CAMR Program approved in Order No. PSC-05-1251-FOF-EI are reasonable and prudent. (West, Cornell, Waters)

Issue 10C: Should the Commission approve PEF's updated Integrated Clean Air Compliance Plan filed as a reasonable and prudent means to comply with the Clean Air Interstate Rule ("CAIR"), Clean Air Mercury Rule ("CAMR") and Clean Air Visibility Rule ("CAVR") and related regulatory requirements?

PEF: Yes. PEF has performed a quantitative evaluation to compare the ability of alternative compliance plans to meet environmental requirements, while managing risks and controlling costs. This analysis demonstrates that PEF's

updated Integrated Compliance Plan represents PEF's most cost-effective alternative for achieving and maintaining compliance with CAIR, CAMR, and CAVR, and related regulatory requirements. (West, Cornell, Waters)

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

RESPECTFULLY SUBMITTED this 14th day of September, 2007.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to all counsel of record and interested parties as listed below by e-mail and regular U.S. mail this 14th day of September, 2007.

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