



October 8, 2007

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COMMISSION
CLERK

Ms. Ann Cole, Commission Clerk
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. 070001-EI*

Dear Ms. Cole:

Enclosed for filing in the above referenced docket are the original and fifteen (15) copies of Progress Energy Florida, Inc.'s Prehearing Statement.

Please acknowledge receipt of the above by stamping the duplicate copy of this letter and returning to the undersigned.

Thank you for your assistance in this matter.

Sincerely,

John T. Burnett cms
John T. Burnett

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL 2 _____
- OPC _____
- RCA 1 _____
- SCR _____
- SGA _____
- SEC _____
- OTH _____

JTB/lms

Progress Energy Florida, Inc.
106 E. College Avenue
Suite 800
Tallahassee, FL 32301

DOCUMENT NUMBER-DATE

09197 OCT-88

FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.	DOCKET NO. 070001-EI DATED: October 8, 2007
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**PROGRESS ENERGY FLORIDA, INC.'S
PREHEARING STATEMENT**

Progress Energy Florida, Inc. (PEF) hereby submits its Prehearing Statement 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 2008:

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

<u>Witness - Direct</u>	<u>Subject Matter</u>	<u>Issues</u>
Will Garrett	Fuel Cost Recovery True-Up (2006)	1
	Capacity Cost Recovery True-Up (2006)	23
Lori Cross	Projection and Actual/Estimated True-up	2-11
	Fuel and Capacity Cost Projections	24-28
	Other Matters	12A, 33
Joseph McCallister	2006 Hedging Information	12B
	2008 Risk Management Plan	12B
Robert M. Oliver	GPIF: Reward/Penalty and Targets/Ranges	17 - 18

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

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (WG-1T)	Garrett	Fuel Cost Recovery True-Up (Jan – Dec. 2006)
<u> </u> (WG-2T)	Garrett	Capacity Cost Recovery True-Up (Jan – Dec. 2006)
<u> </u> (WG-3T)	Garrett	Schedules A1 through A3, A6 and A12
<u> </u> (LC-1R)	Cross	Estimated/Actual true-up Schedules for period 1/07 through 12/07.
<u> </u> (LC-1P)	Cross	Projection factors for January to December 2008.
<u> </u> (JM-1T)	McCallister	2006 Hedging Information as required by Order No. PSC-02-1484-FOF-EI
<u> </u> (JM-1P)	McCallister	2008 Risk Management Plan
<u> </u> (RMO-1T)	Oliver	GPIF Reward/Penalty Schedules for 2006.
<u> </u> (RMO-1P)	Oliver	GPIF Targets/Ranges Schedules (for Jan – Dec. 2008)

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. (Note: The issue numbering sequence below corresponds to the combined issue list distributed by Staff on October 1, 2007)

Generic Fuel Adjustment Issues

ISSUE 1: What are the appropriate fuel adjustment true-up amounts for the period January 2006 through December 2006?

PEF: \$28,864,616 over-recovery. (Garrett)

ISSUE 2: What are the appropriate fuel adjustment true-up amounts for the period January 2007 through December 2007?

PEF: \$140,511,931 over-recovery. (Cross)

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2008 to December 2008?

PEF: \$169,376,547 over-recovery (Cross)

ISSUE 4: 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 January 2008 through December 2008?

PEF: 1.00072 (Cross)

ISSUE 5: What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2008 through December 2008?

PEF: \$1,914,931,984 (Cross)

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period January 2008 through December 2008?

PEF: 4.604 cents per kWh (adjusted for jurisdictional losses). (Cross)

ISSUE 7: 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

(Cross)

ISSUE 8: 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)					Time of Use	
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	On-Peak	Off-Peak
A	Transmission	--	--	4.519	6.232	3.724
B	Distribution Primary	--	--	4.565	6.295	3.762
C	Distribution Secondary	4.278	5.278	4.611	6.359	3.799
D	Lighting	--	--	4.278	--	--

(Cross)

ISSUE 9: 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 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. (Cross)

ISSUE 10: What are the appropriate actual benchmark levels for calendar year 2007 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$3,008,157 (Cross)

ISSUE 11: What are the appropriate estimated benchmark levels for calendar year 2008 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$2,451,211 (Cross)

Company-Specific Fuel Adjustment Issues

ISSUE 12A: Was PEF prudent in its coal procurement for CR4 and CR5 during the time period from 2006 through 2007?

PEF: Yes, however, as of October 4, 2007 PEF has filed a Motion to Establish a Separate "Spin-off" Docket regarding this issue. (Cross)

ISSUE 12B: Has PEF adequately mitigated the price risk for natural gas, residual oil, and purchased power for the years 2006 through 2008?

PEF: Yes, PEF has adequately mitigated the price risk for natural gas, residual oil, and purchased power for the years 2006 through 2008. (McCallister)

Generic Generating Performance Incentive Factor Issues

ISSUE 17: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2006 through December 2006 for each investor-owned electric utility subject to the GPIF?

PEF: \$607,201 reward. (Oliver)

ISSUE 18: What should the GPIF targets/ranges be for the period January 2008 through December 2008 for each investor-owned electric utility subject to the GPIF?

PEF: The appropriate targets and ranges are shown on page 4 of Exhibit RMO-1 filed on 9/04/2007 with the Direct Testimony of Robert M. Oliver. (Oliver)

Generic Capacity Cost Recovery Issues

ISSUE 23: What are the appropriate capacity cost recovery true-up amounts for the period January 2006 through December 2006?

PEF: \$3,381,972 under-recovery. (Garrett)

ISSUE 24: What are the appropriate capacity cost recovery true-up amounts for the period January 2007 through December 2007?

PEF: \$11,417,892 under-recovery. (Cross)

ISSUE 25: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2008 through December 2008?

PEF: \$14,799,865 under-recovery. (Cross)

ISSUE 26: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2008 through December 2008?

PEF: \$422,682,129. (Cross)

ISSUE 27: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2008 through December 2008?

PEF: Base - 93.753%, Intermediate – 79.046%, Peaking – 88.979%. (Cross)

ISSUE 28: What are the appropriate capacity cost recovery factors for the period January 2008 through December 2008?

<u>PEF:</u>	<u>Rate Class</u>	<u>CCR Factor</u>
	Residential	1.192 cents/kWh
	General Service Non-Demand	1.009 cents/kWh
	@ Primary Voltage	0.999 cents/kWh
	@ Transmission Voltage	0.989 cents/kWh
	General Service 100% Load Factor	0.691 cents/kWh
	General Service Demand	0.852 cents/kWh
	@ Primary Voltage	0.843 cents/kWh
	@ Transmission Voltage	0.835 cents/kWh
	Curtable	0.620 cents/kWh
	@ Primary Voltage	0.614 cents/kWh
	@ Transmission Voltage	0.608 cents/kWh
	Interruptible	0.728 cents/kWh
	@ Primary Voltage	0.721 cents/kWh
	@ Transmission Voltage	0.713 cents/kWh
	Lighting	0.169 cents/kWh
	(Cross)	

ADDITIONAL ISSUES FOR THE 2007 FUEL PROCEEDING

ISSUE 33: Should the Commission continue its fuel cost recovery and prudence review policies, as established by Order No. 12645, issued November 3, 1983, in Docket No. 830001-EU, In re: Investigation of Fuel Adjustment Clauses of Electric Utilities.

PEF: Pursuant to communications from Staff, PEF understands this will no longer be an issue in Docket No. 070001-EI. (Cross)

G. Stipulated Issues

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

H. Pending Motions

PEF has the following pending motions:

- May 14, 2007 – Motion for Protective Order regarding documents and information sought in discovery by OPC’s First Request for Production of Documents (No. 1)
- October 4, 2007 – Motion to Establish Separate “Spin-off” Docket to Examine certain Coal Purchase Transactions and to Stay Separate Docket Pending Outcome of Motion for Reconsideration.

I. Requests for Confidentiality

PEF has the following pending requests for confidential classification:

- April 24, 2006 – 423 Forms for February 2006
- December 21, 2006 – 423 Forms for October 2006
- March 29, 2007 – 423 Forms for January 2007
- April 2, 2007 – Exhibit JM-1T to the testimony of Joseph McCallister
- April 30, 2007 – 423 Forms for February 2007
- May 25, 2007 – 423 Forms for March 2007
- June 19, 2007 – 423 Forms for April 2007
- July 2, 2007 – Responses to Staff’s First Set of Interrogatories (1-10) and Staff’s First Request for Production of Documents (1-6)
- July 30, 2007 – 423 Forms for May 2007
- August 17, 2007 – Exhibit LC-1R (Part A, Page 2 of 2) to the testimony of Lori Cross
- September 4, 2007 – Exhibit LC-1P to the testimony of Lori Cross, Pages 2 and 3 to the testimony of Joseph McCallister, and Exhibit JM-1P to the testimony of Joseph McCallister
- September 7, 2007 – 423 Forms for June 2007
- September 14, 2007 – Responses to OPC’s First Set of Interrogatories (1-8), specifically responses to Nos. 4, 5 and 6.
- September 14, 2007 – Responses to OPC’s Second Request for Production of Documents (2-16), specifically responses to Nos. 2, 3, 4 and 9.
- September 20, 2007 – 423 Forms for July 2007
- October 1, 2007 - Notice of Intent to Request Confidential Classification of OPC testimony of Robert Sansom.

J. Requirements of Order

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

K. Objections to Qualifications

PEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.

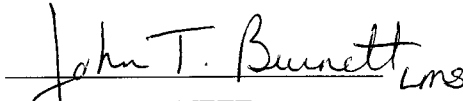
RESPECTFULLY SUBMITTED this 8th day of October, 2007.

By: John T. Burnett LMS
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JOHN T. BURNETT
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Attorneys for PROGRESS ENERGY FLORIDA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Prehearing Statement has been furnished via U.S. Mail (* via hand delivery) this 8th day of October, 2007 to all parties of record as indicated below.


JOHN T. BURNETT

<p>Lisa Bennett, Esq. * Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850</p> <p>James D. Beasley, Esq. Lee L. Willis, Esq. Ausley & McMullen Law Firm P.O. Box 391 Tallahassee, FL 32302</p> <p>Joseph A. McGlothlin, Esq. Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, #812 Tallahassee, FL 32399</p> <p>Jeffrey A. Stone, Esq. Russell A. Badders, Esq. Steven R. Griffin Beggs & Lane Law Firm P.O. Box 12950 Pensacola, FL 32591</p> <p>Ms. Paula K. Brown Tampa Electric Company P.O. Box 111 Tampa, FL 33601</p> <p>Ms. Susan D. Ritenour Gulf Power Company One Energy Place Pensacola, FL 32520-0780</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> <p>Norman H. Horton, Jr. Messer, Caparello & Self, P.A. P.O. Box 15579 Tallahassee, FL 32317</p> <p>John T. Butler, Esq. Florida Power & Light Co. 700 Universe Boulevard Juno Beach, FL 33408</p> <p>Robert Scheffel Wright John T. LaVia, III Young van Assenderp, P.A. 225 S. Adams Street, Suite 200 Tallahassee, FL 32301</p> <p>R. Wade Litchfield, Esq. Florida Power & Light 700 Universe Boulevard Juno Beach, FL 33408-0420</p> <p>Ms. Cheryl Martin Florida Public Utilities Company P.O. Box 3395 West Palm Beach, FL 33402-3395</p> <p>Mr. James W. Brew, Esq. c/o Brickfield Law Firm 1025 Thomas Jefferson St., NW 8th Floor, West Tower Washington, DC 20007</p>
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