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Public Service Commission

January 8, 2008

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COMMISSION
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John T. Burnett
Associate General Counsel
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042

Re: Docket No. 070726-EQ - Petition for approval of second negotiated power purchase contract for purchase of firm capacity and energy with BG&E of Florida, LLC. by Progress Energy Florida, Inc.

Dear Mr. Burnett:

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

1. Has BG&E obtained financing for the proposed project? If not, when does BG&E foresee obtaining financing for the proposed project?
2. Has BG&E purchased a site for the proposed facility? If not, has BG&E set a deadline for site selection?
3. Has BG&E obtained a fuel supply contract? If so, with whom? What is the duration of this contract?
4. Will site selection affect fuel supply costs? If so, please discuss how site selection will affect fuel supply costs.
5. Has BG&E entered into a contract with a transmission provider?
6. Will site selection affect transmission requirements? If so, please discuss the potential impacts to cost.
7. What conditions must be met between PEF and BG&E in order for PEF to make early payments?

DOCUMENT NUMBER - DATE

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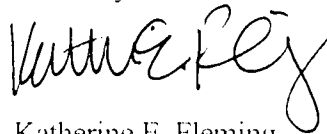
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8. According to Article 11.4 of the contract, PEF will receive a monetary penalty if the contract is terminated due to delay. What does PEF intend to do with this monetary penalty?
9. The petition states that under the performance provisions of the contract, the total payment rate is reduced by 10% if the twelve-month rolling capacity factor drops below 50%. Is this a sliding scale? If BG&E performs at an 80%, 70%, or 60% capacity factor, would payments stay the same? How does PEF make up energy resulting from the reduced performance?
10. Please discuss PEF's method for calculating NPV for BG&E#2 and PEF's 2013 avoided unit. Please include equations used and assumptions made. Additionally include discount rates utilized for each year.
11. Please explain the savings increase of \$4 million when compared to BG&E's earlier project, dated July 25, 2007, in Docket No. 070561-EQ.
12. Please explain why Progress believes the estimated energy payment and annual increase of the energy payment is reasonable.

Please provide responses by January 16, 2008. If you have any questions, please do not hesitate to contact me at (850) 413-6218.

Sincerely,



Katherine E. Fleming
Office of the General Counsel

cc: Office of Commission Clerk
Office of the General Counsel (Klancke)
Division of Economic Regulation (Ballinger, Graves)