

SCANNED



(Writer's Direct Dial No. 727/820-5184)

JOHN T. BURNETT
Associate General Counsel – Florida

April 23, 2008

RECEIVED-FPSC
08 APR 23 PM 1:23
COMMISSION
CLERK

VIA HAND DELIVERY

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition for Approval of Amended Standard Offer Contract and Rate Schedule
COG-2; **Docket No. 080187-EQ**

Dear Ms. Cole:

Progress Energy Florida, Inc. ("PEF") filed our petition for approval of amended standard offer contract and retirement of COG-2 rate schedule on April 1, 2008. In Tariff Sheets 9.467 and 9.468, PEF inadvertently filed incorrect fixed value amounts. Attached for filing are PEF's revised Tariff Sheets 9.467 and 9.468 with the corrected fixed values which are the financial assumptions used to calculate avoided cost. Please substitute the originals that were filed on April 1, 2008 with the attached revised tariff sheets.

CMP _____

COM _____

CTR _____

ECR Copies of tariff forwarded

GCL _____

OPC _____

RCA _____

SCR _____

SGA JTB/lms
Enclosures

SEC _____

OTH _____

Thank you, and please feel free to call me should you have any questions.

Very truly yours,

John T. Burnett lms
John T. Burnett

DOCUMENT NUMBER-DATE

03301 APR 23 08

FPSC-COMMISSION CLERK

SCANNED

Amended Tariff Sheets 9.467 and 9.468

(legislative version)

DOCUMENT NUMBER-DATE

03301 APR 23 8

FPSC-COMMISSION CLERK

Formatted: Indent: Hanging: 0.5"

Formatted: Indent: Hanging: 0.75"

**SCHEDULE 2
TO RATE SCHEDULE COG-2CAPACITY OPTION PARAMETERS**

**FIXED VALUE OF DEFERRAL PAYMENTS -
NORMAL CAPACITY OPTION PARAMETERS**

Where, for one year deferral:

		Value
VAC_m	= PEF's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$6.35 Deleted: \$8.32
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.435 Deleted: 429
I_n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Avoided Unit with an in-service date of year n;	\$799.89 Deleted: \$834.79
O_n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Avoided Unit;	\$4.31 Deleted: \$13.88
i_p	= annual escalation rate associated with the plant cost of the Avoided Unit;	3.75% Deleted: 2.25
i_o	= annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;	2.25% Deleted: 3.35%
r	= annual discount rate, defined as PEF's incremental after-tax cost of capital;	8.10%
L	= expected life of the Avoided Unit;	25
n	= year for which the Avoided Unit is deferred starting with the Avoided Unit In-Service Date and ending with the Termination Date.	2013

DOCUMENT NUMBER-DATE

03301 APR 23 8

FPSC-COMMISSION CLERK

**FIXED VALUE OF DEFERRAL PAYMENTS -
EARLY CAPACITY OPTION PARAMETERS**

- A_m = monthly avoided capital cost component of Capacity Payments to be made to the RF/QF starting as early as five years prior to the Avoided Unit In-Service Date, in dollars per kilowatt per month;

- i_p = annual escalation rate associated with the plant cost of the Avoided Unit;

- n = year for which early Capacity Payments to a RF/QF are to begin;

- F = the cumulative present value of the avoided capital cost component of Capacity Payments which would have been made had Capacity Payments commenced with the anticipated in-service date of the Avoided Unit and continued for a period of 10 years;

- r = annual discount rate, defined as PEF's incremental after-tax cost of capital;

- t = the Term, in years, of the Contract for the purchase of firm capacity commencing prior to the in-service date of the Avoided Unit;

- G = the cumulative present value of the avoided fixed operation and maintenance expense component of Capacity Payments which would have been made had Capacity Payments commenced with the anticipated in-service date of the Avoided Unit and continued until the Termination Date.

Formatted Table

~~\$3.59~~ Deleted: \$4.24

~~3.75%~~ Formatted: Indent: Left: -0.02", First line: 0.02"
Deleted: 2.25

~~2009~~ Formatted: Indent: Left: -0.02", First line: 0.02"
~~\$440.99~~ Deleted: 2008

Formatted: Indent: Left: -0.02", First line: 0.02"
Deleted: \$424.69

~~8.10%~~ Formatted: Indent: Left: -0.02", First line: 0.02"

~~14~~ Formatted: Indent: Left: -0.02", First line: 0.02"
Deleted: 15

~~\$24.89~~ Formatted: Indent: Left: -0.02", First line: 0.02"
Deleted: \$71.68

Amended Tariff Sheets 9.467 and 9.468

(clean copy)

**SCHEDULE 2
TO RATE SCHEDULE COG-2CAPACITY OPTION PARAMETERS**

**FIXED VALUE OF DEFERRAL PAYMENTS -
NORMAL CAPACITY OPTION PARAMETERS**

Where, for one year deferral:

		<u>Value</u>
VAC_m	= PEF's value of avoided capacity and O&M, in dollars per kilowatt per month, during month m;	\$6.35
K	= present value of carrying charges for one dollar of investment over L years with carrying charges computed using average annual rate base and assumed to be paid at the middle of each year and present valued to the middle of the first year;	1.435
I_n	= total direct and indirect cost, in mid-year dollars per kilowatt including AFUDC but excluding CWIP, of the Avoided Unit with an in-service date of year n;	\$799.89
O_n	= total fixed operation and maintenance expense, for the year n, in mid-year dollars per kilowatt per year, of the Avoided Unit;	\$4.31
i_p	= annual escalation rate associated with the plant cost of the Avoided Unit;	3.75%
i_o	= annual escalation rate associated with the operation and maintenance expense of the Avoided Unit;	2.25%
r	= annual discount rate, defined as PEF's incremental after-tax cost of capital;	8.10%
L	= expected life of the Avoided Unit;	25
n	= year for which the Avoided Unit is deferred starting with the Avoided Unit In-Service Date and ending with the Termination Date.	2013

**FIXED VALUE OF DEFERRAL PAYMENTS -
EARLY CAPACITY OPTION PARAMETERS**

A_m	=	monthly avoided capital cost component of Capacity Payments to be made to the RF/QF starting as early as five years prior to the Avoided Unit In-Service Date, in dollars per kilowatt per month;	\$3.59
i_p	=	annual escalation rate associated with the plant cost of the Avoided Unit;	3.75%
n	=	year for which early Capacity Payments to a RF/QF are to begin;	2009
F	=	the cumulative present value of the avoided capital cost component of Capacity Payments which would have been made had Capacity Payments commenced with the anticipated in-service date of the Avoided Unit and continued for a period of 10 years;	\$440.99
r	=	annual discount rate, defined as PEF's incremental after-tax cost of capital;	8.10%
t	=	the Term, in years, of the Contract for the purchase of firm capacity commencing prior to the in-service date of the Avoided Unit;	14
G	=	the cumulative present value of the avoided fixed operation and maintenance expense component of Capacity Payments which would have been made had Capacity Payments commenced with the anticipated in-service date of the Avoided Unit and continued until the Termination Date.	\$24.89