

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** July 18, 2008  
**TO:** Ann Cole, Commission Clerk - PSC, Office of Commission Clerk  
**FROM:** Elisabeth J. Draper, Economic Analyst, Division of Economic Regulation *EJD*  
**RE:** Docket No. 080001-EI - Fuel and purchased power cost recovery clause with  
generating performance incentive factor.

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Please place the attached letter from Progress Energy Florida, Inc. enclosing for review and approval the revised tariff sheet 5.205 and legislative copy reflecting the changes approved by the Commission on July 1, 2008, for Progress Energy's billing adjustment effective August 1, 2008, in the above docket. Also attached are copies of revised schedules E1-B, E1-D, E1-E, E10 and the inverted residential rate calculation reflecting the changes approved the Commission. Thank you.

EJD:kb

DOCUMENT NUMBER-DATE

06249 JUL 21 08

FPSC-COMMISSION CLERK



July 3, 2008

Ms. Connie S. Kummer  
Chief, Bureau of Economic, Finance and Rates  
Florida Public Service Commission  
250 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Dear Ms. Kummer:

Attached for your review and approval are five copies of the revised tariff sheet 6.105 (sixty-first edition) and one legislative copy reflecting the changes approved by the FPSC on July 1, 2008 for Progress Energy's billing adjustments effective August 1, 2008. Also enclosed are copies of revised schedules E1-B, E1-D, E1-E, E10 and the inverted residential rate calculation reflecting the changes approved by the FPSC.

The approved tariff sheet should be mailed to:  
Lori Cross  
Manager Regulatory Planning-Florida  
P.O. Box 14042  
PEF132  
St. Petersburg, Florida 33733

Please feel free to contact me at (727) 820-5481 if you have any questions.

Respectfully,

A handwritten signature in black ink, appearing to read 'Nancy Holdstein'.

Nancy Holdstein  
Principal Regulatory Specialist  
Regulatory Planning - Florida

Enclosures

DOCUMENT NUMBER - DATE

06249 JUL 21 08

FPSC-COMMISSION CLERK

**RATE SCHEDULE BA-1  
BILLING ADJUSTMENTS**
**Applicable:**

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS						
\$/ kWh						
Rate Schedule/ Metering Level	Fuel Cost Recovery <sup>(1)</sup>			ECCR <sup>(2)</sup>	CCR <sup>(3)</sup>	ECRC <sup>(4)</sup>
	Levelized	On-Peak	Off-Peak			
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.)		7.133	4.286	0.201	1.192	0.118
< 1000	4.881					
> 1000	5.881					
GS-1, GST-1						
Secondary	5.214	7.133	4.286	0.181	1.009	0.109
Primary	5.162	7.062	4.243	0.179	0.999	0.108
Transmission	5.110	6.990	4.200	0.177	0.989	0.107
GS-2 (Sec.)	5.214	-	-	0.145	0.691	0.081
GSD-1, GSDT-1, SS-1						
Secondary	5.214	7.133	4.286	0.163	0.852	0.094
Primary	5.162	7.062	4.243	0.161	0.843	0.093
Transmission	5.110	6.990	4.200	0.160	0.835	0.092
CS-1, CST-1, CS-2, CS-3, CST-3, SS-3						
Secondary	5.214	7.133	4.286	0.136	0.620	0.090
Primary	5.162	7.062	4.243	0.135	0.614	0.089
Transmission	5.110	6.990	4.200	0.133	0.606	0.088
IS-1, IST-1, IS-2, IST-2, SS-2						
Secondary	5.214	7.133	4.286	0.148	0.728	0.079
Primary	5.162	7.062	4.243	0.147	0.721	0.078
Transmission	5.110	6.990	4.200	0.145	0.713	0.077
LS-1 (Sec.)	4.818	-	-	0.087	0.169	0.094
GSLM-1, GSLM-2	See appropriate General Service rate schedule					

**(1) Fuel Cost Recovery Factor:**

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

**(2) Energy Conservation Cost Recovery Factor:**

The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next.

(Continued on Page No. 2)

**RATE SCHEDULE BA-1  
 BILLING ADJUSTMENTS**
**Applicable:**

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS							
¢/ kWh							
Rate Schedule/ Metering Level	Fuel Cost Recovery <sup>(1)</sup>			ECCR <sup>(2)</sup>	CCR <sup>(3)</sup>	ECRC <sup>(4)</sup>	SCRS <sup>(5)</sup>
	Levelized	On-Peak	Off-Peak				
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.)		7.1336-369	4.2863-799	0.201	1.192	0.118	0.361
< 1000	4.8814-278						
> 1000	5.8815-278						
GS-1, GST-1		7.1336-369	4.2863-799				
Secondary	5.2144-611	7.1336-369	4.2863-799	0.181	1.009	0.109	0.338
Primary	5.1624-666	7.0626-296	4.2433-762	0.179	0.999	0.108	0.335
Transmission	5.1104-619	6.9906-232	4.2003-724	0.177	0.989	0.107	0.331
GS-2 (Sec.)	5.2144-611	-	-	0.145	0.691	0.081	0.159
GSD-1, GSDT-1, SS-1		7.1336-369	4.2863-799				
Secondary	5.2144-611	7.1336-369	4.2863-799	0.163	0.852	0.094	0.266
Primary	5.1624-666	7.0626-296	4.2433-762	0.161	0.843	0.093	0.263
Transmission	5.1104-619	6.9906-232	4.2003-724	0.160	0.835	0.092	0.261
CS-1, CST-1, CS-2, CS-3, CST-3, SS-3		7.1336-369	4.2863-799				
Secondary	5.2144-611	7.1336-369	4.2863-799	0.136	0.620	0.090	0.287
Primary	5.1624-666	7.0626-296	4.2433-762	0.135	0.614	0.089	0.284
Transmission	5.1104-619	6.9906-232	4.2003-724	0.133	0.608	0.088	0.281
IS-1, IST-1, IS-2, IST-2, SS-2		7.1336-369	4.2863-799				
Secondary	5.2144-611	7.1336-369	4.2863-799	0.148	0.728	0.079	0.172
Primary	5.1624-666	7.0626-296	4.2433-762	0.147	0.721	0.078	0.170
Transmission	5.1104-619	6.9906-232	4.2003-724	0.145	0.713	0.077	0.169
LS-1 (Sec.)	4.8184-278	-	-	0.087	0.169	0.094	0.268
GSLM-1, GSLM-2	See appropriate General Service rate schedule						

**(1) Fuel Cost Recovery Factor:**

The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.

**(2) Energy Conservation Cost Recovery Factor:**

The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next.

(Continued on Page No. 2)

**PROGRESS ENERGY FLORIDA**

**DOCKET NO. 080001-EI**

**SCHEDULES SUPPORTING  
MID-COURSE CORRECTION**

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Schedule E1-B – Calculation of Estimated True-up

Schedule E1-D – Calculation of Levelized Fuel Adjustment Factors

Schedule E1-E – Calculation of Final Fuel Adjustment Factors

Schedule E10 – Residential Bill Comparison

Calculation of Inverted Residential Fuel Rate

Progress Energy Florida  
Calculation of Total True-Up  
Estimated for the Period of: January through December 2008

DESCRIPTION	Actual Jan-08	Actual Feb-08	Actual Mar-08	Actual Apr-08	Estimated May-08	Estimated Jun-08	Estimated Jul-08	Estimated Aug-08	Estimated Sep-08	Estimated Oct-08	Estimated Nov-08	Estimated Dec-08	TOTAL PERIOD
<b>REVENUE</b>													
1 Jurisdictional MWH Sales	2,908,505	2,697,978	2,891,413	2,852,712	3,102,011	3,616,246	3,899,018	4,009,148	4,056,992	3,527,507	3,084,643	2,990,835	39,438,904
2 Jurisdictional Fuel Factor (Pre-Tax)	4.493	4.480	4.475	4.501	4.543	4.568	4.609	5.240	5.223	5.188	5.162	5.011	
3 Total Jurisdictional Fuel Revenue	130,672,012	120,862,467	120,428,693	129,405,359	140,918,855	165,190,139	179,717,375	210,059,286	212,011,952	182,996,325	158,920,836	149,970,737	1,900,053,856
4 Less: True-Up Provision	14,114,712	14,114,712	14,114,712	14,114,712	14,114,712	14,114,712	14,114,712	14,114,712	14,114,712	14,114,712	14,114,712	14,114,712	169,376,547
5 Less: GPIF Provision	(50,600)	(50,600)	(50,600)	(50,600)	(50,600)	(50,600)	(50,600)	(50,600)	(50,600)	(50,600)	(50,600)	(50,600)	(607,201)
6 Less: Other	0	0	0	0	0	0	0	0	0	0	0	0	0
7 Net Fuel Revenue	144,736,125	134,926,599	134,492,806	142,469,471	154,992,967	179,254,251	193,781,467	224,123,396	226,076,064	197,080,437	172,984,748	163,934,851	2,068,823,202
<b>FUEL EXPENSE</b>													
8 Total Cost of Generated Power	113,578,833	100,670,654	139,002,958	135,735,516	182,626,083	206,147,074	258,744,306	239,199,781	210,320,277	160,851,973	127,924,610	141,623,499	2,016,423,466
9 Total Cost of Purchased Power	30,377,780	27,605,204	35,602,876	44,873,819	49,676,687	46,795,801	46,911,849	57,954,424	49,081,497	44,345,235	37,618,655	36,208,501	505,952,127
10 Total Cost of Power Sales	(17,539,311)	(17,021,671)	(16,775,748)	(21,230,731)	(24,975,985)	(26,383,444)	(27,109,811)	(30,958,357)	(30,433,595)	(28,963,168)	(18,845,562)	(14,875,834)	(274,913,017)
11 Total Fuel and Net Power	126,417,302	111,154,187	157,829,986	159,378,404	207,325,785	226,559,431	278,546,545	266,194,847	227,968,179	176,234,040	146,897,703	163,156,167	2,247,462,576
12 Jurisdictional Percentage	96.49%	96.67%	96.84%	96.83%	95.04%	95.18%	95.59%	95.66%	95.67%	95.77%	96.10%	96.20%	95.88%
13 Jurisdictional Loss Multiplier	1.00154	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187	1.00187
14 Jurisdictional Fuel Cost	122,167,904	107,653,689	153,128,374	154,614,696	197,410,199	216,049,877	268,751,155	255,121,396	218,513,361	169,100,102	141,234,892	157,244,588	2,158,990,236
<b>COST RECOVERY</b>													
15 Net Fuel Revenue Less Expense	22,568,221	27,272,910	(18,635,569)	(12,145,227)	(42,427,232)	(36,795,625)	(72,969,688)	(30,998,001)	7,562,703	27,960,335	31,749,856	6,690,265	(80,167,033)
16 Interest Provision	526,835	432,091	377,861	295,574	201,854	79,818	(77,314)	(228,194)	(267,613)	(279,954)	(244,704)	(233,622)	562,635
17 Current Cycle Balance	23,095,056	50,800,058	32,542,349	20,692,696	(21,532,683)	(58,248,469)	(131,295,471)	(162,521,666)	(155,246,676)	(127,566,194)	(96,081,042)	(89,804,399)	
18 Plus: Prior Period Balance	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517	152,569,517
19 Plus: Cumulative True-Up Provision	(14,114,712)	(28,229,425)	(42,344,137)	(56,458,849)	(70,573,561)	(84,688,273)	(98,802,985)	(112,917,697)	(127,032,409)	(141,147,121)	(155,261,833)	(169,376,547)	
20 Total Retail Balance	161,549,881	175,140,150	142,767,730	116,803,364	80,463,274	9,632,755	(77,628,938)	(122,869,846)	(129,709,467)	(116,143,798)	(98,753,357)	(106,411,429)	

Progress Energy Florida  
 Calculation of Levelized Fuel Adjustment Factors  
 (Projected Period)  
 Estimated for the Period: Aug Through December 2008

1. Projected Underrecovery as of 12/31/08	\$	212,822,859	
1a. 50% of Projected 12/31/08 under-recovery approved at 7/1/08 Agenda	\$	106,411,429	
2. Regulatory Assessment Fee (E1, line 30)	\$	76,616	
3. Total amount to be recovered	\$	<u>106,488,045</u>	
4. Jurisdictional Sales (August - December 2008)		17,671,023	mwh
5. Jurisdictional Cost per Kwh Sold (Line 3 / Line 4 / 10)		0.603	Cents/kwh
6. Effective Jurisdictional Sales (See Below)		17,646,634	mwh

INCREASE TO FUEL FACTORS:

7. Fuel Factor at Secondary Metering (Line 3 / Line 6 / 10)		0.603	Cents/kwh
8. Fuel Factor at Primary Metering (Line 7 * 99%)		0.597	Cents/kwh
9. Fuel Factor at Transmission Metering (Line 7 * 98%)		0.591	Cents/kwh

ADJUSTED LEVELIZED FUEL FACTORS:

	Current	Proposed	
10. Fuel Factor at Secondary Metering	4.611	5.214	Cents/kwh
11. Fuel Factor at Primary Metering	4.565	5.162	Cents/kwh
12. Fuel Factor at Transmission Metering	4.519	5.110	Cents/kwh

TIERED FUEL FACTORS:

10. Fuel Factor - First Tier (0-1000 kWh)		4.881	Cents/kwh
11. Fuel Factor - Second Tier (Over 1000 kWh)		5.881	Cents/kwh

JURISDICTIONAL SALES (MWH)

METERING VOLTAGE:

	METER	SECONDARY
Distribution Secondary	15,438,259	15,438,259
Distribution Primary	2,026,677	2,006,410
Transmission	206,088	201,965
Total	<u>17,671,023</u>	<u>17,646,634</u>

Progress Energy Florida  
 Calculation of Final Fuel Cost Factors  
 Estimated for the Period of : August through December 2008

Line:	Metering Voltage	First Tier Factor Cents/Kwh	Second Tier Factor Cents/Kwh	Levelized Factors Cents/Kwh	Time of Use	
					On-Peak Multiplier 1.368	Off-Peak Multiplier 0.822
1.	Distribution Secondary	4.881	5.881	5.214	7.133	4.286
2.	Distribution Primary	--	--	5.162	7.062	4.243
3.	Transmission	--	--	5.110	6.990	4.200
4.	Lighting Service	--	--	4.818	--	--

Line 4 calculated at secondary rate of 5.214 \* (18.7% \* On-Peak Multiplier 1.368 + 81.3% \* Off-Peak Multiplier 0.822).

DEVELOPMENT OF TIME OF USE MULTIPLIERS

Mo/Yr	<u>ON-PEAK PERIOD</u>			<u>OFF-PEAK PERIOD</u>			<u>TOTAL</u>		
	System MWH Requirements	Marginal Cost	Average Marginal Cost (\$/kWh)	System MWH Requirements	Marginal Cost	Average Marginal Cost (\$/kWh)	System MWH Requirements	Marginal Cost	Average Marginal Cost (\$/kWh)
Jan-08	1,107,009	112,501,284	10.163	2,755,243	178,837,854	6.491	3,862,252	291,339,148	7.543
Feb-08	964,726	96,706,719	10.024	2,370,427	139,683,607	5.893	3,335,153	236,390,326	7.088
Mar-08	946,590	97,114,444	10.259	2,645,766	177,447,897	6.707	3,592,356	274,562,341	7.643
Apr-08	1,216,233	108,845,789	8.949	2,341,212	134,577,172	5.748	3,557,445	243,422,961	6.843
May-08	1,526,420	225,261,509	14.758	2,735,457	217,594,131	7.955	4,261,877	442,855,640	10.391
Jun-08	1,536,893	234,625,582	15.266	2,735,457	244,129,698	8.925	4,272,350	478,755,280	11.206
Jul-08	1,756,719	270,974,924	15.425	2,735,457	254,898,135	9.318	4,492,176	525,873,059	11.706
Aug-08	1,850,857	294,018,943	17.810	2,735,457	266,011,857	9.725	4,386,314	560,030,800	12.768
Sep-08	1,566,654	257,384,005	16.429	2,735,457	275,037,152	10.055	4,302,111	532,421,158	12.376
Oct-08	1,387,672	185,087,425	13.338	2,735,457	221,044,843	8.081	4,123,129	406,132,268	9.850
Nov-08	811,555	100,087,085	12.330	2,735,457	255,700,652	9.348	3,547,012	355,767,717	10.030
Dec-08	999,489	123,725,656	12.379	2,735,457	251,260,420	9.185	3,734,946	374,986,076	10.040
<b>TOTAL</b>	<b>15,470,817</b>	<b>2,106,313,355</b>	<b>13.615</b>	<b>31,996,304</b>	<b>2,616,223,418</b>	<b>8.177</b>	<b>47,467,121</b>	<b>4,722,536,773</b>	<b>9.949</b>

MARGINAL FUEL COST  
WEIGHTING MULTIPLIER

ON-PEAK  
1.368

OFF-PEAK  
0.822

AVERAGE  
1.000



Progress Energy Florida  
 Fuel and Purchased Power Cost Recovery Clause  
 Residential Bill Comparison  
 Estimated for the Period of : August through December 2008

	Actual	Proposed	Difference	
	Jan 08 - Jul 08 (\$/1000 KWH)	Aug 08 - Dec 08 (\$/1000 KWH)	From Current \$	%
Base Rate	\$43.91	\$43.91	\$0.00	0.00%
Fuel Cost Recovery	42.78	48.81	6.03	14.10%
Capacity Cost Recovery	11.92	11.92	0.00	0.00%
Energy Conservation Cost Recovery	2.01	2.01	0.00	0.00%
Environmental Cost Recovery	1.18	1.18	0.00	0.00%
Storm Cost Recovery Surcharge	3.61	0.00	(3.61)	-100.00%
Subtotal	105.41	107.83	2.42	2.30%
Gross Receipts Tax	2.70	2.76	0.06	2.22%
Total	<u>\$108.11</u>	<u>\$110.59</u>	<u>\$2.48</u>	<u>2.29%</u>

### Calculation of Inverted Residential Fuel Rates

	Annual Units MWH	Levelized Fuel Rate Cents/kwh	Annual Fuel Revenues	Inverted Fuel Rates Cents/kwh	Annual Fuel Revenues
Residential Excluding TOU:					
0 - 1,000 kwh	14,287,631	5.214	\$ 744,957,098	4.881	\$ 697,334,622
Over 1,000 kwh	7,143,149	5.214	372,443,802	5.881	420,066,278
Total	<u>21,430,781</u>		<u>\$ 1,117,400,900</u>		<u>\$ 1,117,400,900</u>

Rate Differential by Tier - Cents per KWH 1.000

Residential Sales:

Total	██████████
Time of Use	██████████
Levelized	<u>21,430,781</u>