

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause.

DOCKET NO. 080007-EI

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**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 2009 through December 2009. 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, 2007?
- PEF: \$5,553,115 over-recovery rather than \$5,556,369 as filed in the 2009 Projection due to a formula error.(Garrett)
- Issue 2 What are the estimated environmental cost recovery true-up amounts for the period January 2008 through December 2008?
- PEF: \$9,872,429 under-recovery (Cross, Ennis, West, McCallister, Wilterdink)
- Issue 3 What are the appropriate projected environmental cost recovery amounts for the period January 2009 through December 2009?
- PEF: \$132,908.857 (Cross, Ennis, West, Wilterdink, Kennedy, Roderick)
- Issue 4 What are the environmental cost recovery amounts, including true-up amounts and adjusted for revenue taxes, for the period January 2009 through December 2009?
- PEF: \$137,326,975 rather than \$137,323,719 as filed in the 2009 Projection due to a formula error.(Cross)
- 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 2009 through December 2009?

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PEF: For 2009 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. (Cross)

Issue 6

What are the appropriate jurisdictional separation factors for the projected period January 2009 through December 2009?

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%. (Cross)

Issue 7

What are the appropriate environmental cost recovery factors for the period January 2009 through December 2009, for each rate group?

PEF: The appropriate factors are as follows:

RATE CLASS	ECRC FACTORS
Residential	0.368 cents/kWh
General Service Non-Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.343 cents/kWh 0.340 cents/kWh 0.336 cents/kWh
General Service 100% Load Factor	0.291 cents/kWh
General Service Demand @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.307 cents/kWh 0.304 cents/kWh 0.301 cents/kWh
Curtable @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.287 cents/kWh 0.284 cents/kWh 0.281 cents/kWh
Interruptible @ Secondary Voltage @ Primary Voltage @ Transmission Voltage	0.296 cents/kWh 0.293 cents/kWh 0.290 cents/kWh
Lighting	0.252 cents/kWh

(Cross)

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 2009, and thereafter through the last billing cycle for December 2009. The first billing cycle may start before January 1, 2009, and the last billing cycle may end after December 31, 2009, so long as each customer is billed for twelve months regardless of when the factors became effective. (Cross)

Company Specific Environmental Cost Recovery Issues

Issue 10A Should the Commission approve Progress Energy Florida's request for recovery through the Environmental Cost Recovery Clause of costs for its Greenhouse Gas Inventory and Reporting Program?

PEF: Yes. The costs for this program meet the requirements of Section 366.8255 for recovery through the Environmental Cost Recovery Clause. (West, Cross)

Issue 10B How should the costs of the Greenhouse Gas Inventory and Reporting Program be allocated to the rate classes?

PEF: Operating and maintenance costs for the Greenhouse Gas Inventory and Reporting Program should be allocated to rate classes on Energy.

Issue 10C Should the Commission approve Progress Energy Florida's request for recovery through the Environmental Cost Recovery Clause of costs for its Thermal Discharge Compliance Program?

PEF: Yes. The costs for this program meet the requirements of Section 366.8255 for recovery through the Environmental Cost Recovery Clause. (Roderick, Cross)

RESPECTFULLY SUBMITTED this 15th day of September, 2008.

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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 hand-delivery (*) or regular U.S. mail this 15th day of September, 2008.

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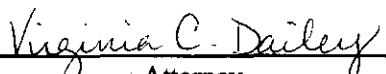
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