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October 6, 2008

**VIA HAND DELIVERY**

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. 080001-EI*

Dear Ms. Cole:

Please find enclosed for filing the List of Issues and Positions in the above referenced docket on behalf of Progress Energy Florida, Inc.

Please call me at (727) 820-5184 should you have any questions.

Sincerely,

*John T. Burnett LMS*  
John T. Burnett

COM \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL    JTB/lms  
OPC \_\_\_\_\_ Enclosure  
RCP     
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**BEFORE THE PUBLIC SERVICE COMMISSION**

In re: Fuel and purchased power cost recovery  
clause with generating performance incentive  
factor.

DOCKET NO. 080001-EI

DATED: October 6, 2008

**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 levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of January 2009 through December 2009:

**Generic Fuel Adjustment Issues**

1. **ISSUE:** What are the appropriate final fuel adjustment true-up amounts for the period January 2007 through December 2007?  
**PEF:** \$16,807,029 under-recovery. (Garrett)
2. **ISSUE:** What are the appropriate estimated fuel adjustment true-up amounts for the period January 2008 through December 2008?  
**PEF:** \$208,287,884 under-recovery. (Olivier)
3. **ISSUE:** What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2009 through December 2009?  
**PEF:** \$225,094,914 under-recovery. (Olivier)
4. **ISSUE:** 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 of January 2009 through December 2009?  
**PEF:** 1.00072 (Olivier)
5. **ISSUE:** What are the appropriate projected net fuel and purchased power cost recovery amounts to be included in the recovery factor for the period January 2009 through December 2009?  
**PEF:** \$2,977,251,945 (Olivier)

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6. **ISSUE:** What is the appropriate levelized fuel cost recovery factor for the period of January 2009 through December 2009?

**PEF:** 7.317 cents per kWh (adjusted for jurisdictional losses). (Olivier)

7. **ISSUE:** 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

(Olivier)

8. **ISSUE:** 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)						
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	Time of Use	
					On-Peak	Off-Peak
A	Transmission	--	--	7.179	10.194	5.786
B	Distribution Primary	--	--	7.253	10.299	5.846
C	Distribution Secondary	6.993	7.993	7.326	10.403	5.905
D	Lighting	--	--	6.746	--	--

(Olivier)

9. **ISSUE:** 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 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. (Olivier)

10. **ISSUE:** What is the appropriate actual benchmark level for calendar year 2008 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

**PEF:** \$2,083,339 (Olivier)

11. ISSUE: What is the appropriate estimated benchmark level for calendar year 2009 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$2,201,929 (Olivier)

#### **Company-Specific Fuel Adjustment Issues**

- 12A. ISSUE: Should the Commission approve as prudent, PEF's actions to mitigate the volatility of natural gas, residual oil and purchased power prices, as reported in PEF's April 2008 and August 2008 hedging reports?

PEF: Yes. (McCallister)

- 12B. ISSUE: Should the Commission approve PEF's 2009 Risk Management Plan?

PEF: Yes. (McCallister)

#### **Generic Generating Performance Incentive Factor Issues**

17. ISSUE: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period of January 2007 through December 2007?

PEF: \$2,167,933 reward. (Oliver)

18. ISSUE: What should the GPIF targets/ranges be for the period of January 2009 through December 2009?

PEF: The appropriate targets and ranges are shown on page 4 of Exhibit RMO-1 filed on 8/29/08 with the Direct Testimony of Robert M. Oliver. (Oliver)

#### **Company-Specific Generating Performance Incentive Factor Issues**

No company-specific issues for Progress Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 19A, 19B, 19C, and so forth, as appropriate.

### Generic Capacity Cost Recovery Issues

23. ISSUE: What is the appropriate final capacity cost recovery true-up amount for the period of January 2007 through December 2007?

PEF: \$2,181,228 over-recovery. (Garrett)

24. ISSUE: What is the appropriate actual/estimated capacity cost recovery true-up amount for the period of January 2008 through December 2008?

PEF: \$13,111,748 over-recovery. (Olivier)

25. ISSUE: What is the appropriate total capacity cost recovery true-up amount to be collected/refunded during the period January 2009 through December 2009?

PEF: \$15,292,976 over-recovery. (Olivier)

26. ISSUE: What is the appropriate projected net purchased power capacity cost recovery amount to be included in the recovery factor for the period January 2009 through December 2009?

PEF: \$750,686,213. (Olivier)

27. ISSUE: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2009 through December 2009?

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

28. ISSUE: What are the appropriate capacity cost recovery factors for the period January 2009 through December 2009?

<u>PEF</u> : <u>Rate Class</u>	<u>CCR Factor</u>
Residential	2.171 cents/kWh
General Service Non-Demand	1.838 cents/kWh
@ Primary Voltage	1.820 cents/kWh
@ Transmission Voltage	1.801 cents/kWh
General Service 100% Load Factor	1.258 cents/kWh
General Service Demand	1.550 cents/kWh
@ Primary Voltage	1.535 cents/kWh
@ Transmission Voltage	1.519 cents/kWh
Curtaillable	1.126 cents/kWh
@ Primary Voltage	1.115 cents/kWh
@ Transmission Voltage	1.103 cents/kWh

Interruptible	1.347 cents/kWh
@ Primary Voltage	1.334 cents/kWh
@ Transmission Voltage	1.320 cents/kWh
Lighting	0.308 cents/kWh
	(Olivier)

**Company-Specific Capacity Cost Recovery Factor Issues**

29A. **ISSUE:** Has PEF included in the capacity cost recovery clause the nuclear cost recovery amount ordered by the Commission in Docket No. 080009-EI?

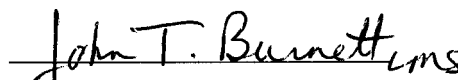
**PEF:** PEF included in the capacity cost recovery clause the nuclear cost recovery amount as filed in Docket 080009-EI on May 1, 2008. Should the nuclear cost recovery amount change once the Commission has approved the Company's costs at the October 14, 2008 Agenda Conference in Docket 080009-EI, PEF will submit revised schedules reflecting that change. (Garrett, Olivier)

RESPECTFULLY SUBMITTED this 6<sup>th</sup> day of October, 2008.

By: John T. Burnett *lms*  
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JOHN T. BURNETT  
Associate General Counsel – Florida  
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St. Petersburg, Florida 33701  
(727) 820-5184  
Attorneys for Progress Energy Florida

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via U.S. Mail (\*via hand delivery) this 6<sup>th</sup> day of October, 2008 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 &amp; 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 &amp; 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>Natalie F. Smith Florida Power &amp; Light 215 S. Monroe Street, Ste. 810 Tallahassee, FL 32301-1859</p>	<p>Florida Industrial Power Users Group c/o John W. McWhirter, Jr. McWhirter Reeves &amp; Davidson, P.A. P.O. Box 3350 Tampa, FL 33601-3350</p> <p>Norman H. Horton, Jr. Messer, Caparello &amp; Self, P.A. P.O. Box 15579 Tallahassee, FL 32317</p> <p>John T. Butler, Esq. R. Wade Litchfield, Esq. Florida Power &amp; 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>Mehrdad Khojasteh 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 8<sup>th</sup> Floor, West Tower Washington, DC 20007</p> <p>AARP c/o Mike Twomey P.O. Box 5256 Tallahassee, FL 32314-5256</p>
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