



October 13, 2008

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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:

Enclosed for filing in the above referenced docket are the original and seven (7)
copies of Progress Energy Florida, Inc.'s Prehearing Statement.

Thank you for your assistance in this matter.

Sincerely,

John T. Burnett
John T. Burnett

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ADM _____
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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 13, 2008

**PROGRESS ENERGY FLORIDA, INC.'S
PREHEARING STATEMENT**

Progress Energy Florida, Inc. (PEF) hereby submits its Prehearing Statement 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:

A. Known Witnesses - PEF intends to offer the direct testimony of:

<u>Witness - Direct</u>	<u>Subject Matter</u>	<u>Issues</u>
Will Garrett	Fuel Cost Recovery True-Up (2007)	1
	Capacity Cost Recovery True-Up (2007)	23
	Other Matters	29A
Marcia Olivier	Projection and Actual/Estimated True-up	2-11
	Fuel and Capacity Cost Projections	24-28
	Other Matters	29A
Joseph McCallister	2007 Hedging Information	12A
	2009 Risk Management Plan	12B
Robert M. Oliver	GPIF: Reward/Penalty and Targets/Ranges	17 - 18

DOCUMENT NUMBER-DATE
09656 OCT 13 08
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B. Known Exhibits - PEF intends to offer the following exhibits:

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (WG-1T)	Garrett	Fuel Cost Recovery True-Up (Jan – Dec. 2007)
<u> </u> (WG-2T)	Garrett	Capacity Cost Recovery True-Up (Jan – Dec. 2007)
<u> </u> (WG-3T)	Garrett	Schedules A1 through A3, A6 and A12
<u> </u> (MO-1)	Olivier	Estimated/Actual true-up Schedules for period January – December 2008
<u> </u> (MO-2)	Olivier	Projection factors for January to December 2009
<u> </u> (JM-1T)	McCallister	2007 Hedging Information as required by Order No. PSC-02-1484-FOF-EI
<u> </u> (JM-1P)	McCallister	2009 Risk Management Plan
<u> </u> (RMO-1T)	Oliver	GPIF Reward/Penalty Schedules for 2007.
<u> </u> (RMO-1)	Oliver	GPIF Targets/Ranges Schedules (for Jan – Dec. 2009)

C. Statement of Basic Position - None necessary.

D.-F. Issues and Positions

PEF's positions on the issues identified in this proceeding are as follows:

Generic Fuel Adjustment Issues

ISSUE 1: What are the appropriate fuel adjustment true-up amounts for the period January 2007 through December 2007?

PEF: \$16,807,029 under-recovery. (Garrett)

ISSUE 2: What are the appropriate fuel adjustment true-up amounts for the period January 2008 through December 2008?

PEF: \$129,347,835 under-recovery. (Olivier)

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2009 to December 2009?

PEF: \$146,154,866 under-recovery (Olivier)

ISSUE 4: 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 January 2009 through December 2009?

PEF: 1.00072 (Olivier)

ISSUE 5: 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: \$2,691,843,085 (Olivier)

ISSUE 6: What are the appropriate levelized fuel cost recovery factors for the period January 2009 through December 2009?

PEF: 6.616 cents per kWh (adjusted for jurisdictional losses). (Olivier)

ISSUE 7: 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)

ISSUE 2: What are the appropriate fuel adjustment true-up amounts for the period January 2008 through December 2008?

PEF: \$129,347,835 under-recovery. (Olivier)

ISSUE 3: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2009 to December 2009?

PEF: \$146,154,866 under-recovery (Olivier)

ISSUE 4: 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 January 2009 through December 2009?

PEF: 1.00072 (Olivier)

ISSUE 5: 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: \$2,691,843,085 (Olivier)

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PEF: 6.616 cents per kWh (adjusted for jurisdictional losses). (Olivier)

ISSUE 7: 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)

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

PEF: Yes. (McCallister)

ISSUE 12C: Does the fuel charge proposed by PEF contain items that do not change with the price of fuel? If so, what is the amount included in its proposed fuel charge to cover these costs? [FIPUG]

PEF: PEF objects to this issue for the reasons stated in its October 15, 2008 memorandum filed on this issue.

Generic Generating Performance Incentive Factor Issues

ISSUE 17: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2007 through December 2007 for each investor-owned electric utility subject to the GPIF?

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

ISSUE 18: What should the GPIF targets/ranges be for the period January 2009 through December 2009 for each investor-owned electric utility subject to the GPIF?

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)

Generic Capacity Cost Recovery Issues

ISSUE 23: What are the appropriate capacity cost recovery true-up amounts for the period January 2007 through December 2007?

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

ISSUE 24: What are the appropriate capacity cost recovery true-up amounts for the period January 2008 through December 2008?

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

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

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

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

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

ISSUE 27: 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)

ISSUE 28: 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)

ADDITIONAL ISSUES FOR THE 2007 FUEL PROCEEDING

ISSUE 29A: 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)

G. Stipulated Issues

PEF is not a party to any stipulations at this time.

H. Pending Motions

PEF has no pending motions at this time.

I. Requests for Confidentiality

PEF has the following pending requests for confidential classification:

- April 30, 2007 – 423 Forms for February 2007
- May 25, 2007 – 423 Forms for March 2007
- June 19, 2007 – 423 Forms for April 2007
- July 2, 2007 – Responses to Staff's First Set of Interrogatories (1-10) and Staff's First Request for Production of Documents (1-6)
- July 30, 2007 – 423 Forms for May 2007
- September 7, 2007 – 423 Forms for June 2007
- September 14, 2007 – Responses to OPC's First Set of Interrogatories (1-8), specifically responses to Nos. 4, 5 and 6.
- September 14, 2007 – Responses to OPC's Second Request for Production of Documents (2-16), specifically responses to Nos. 2, 3, 4 and 9.
- September 20, 2007 – 423 Forms for July 2007
- October 3, 2007 – Response to Staff's Second Set of Interrogatories (Q.20)
- October 22, 2007 – Response to Staff's Third Set of Interrogatories (Q.26)
- October 22, 2007 – Testimony of Robert Sansom
- October 25, 2007 – Response to Staff's Fourth Set of Interrogatories (Q.27)
- October 26 – 423 Forms for August 2007
- November 19, 2007 – Exhibit 49 used at 2007 Fuel Hearing (2007 Hedged %'s for Natural Gas and Oil).
- November 28, 2007 – 423 Forms for September 2007
- January 9, 2008 – 423 Forms for October 2007
- January 30, 2008 – 423 Forms for November 2007
- March 3, 2008 – Responses to Staff's First Set of Interrogatories (1-10) and Staff's First Request for Production of Documents (1-8).
- March 10, 2008 – 423 Forms for December 2007
- March 26, 2008 – 423 Forms for January 2008
- April 3, 2008 – Exhibit JM-1T to the direct testimony of Joseph McCallister
- April 23, 2008 – Hedging Audit Work papers associated with Audit Control No. 07-353-2-1.
- May 1, 2008 – 423 Forms for February 2008
- May 19, 2008 – 423 Forms for March 2008
- June 20, 2008 – 423 Forms for April 2008

- June 30, 2008 – Response to Staff’s Mid-course Data Request, Question 1 – Attachment titled “E-10 Schedule for 2008 & 2009”.
- July 9, 2008 – Response to Staff’s Second Request for Production of Documents
- July 17, 2008 – Response to FIPUG’s First Set of Interrogatories (1-21)
- July 18, 2008 – 423 Forms for May 2008
- August 4, 2008 – Exhibit MO-1 (Part 2 – capacity cost recovery calculations for 2008, page 2 of 2) to the direct testimony of Marcia Olivier.
- August 15, 2008 – Hedging Report (Information contained in Attachments A & B for the period January – July 2008).
- August 22, 2008 – 423 Forms for June 2008
- August 25, 2008 – Response to Staff’s Third Set of Interrogatories (15-19)
- August 29, 2008 - Pages 3, 4 & 5 to the direct testimony of Marcia Olivier, Exhibit MO-2 (Schedule E-12 – capacity costs, Part 3, page 3 of 5) to the direct testimony of Marcia Olivier, Exhibit JM-1P (Page 1-2 and Attachments A-H) and Exhibit JM-2P to the direct testimony of Joseph McCallister.
- September 24, 2008 – 423 Forms for July 2008

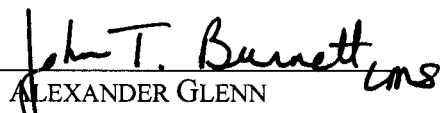
J. Requirements of Order

PEF believes that this prehearing statement complies with all the requirements of the Order Establishing Procedure.

K. Objections to Qualifications

PEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.

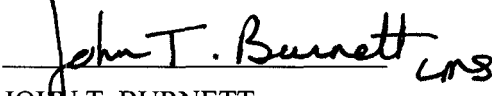
RESPECTFULLY SUBMITTED this 13th day of October, 2008.

By: 
 R. ALEXANDER GLENN
 General Counsel – Florida
 JOHN T. BURNETT
 Associate General Counsel – Florida
 Progress Energy Service Co., LLC
 299 First Avenue North
 St. Petersburg, FL 33701-3324
 Telephone: (727) 820-5184
 Facsimile: (727) 820-5249
 E-Mail: john.burnett@pgnmail.com

Attorneys for PROGRESS ENERGY FLORIDA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Prehearing Statement has been furnished via U.S. Mail (* via hand delivery) this 13th 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 & 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 & 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 & 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 & Davidson, P.A. P.O. Box 3350 Tampa, FL 33601-3350</p> <p>Norman H. Horton, Jr. Messer, Caparello & Self, P.A. P.O. Box 15579 Tallahassee, FL 32317</p> <p>John T. Butler, Esq. R. Wade Litchfield, Esq. Florida Power & 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 8th 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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