

**PROGRESS ENERGY FLORIDA**

**DOCKET No. 080001-EI**

**Fuel and Capacity Cost Recovery Factors  
January through December 2009**

**SECOND SUPPLEMENTAL DIRECT TESTIMONY OF  
MARCIA OLIVIER**

**October 15, 2008**

1 **Q. Please state your name and business address.**

2 A. My name is Marcia Olivier. My business address is 299 1<sup>st</sup> Avenue North,  
3 St. Petersburg, Florida 33701.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Progress Energy Service Company, LLC as Supervisor of  
7 PEF Regulatory Planning Strategy.

8

9 **Q. Have your duties and responsibilities remained the same since your**  
10 **testimony was last filed in this docket?**

11 A. Yes.

12

13 **Q. What is the purpose of your Second Supplemental Direct Testimony?**

14 A. The purpose is to amend the capacity costs and related capacity cost  
15 recovery factors of Progress Energy Florida (PEF or the Company) for the

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1 period of January through December 2009 presented in my Direct Testimony  
2 of August 29, 2008.

3

4 **Q. Are you sponsoring an exhibit to your Revised Direct Testimony?**

5 A. Yes. I am sponsoring Exhibit No. \_\_ (MO-4), which contains PEF's revised  
6 2009 capacity costs and capacity cost recovery factors and a revised  
7 Schedule E10, which is the residential bill comparison for 2008 versus 2009.

8

9 **Q. What revisions were made to the capacity costs and capacity cost  
10 recovery factors included in your Direct Testimony?**

11 A. The capacity costs and capacity cost recovery factors were revised to reflect  
12 a decrease of \$1,233,433 for the Measurement Uncertainty Replacement  
13 (MUR) phase of the Crystal River nuclear plant (CR3) uprate project and a  
14 decrease of \$616,747 in incremental security costs.

15

16 **Q. Why were capacity costs revised for the MUR phase of the CR3 Uprate  
17 project?**

18 A. In Docket No. 080009-EI, the FPSC and PEF stipulated that PEF would  
19 remove from the Capacity Clause \$1,233,443 of 2009 projected costs and file  
20 a separate petition for approval of a base rate increase for 2009 revenue  
21 requirements. On September 19, 2008, PEF filed a separate petition in  
22 Docket No. 080603-EI for approval of a base rate increase for the 2009  
23 revenue requirements of the MUR phase, and on October 14, 2008 the

1 Commission approved this process which removes those costs from this  
2 proceeding.

3

4 **Q. Why were capacity costs revised for incremental security?**

5 A. Exhibit No. \_\_ (MO-4), page 1, line 16 reflects a \$616,747 decrease in  
6 capacity costs as a result of obtaining more recent incremental security cost  
7 estimates, which primarily reduced nuclear security and NERC cyber security  
8 projections for 2009.

9

10 **Q. What are the appropriate projected net purchased power capacity cost**  
11 **recovery amounts to be included in the recovery factor for the period**  
12 **January 2009 through December 2009?**

13 A. The appropriate amount, as shown on Exhibit No. \_\_ (MO-4), page 1, is  
14 \$748,873,246. This is a reduction of \$1,812,947 from the amount filed in  
15 Exhibit No. \_\_ (MO-2) attached to my 2009 projection testimony on August  
16 29, 2008.

17

18 **Q. What effect did the decrease in MUR and incremental security costs**  
19 **have on the CCR factor?**

20 A. The effect on the average retail CCR factor is a .004¢/kWh decrease.  
21 PEF's revised retail factor of 1.843 ¢/kWh and revised residential factor of  
22 2.166 ¢/kWh are shown on my Exhibit No. \_\_ (MO-4), page 3.

23

24 **Q. Does this conclude your testimony?**

1 A. Yes.



Rate Class	(1) Average 12CP Load Factor at Meter (%)	(2) Sales at Meter (mWh)	(3) Avg 12 CP at Meter (MW) (2)/(8760hrs x (1))	(4) Delivery Efficiency Factor	(5) Sales at Source (Generation) (mWh) (2)/(4)	(6) Avg 12 CP at Source (MW) (3)/(4)	(7) Annual Average Demand (6)/(8760hrs)	(8) Annual Average Demand Allocator (%)	(9) 12CP Demand Transmission Allocator (%)	(10) 12CP & 1/13 AD Demand Allocator (%)
<b>Residential</b>										
RS-1, RST-1, RSL-1, RSL-2, RSS-1 Secondary	0.550	20,542,747	4,263.75	0.9361264	21,944,416	4,554.67	2,505.07	50.654%	60.140%	59.410%
<b>General Service Non-Demand</b>										
GS-1, GST-1										
Secondary	0.658	1,331,707	231.04	0.9361264	1,422,572	246.80	162.39	3.284%	3.259%	3.261%
Primary	0.658	9,005	1.56	0.9679458	9,303	1.61	1.06	0.021%	0.021%	0.021%
Transmission	0.658	3,360	0.58	0.9779458	3,436	0.60	0.39	0.008%	0.008%	0.008%
								3.313%	3.288%	3.290%
GS-2 Secondary	1.000	89,624	10.23	0.9361264	95,739	10.93	10.93	0.221%	0.144%	0.150%
<b>General Service Demand</b>										
GSD-1, GSDT-1										
Secondary	0.789	13,080,248	1,892.50	0.9361264	13,972,737	2,021.62	1,595.06	32.253%	26.694%	27.121%
Primary	0.789	2,484,990	359.54	0.9679458	2,567,282	371.44	293.07	5.926%	4.905%	4.983%
Transmission	0.789	0	0.00	0.9779458	0.00	0.00	0.00	0.000%	0.000%	0.000%
SS-1 Primary	1.264	0	0.00	0.9679458	0.00	0.00	0.00	0.000%	0.000%	0.000%
Transm Del/ Transm Mtr	1.264	9,831	0.89	0.9779458	10,053	0.91	1.15	0.023%	0.012%	0.013%
Transm Del/ Primary Mtr	1.264	5,414	0.49	0.9679458	5,593	0.51	0.64	0.013%	0.007%	0.007%
								38.215%	31.617%	32.124%
<b>Curtailable</b>										
CS-1, CST-1, CS-2, CST-2, SS-3										
Secondary	1.093	0	0.00	0.9361264	0.00	0.00	0.00	0.000%	0.000%	0.000%
Primary	1.093	189,554	19.80	0.9679458	195,831	20.45	22.36	0.452%	0.270%	0.284%
SS-3 Primary	~	2,009	0.00	0.9679458	2,076	0.00	0.24	0.005%	0.000%	0.000%
								0.457%	0.270%	0.284%
<b>Interruptible</b>										
IS-1, IST-1, IS-2, IST-2										
Secondary	0.927	1,468,420	180.83	0.9361264	1,568,613	193.17	179.07	3.621%	2.551%	2.633%
Primary Del / Primary Mtr	0.927	273,737	33.71	0.9679458	282,802	34.83	32.28	0.653%	0.460%	0.475%
Primary Del / Transm Mtr	0.927	317,529	39.10	0.9779458	324,690	39.98	37.07	0.749%	0.528%	0.545%
Transm Del/ Transm Mtr	0.927	311,416	38.35	0.9779458	318,439	39.21	36.35	0.735%	0.518%	0.534%
Transm Del/ Primary Mtr	0.927	74,064	9.12	0.9679458	76,517	9.42	8.73	0.177%	0.124%	0.128%
SS-2 Primary	0.749	0	0.00	0.9679458	0.00	0.00	0.00	0.000%	0.000%	0.000%
Transm Del/ Transm Mtr	0.749	71,930	10.96	0.9779458	73,552	11.21	8.40	0.170%	0.148%	0.150%
Transm Del/ Primary Mtr	0.749	60,528	9.23	0.9679458	62,532	9.53	7.14	0.144%	0.126%	0.127%
								6.249%	4.454%	4.592%
<b>Lighting</b>										
LS-1 (Secondary)	6.746	361,353	6.11	0.9361264	386,009	6.53	44.06	0.891%	0.086%	0.148%
		40,687,466	7,107.78		43,322,191	7,573.43	4,945.46	100.000%	100.000%	100.000%

Notes: (1) Average 12CP load factor based on load research study filed March 31, 2006  
 (2) Projected kWh sales for the period January 2009 to December 2009  
 (3) Calculated: Column 2 / (8,760 hours x Column 1)  
 (4) Based on system average line loss analysis for 2007  
 (5) Calculated: Column 2 / Column 4

(6) Calculated: Column 3 / Column 4  
 (7) Calculated: Column 6 / 8,760 hours  
 (8) Calculated: Column 7 / Total Column 7  
 (9) Calculated: Column 6 / Total Column 6  
 (10) Calculated: Column 8 x 1/13 + Column 9 x 12/13

Rate Class	(1) 12CP & 1/13 AD Demand Allocator (%)	(2) Production Demand Costs \$	(3) Effective Mwh's @ Secondary Level Year 2009	(4) Capacity Cost Recovery Factor (c/Kwh)
<b>Residential</b>				
<b>RS-1, RST-1, RSL-1, RSL-2, RSS-1</b>				
Secondary	59.410%	\$444,908,992	20,542,747	2.166
<b>General Service Non-Demand</b>				
<b>GS-1, GST-1</b>				
Secondary			1,331,707	1.833
Primary			8,915	1.815
Transmission			3,293	1.796
<b>TOTAL GS</b>	<b>3.290%</b>	<b>\$24,636,970</b>	<b>1,343,915</b>	
<b>General Service</b>				
GS-2 Secondary	0.150%	\$1,124,865	89,624	1.255
<b>General Service Demand</b>				
<b>GSD-1, GSDT-1, SS-1</b>				
Secondary			13,080,248	1.547
Primary			2,465,500	1.532
Transmission			9,634	1.516
<b>TOTAL GSD</b>	<b>32.124%</b>	<b>\$240,571,161</b>	<b>15,555,382</b>	
<b>Curtailable</b>				
<b>CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3</b>				
Secondary			-	1.123
Primary			189,647	1.112
Transmission			-	1.101
<b>TOTAL CS</b>	<b>0.284%</b>	<b>\$2,130,015</b>	<b>189,647</b>	
<b>Interruptible</b>				
<b>IS-1, IST-1, IS-2, IST-2, SS-2</b>				
Secondary			1,468,420	1.344
Primary			404,246	1.331
Transmission			686,858	1.317
<b>TOTAL IS</b>	<b>4.592%</b>	<b>\$34,391,755</b>	<b>2,559,523</b>	
<b>Lighting</b>				
LS-1 Secondary	0.148%	\$1,109,488	361,353	0.307
	<b>100.000%</b>	<b>\$748,873,246</b>	<b>40,642,192</b>	<b>1.843</b>

Notes: (1) From Part D-6P, Column 10  
 (2) Column 1 x Total Production Demand Jurisdictional Dollars from Part LC-1P, Total line  
 (3) Projected kWh sales at effective voltage level for the period January 2009 to December 2009  
 (4) Calculated: (Column 2 / Column 3)/10

Progress Energy Florida  
Fuel and Purchased Power Cost Recovery Clause  
Residential Bill Comparison  
Estimated for the Period of : January through December 2009

	Actual	Estimated	Difference	
	Aug 08 - Dec 08 (\$/1000 KWH)	Jan 09 - Dec 09 (\$/1000 KWH)	From Current \$	%
Base Rate	\$43.91	\$43.95	\$0.04	0.09%
Fuel Cost Recovery	48.81	62.90	14.09	28.87%
Capacity Cost Recovery	11.92	9.55	(2.37)	-19.88%
Energy Conservation Cost Recovery	2.01	2.23	0.22	10.95%
Environmental Cost Recovery	1.18	3.68	2.50	211.86%
Nuclear CR3 Uprate	0.00	0.69	0.69	100.00%
Nuclear Levy	0.00	11.42	11.42	100.00%
Subtotal	107.83	134.42	26.59	24.66%
Gross Receipts Tax	2.76	3.45	0.69	25.00%
Total	\$110.59	\$137.87	\$27.28	24.67%