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 1st 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

2010MENT NUMPER-DATE 0.9819 CCT 15 8

-1-

FPSC-COMMISSION CLERK

- period of January through December 2009 presented in my Direct Testimony
 of August 29, 2008.
- 3

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

- A. Yes. I am sponsoring Exhibit No. (MO-4), which contains PEF's revised
 2009 capacity costs and capacity cost recovery factors and a revised
 Schedule E10, which is the residential bill comparison for 2008 versus 2009.
- 9 Q. What revisions were made to the capacity costs and capacity cost 10 recovery factors included in your Direct Testimony?
- A. The capacity costs and capacity cost recovery factors were revised to reflect
 a decrease of \$1,233,433 for the Measurement Uncertainty Replacement
 (MUR) phase of the Crystal River nuclear plant (CR3) uprate project and a
 decrease of \$616,747 in incremental security costs.
- 15

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

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

- 2 -

- Commission approved this process which removes those costs from this
 proceeding.
- 3

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

- A. Exhibit No.__ (MO-4), page 1, line 16 reflects a \$616,747 decrease in
 capacity costs as a result of obtaining more recent incremental security cost
 estimates, which primarily reduced nuclear security and NERC cyber security
 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?
- A. The appropriate amount, as shown on Exhibit No.___ (MO-4), page 1, is
 \$748,873,246. This is a reduction of \$1,812,947 from the amount filed in
 Exhibit No. __ (MO-2) attached to my 2009 projection testimony on August
 29, 2008.
- 17

Q. What effect did the decrease in MUR and incremental security costs 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.

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Progress Energy Florida Schedule E12 - Projected Capacity Costs

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		EST												
		Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	
1	Base Production Level Capacity Charges:													
2	Auburndale Power Partners, L.P. (AUBRDLFC)	644,640	644,640	644,640	644,640	644,640	644,640	644,640	644,640	644,640	644,640	644,640	644,640	7,735,680
3	Auburndale Power Partners, L.P. (AUBSET)	2,961,210	2,961,210	2,961,210	2,961,210	2,961,210	2,961,210	2,961,210	2,961,210	2,961,210	2,961,210	2,961,210	2,961,210	35,534,520
4	Lake County (LAKCOUNT)	604,350	604,350	604,350	604,350	604,350	604,350	604,350	604,350	604,350	604,350	604,350	604,350	7,252,200
5	Lake Cogen Limited (LAKORDER)	3,060,650	3,060,650	3,060,650	3,060,650	3,060,650	3,060,650	3,060,650	3,060,650	3,060,650	3,060,650	3,060,650	3,060,650	36,727,800
6	Metro-Dade County (METRDADE)	1,149,820	1,149,820	1,149,820	1,149,820	1,149,820	1,149,820	1,149,820	1,149,820	1,149,820	1,149,820	1,149,820	1,149,820	13,797,840
7	Orange Cogen (ORANGECO)	2,635,100	2,635,100	2,635,100	2,635,100	2,635,100	2,635,100	2,635,100	2,635,100	2,635,100	2,635,100	2,635,100	2,635,100	31,621,200
8	Orlando Cogen Limited (ORLACOGL)	2,361,100	2,361,100	2,361,100	2,361,100	2,361,100	2,361,100	2,361,100	2,361,100	2,361,100	2,361,100	2,361,100	2,361,100	28,333,200
9	Pasco Cogen Limited (PASCCOGL)	0	0	0	0	0	0	0	0	0	0	D	0	-
10	Pasco County Resource Recovery (PASCOUNT)	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	1,090,200	13,082,400
11	Pinellas County Resource Recovery (PINCOUNT)	2,595,150	2,595,150	2,595,150	2,595,150	2,595,150	2,595,150	2,595,150	2,595,150	2,595,150	2,595,150	2,595,150	2,595,150	31,141,800
12	Polk Power Partners, L.P. (MULBERRY/ROYSTER)	4,450,190	4,450,190	4,450,190	4,450,190	4,450,190	4,450,190	4,450,190	4,450,190	3,682,837	3,682,840	3,682,840	3,682,840	50,332,877
13	Wheelabrator Ridge Energy, Inc. (RIDGEGEN)	800,950	800,950	800,950	800,950	800,950	800,950	800,950	800,950	800,950	800,950	800,950	800,950	9,611,400
14	Central Power & Lime (133 MW)	D	0	0	0	0	0	0	0	0	0	0	0	-
15	UPS Purchase (414 total mw) - Southern	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	5,200,000	52,400,000
16	Incremental Security	247,932	247,932	247,932	1,174,729	247,932	247,932	1,174,729	247,932	247,932	1,174,729	247,932	1,174,729	6,682,373
17	Subtotal - Base Level Capacity Charges	27,801,292	27,801,293	27,801,293	28,728,090	27,801,293	27,801,292	28,728,089	27,801,292	27,033,939	27,960,739	27,033,942	27,960,739	334,253,290
18	Base Production Jurisdictional Responsibility	93.753%	93,753%	93.753%	93,753%	93.753%	93.753%	93.753%	93.753%	93,753%	93,753%	93.753%	93.753%	
19	Base Level Jurisdictional Capacity Charges	26,064,546	26,064,545	26,064,545	26,933,445	26,064,545	26,064,546	26,933,445	26,064,546	25,345,129	26,214,031	25,345,132	26,214,031	313,372,485
	Internet dista Desita di su Local Oscardita Oberneta													
20	Intermediate Production Level Capacity Charges:	050 707	050 707	CEO 707	650 707	050 707	650 767	650 767	650 767	CE0 707	650 767	659 767	650 767	7 017 204
21	TECO Power Purchase (70 mw)	659,767	659,767	659,767	659,767	659,767	009,101	000,707	(4.050)	(4.050)	(4.050)	(4.050)	(4.050)	1,917,204
2.2	Schedule H Capacity Sales - NSB & RCID	(4,050)	(4,050)	(4,050)	(4,050)	(4,050)	(4,030)	(4,000)	(4,030)	(4,030)	655 717	655 717	(4,030)	7 969 604
23	Subtotal - Intermediate Level Capacity Charges	655,717	655,717	000,717	655,717	655,717	70 0400	70,046%	30.0409/	70.0468/	70.0469/	70.046%	70.0468/	7,000,004
24	Intermediate Production Jurisdict. Responsibility	79.046%	79.046%	79.046%	79.046%	79.046%	79,046%	79.046%	79.046%	79.040%	F10 210	510 310	79.046%	6 910 949
25	Intermediate Level Jurisdict. Capacity Charges	518,318	518,318	518,318	518,318	518,319	518,318	518,318	516,316	510,510	516,310	010,010	518,318	6,219,010
26	Peaking Production Level Capacity Charges:													
27	Chattahoochee	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000
28	Reliant - Osceola	606,720	606,720	0	0	0	0	0	0	0	0	0	a	1,213,440
29	Shady Hills	1,954,260	1,954,260	1,395,900	1,395,900	1,954,260	4,187,700	4,187,700	4,187,700	1,954,260	1,395,900	1,395,900	1,954,260	27,918,000
30	Other	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Subtotal - Peaking Level Capacity Charges	2,573,480	2,573,480	1,408,400	1,408,400	1,966,760	4,200,200	4,200,200	4,200,200	1,966,760	1,408,400	1,408,400	1,966,760	29,281,440
32	Peaking Production Jurisdictional Responsibility	88.979%	88.979%	88.979%	88.979%	88.979%	88.979%	88.979%	88.979%	88.979%	88.979%	88.979%	88.979%	
33	Peaking Level Jurisdictional Capacity Charges	2,289,857	2,289,857	1,253,180	1,253,180	1,750,003	3,737,296	3,737,296	3,737,296	1,750,003	1,253,180	1,253,180	1,750,003	26,054,333
34	Other Capacity Charges:									(10.0.40)	(40 577)	(00 575)	(00 500)	(000.050)
35	Retail Wheeling	(74,159)	(63,153)	(17,309)	(11,909)	(11,586)	(23,281)	(19,051)	(24,114)	(13,048)	(13,577)	(22,575)	(36,590)	(330,352)
36	Levy 1&2 Nuclear Preconstruction & AFUDC	11,497,118	14,024,730	14,974,588	68,832,214	62,315,778	31,304,374	21,999,594	25,577,298	57,972,312	23,501,881	26,502,082	36,042,649	394,644,617
37	CR3 Uprate AFUDC	1,293,377	1,445,851	1,530,647	1,608,349	1,714,461	1,804,095	1,910,604	2,075,859	2,259,879	2,461,352	2,648,954	2,913,094	23,666,522
38	Total Jurisdictional Capacity Payments	41,589,056	44,280,147	44,323,970	99,133,597	92,351,521	63,405,348	55,080,206	57,949,202	87,832,593	54,035,185	56,245,091	67,401,506	763,627,421
	(Lines 19 + 25 + 33 + 35)	ĺ												
20	Entimated/Actual True Up Browinian for the													(15 202 076)
39	Period January through December 2008													(15,292,976)
40	Total (Sum of lines 38 + 39)													748,334,445
	Developed Tex Made 1													(
41	Revenue Tax Multiplier													1.00072
42	Total Recoverable Capacity Payments	L					• · · · ·							748,873,246

Progress Energy Florida

Capacity Cost Recovery Clause Factors by Rate Class Using Current 12 CP & 1/13th AD Allocation Method for Production Demand For the Year 2009

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Rate C	ass	Average 12CP Load Factor at Meter (%)	Sales at Meter (mWh)	Avg 12 CP at Meter (MW) (2)/(8760hrsx(1))	Delivery Efficiency Factor	Sales at Source (Generation) (mWh) (2)/(4)	Avg 12 CP at Source (MW) (3)/(4)	Annual Average Demand (6)/8760hrs	Annual Average Demand Allocator (%)	12CP Demand Transmission Atlocator (%)	12CP & 1/13 AD Demand Allocator (%)
Bacida	ntial										
RS-1. F	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%
<u>Genera</u> GS-1, (I Service Non-Demand SST-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%
<u>Genera</u> GS-2	l i Service Secondary	1.000	89,624	10,23	0.9361264	95,739	10.93	10.93	0.221%	0.144%	D. 150%
<u>Genera</u> GSD-1.	I Service Demand 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%
Curtan CS-1. C	ADIE ST-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	10	2,009	0.00	0,9679458	2,076	0.00	0.24	0.005%	0,000%	0,000%
	•								0.457%	0.270%	0.284%
Interru IS-1, IS	<u>ptible</u> T-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	3 9 ,21	36.35	0.735%	0.518%	0.534%
	Transm Dei/ 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%
Liahtin									0,249%	4,454%	4.592%
LS-1 (S	ਖ਼ econdary)	6.746	361,353	5.11	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%	
				7,107.70		40,022,101	7,070,40	4,540,40	100.00070	100.00076	100.000%

Notes:

(1)

Average 12CP load factor based on load research study filed March 31, 2006

Projected kWh sales for the period January 2009 to December 2009

(2) (3) Calculated: Column 2 / (8,760 hours x Column 1)

Based on system average line loss analysis for 2007 Calculated: Column 2 / Column 4

(4) (5)

Calculated: Column 3 / Column 4 (6)

Calculated: Column 6 / 8,760 hours (7)

(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 (%) \$ Year Residential RS1-1 RS1-1 RS1-1	2009 (c/Kwh) 542,747 2.166
Residential	542,747 2.166
RS-1 RST-1 RSI-1 RSI-2 RSS-1	542,747 2.166
	542,747 2.166
Secondary 59.410% \$444,908,992 20,	
General Service Non-Demand	
GS-1, GST-1	
Secondary 1,3	331,707 1.833
Primary	8,915 1.815
Transmission	3,293 1.796
TOTAL GS <u>3.290% \$24,636,970</u> 1,	343,915
General Service	
GS-2 Secondary 0.150% \$1,124,865	89,624 1.255
General Service Demand	
GSD-1, GSDT-1, SS-1	
Secondary 13,	080,248 1.547
Primary 2,4	\$65,500 1.532
Transmission	9,634 1.516
TOTAL GSD 32.124% \$240,571,161 15,	555,382
Curtailable	
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3	
Secondary	- 1.123
Primary	189,647 1.112
Transmission	
TOTAL CS 0.284% \$2,130,015	189,647
Interruptible	
IS-1, IST-1, IS-2, IST-2, SS-2	
Secondary 1,4	168,420 1.344
Primary	104,246 1.331
Transmission	386,858 1.317
TOTAL IS 4.592% \$34,391,755 2,	559,523
Lighting	
LS-1 Secondary 0.148% \$1,109,488 3	361,353 0.307
100.000% \$748,873,246 40,4	542,192 1.843

Notes:

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Column 1 x Total Production Demand Jurisdictional Dollars from Part LC-1P, Total line

(1) (2) (3) (4) Projected kWh sales at effective voltage level for the period January 2009 to December 2009

Calculated: (Column 2 / Column 3)/10

From Part D-6P, Column 10

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

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	Actual Aug 08 - Dec 08	Estimated Jan 09 - Dec 09	Difference From Current		
	(\$/1000 KWH)	(\$/1000 KWH)	\$	%	
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%	