

Marguerite McLean

From: Stright, Lisa [Lisa.Stright@pgnmail.com]
Sent: Wednesday, February 25, 2009 2:56 PM
To: Filings@psc.state.fl.us
Cc: Burnett, John; Cecilia Bradley; Charles Rehwinkel; Curtis Young; James Brew; Jeff Stone; Jim Beasley; John Butler; John McWhirter; JR Kelly; Karin Torain; Keino Young; Lee Willis; Lewis Jr, Paul; Lisa Bennett; Mike Twomey; Natalie Smith; Norman Horton; Paula Brown; Russell Badders; Schef Wright; Steve Griffin; Susan Ritenour; Vicki Kaufman; Wade Litchfield
Subject: Corrected PEF Petition - Dkt# 090001-EI
Attachments: Document.pdf

This electronic filing is made by:

John T. Burnett
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Docket No. 090001-EI**On behalf of Progress Energy Florida****Consisting of 9 pages.**

**The attached document for filing is PEF's CORRECTED
Petition for expedited approval of modifications to PEF's
Tariff Sheet 6.105 for a reduction to fuel and capacity
Cost recovery factors.**

Lisa Stright

Regulatory Analyst - Legal Dept.
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DOCUMENT NUMBER-DATE

01530 FEB 25 8

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2/25/2009



February 25, 2009

VIA HAND DELIVERY

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Petition for expedited approval of modifications to Tariff Sheet 6.105 for a reduction to Fuel and Capacity Cost Recovery Factors; Docket No. 090001-EI

Dear Ms. Cole:

Enclosed, please find a corrected version of PEF's Petition for Expedited Approval of Modifications to Progress Energy Florida's Tariff Sheet 6.105 for a Reduction to Fuel and Capacity Cost Recovery Factors. The enclosed corrected petition should be substituted for and replace the petition that PEF originally filed on February 18, 2009. The enclosed corrected petition contains corrected language in paragraph 7. In all other aspects, the enclosed petition is identical to the petition that PEF filed on February 18, 2009.

Thank you for your assistance in this matter. Should you have any questions, please feel free to call me at (727) 820-5184.

Sincerely,

John T. Burnett
John T. Burnett

JTB/lms
Attachment

cc: Parties of Record

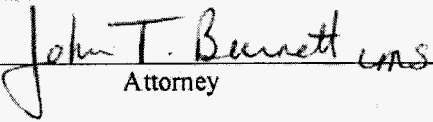
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 25th day of February, 2009.


Attorney

<p>Lisa Bennett, Esq. Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 lbennett@psc.state.fl.us</p> <p>James D. Beasley, Esq. Lee L. Willis, Esq. Ausley & McMullen Law Firm P.O. Box 391 Tallahassee, FL 32302 jbeasley@ausley.com lwillis@ausley.com</p> <p>John T. Butler, Esq./Wade Litchfield, Esq. Florida Power & Light Co. 700 Universe Boulevard Juno Beach, FL 33408 John_butler@fpl.com Wade_litchfield@fpl.com</p> <p>Natalie F. Smith Florida Power & Light 215 S. Monroe Street, Ste. 810 Tallahassee, FL 32301-1859 Natalie_smith@fpl.com</p> <p>Jeffrey A. Stone, Esq. Russell A. Badders, Esq. Steven R. Griffin Beggs & Lane Law Firm P.O. Box 12950 Pensacola, FL 32591 jas@beggslane.com rab@beggslane.com srg@beggslane.com</p> <p>Ms. Paula K. Brown Tampa Electric Company P.O. Box 111 Tampa, FL 33601 regdept@tecoenergy.com</p>	<p>Florida Industrial Power Users Group c/o John McWhirter, Jr. McWhirter Reeves Law Firm 400 N. Tampa Street, Ste. 2450 Tampa, FL 33602 jmewhirter@mac-law.com</p> <p>Norman H. Horton, Jr. Messer, Caparello & Self, P.A. P.O. Box 15579 Tallahassee, FL 32317 nhorton@lawfla.com</p> <p>J.R. Kelly / Charles Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, #812 Tallahassee, FL 32399 Kelly_jr@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us</p> <p>Robert Scheffel Wright John T. LaVia, III Young van Assenderp, P.A. 225 S. Adams Street, Suite 200 Tallahassee, FL 32301 swright@yvlaw.net</p> <p>Curtis D. Young Florida Public Utilities Company P.O. Box 3395 West Palm Beach, FL 33402-3395 cyoung@fpuc.com</p> <p>Mr. James W. Brew, Esq. c/o Brickfield Law Firm 1025 Thomas Jefferson St., NW 8th Floor, West Tower Washington, DC 20007 jbrew@bbrslaw.com</p> <p>Keefe Law Firm Vicki Gordon Kaufman/Jon C. Moyle, Jr. 118 North Gadsden Street Tallahassee, FL 32301 vkaufman@asglegal.com</p>
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No.: 090001-EI

In re: Petition for expedited approval of
modifications to Tariff Sheet 6.105 for a
reduction to Fuel and Capacity Cost
Recovery Factors

Submitted for Filing:
February 18, 2009

**PETITION FOR EXPEDITED APPROVAL OF MODIFICATIONS TO PROGRESS
ENERGY FLORIDA'S TARIFF SHEET 6.105 FOR A REDUCTION TO FUEL
AND CAPACITY COST RECOVERY FACTORS**

Progress Energy Florida, Inc. (PEF) hereby petitions this Commission for expedited treatment of approval of modifications to its Tariff Sheet 6.105 to implement a reduction to its currently authorized fuel and capacity cost recovery factors, beginning with the first billing cycle in April 2009. Attachment A to this Petition includes the revised Tariff Sheet in legislative and clean copy format. In support of this Petition, PEF states the following:

1. Petitioner, PEF, is an investor-owned utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes. PEF's principle place of business is located at 299 First Avenue North, St. Petersburg, Florida, 33701.

2. All notices, pleadings and other communications required to be served on petitioner should be directed to:

John T. Burnett
Associate General Counsel
Progress Energy Service Company, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5249

For express deliveries by private courier, the address is:

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299 First Avenue North
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St. Petersburg, FL 33701

Fuel Reduction

3. Pursuant to Order Nos. 13694 and PSC-98-0691-FOF-PU, PEF is required to notify the Commission if the Company's projected over or under-recovery is expected to exceed 10% of the estimated jurisdictional fuel revenue applicable to the period. PEF has calculated the 10% threshold, in accordance with Order No. PSC-07-0333-PAA-EI, to be \$238 million.

4. Based on actual results through January 2009 and updated projections for the balance of 2009, PEF anticipates an end of period total net true-up over-recovery of \$206 million, which falls below the 10% threshold of \$238 million. This \$206 million over-recovery is made up of a 2008 net over-recovery of \$1 million and an expected 2009 over-recovery of \$205 million. Although the projected over-recovery amount is below the 10% threshold, PEF nonetheless requests a reduction to its fuel cost recovery factors to recognize the exceptional economic conditions currently existing both in Florida and throughout the nation and to provide immediate price relief to its customers.

5. Since the fuel projections for PEF were compiled in late 2008 for the 2009 time period, fuel prices have decreased significantly due to a sharp drop in demand for energy both across the United States and around the world. The expected over-recovery for PEF is directly attributable to these price decreases.

A significant portion of PEF's projected over-recovery is due to the decrease in coal prices. The strong international demand for coal to fuel power plants in China and India, witnessed in 2008, has declined significantly due to the recent economic downturn. The uncertainty in global economics and declining oil and natural gas prices have also contributed to the downward pressure on the price of coal. Ocean freight prices have also significantly decreased allowing import coals to become competitive in the U.S. again.

Crude oil prices also have dropped significantly since PEF's initial projection and continue to decrease due to a number of factors, including: (1) the increase in U.S. oil inventories versus 2008 averages; and (2) the decline in world economic growth.

Demand for natural gas has also decreased due to the worldwide economic slowdown. Lower oil prices and a stronger U.S. dollar have provided an additional stimulus for lower natural gas prices.

6. Given the unusually severe economic climate in Florida and in the nation, PEF believes an adjustment is warranted at this time to provide immediate price relief to customers. The Company proposes to decrease the fuel charge on a 1,000 kWh residential bill by \$6.90, beginning with the first billing cycle in April 2009.

Capacity Cost Recovery

7. Although Order No. PSC-08-0749-FOF-EI granted PEF the authority to recover preconstruction costs related to its planned Levy nuclear site through the capacity clause in 2009, PEF proposes to defer the recovery of \$198 million in actual and projected 2009 nuclear preconstruction costs to provide further rate relief to its customers. Due to the aforementioned exceptional economic conditions that exist

today, and recognizing potential cost recovery options that the Florida Legislature is currently discussing, PEF believes it is in the best interests of our customers to seek this deferral. PEF will implement this deferral by first not collecting dollar for dollar preconstruction costs expended in 2009, then the unrecovered balance of preconstruction costs at the end of 2008, up to but not to exceed a total of \$198 million. Unless some other acceptable form of alternative recovery becomes available, all of these deferred nuclear costs will be recovered in 2010. The over (under) recovery associated with amounts being recovered in the Capacity Clause will accrue interest at the 30-day Commercial Paper rate. The effect of this deferral will be a reduction of \$7.80 per 1,000 kWhs to residential customers from the capacity cost recovery clause, also effective with the first billing cycle in April 2009.

This decrease will be in addition to the \$6.90 per 1,000 kWh from the fuel cost recovery as discussed in Section 3 of this petition, resulting in a total decrease in residential bills of \$15.08 per 1,000 kWh, including related revenue taxes.

8. Attachment B shows the specific calculation of the fuel and purchased power reduction factors in the same format as Schedules E1-B, E1-D, E1-E, E2, E3, E4, E6, E7, E8, E9, E10, and the calculation of the Inverted Residential Fuel Rate in the Company's regular fuel filings. Attachment C shows the specific calculation of the capacity cost factors, and these calculations are based on an updated forecast of kWh sales and projected capacity expenses over the remainder of 2009.

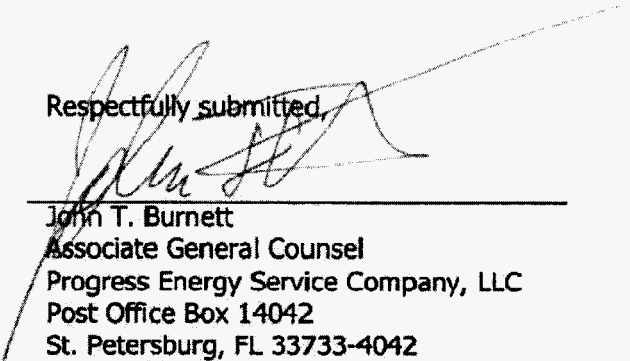
9. Because the proposed reduction factors are based on an effective date as of the first billing cycle in April 2009, and recognizing the Commission's desire to provide

as much advance notice of the change in customers' rates as possible, PEF asks that this petition be given expedited treatment and scheduled for consideration at or before the Commission's next Agenda Conference. Such treatment is warranted in order to provide rate relief in the timeliest manner possible. Revised Tariff Sheet 6.105 is included as Attachment A. This Tariff revises the fuel and capacity cost recovery factors as of the first billing cycle in April 2009.

10. PEF further requests that this filing serve to meet the requirements of Commission Order No. PSC-08-0824-FOF-EI which requires PEF to file a report on March 13, 2009 that states the effect of projected fuel prices, as of the end of February 2009, on the current fuel factor and on the estimated true-up for 2009.

WHEREFORE, PEF respectfully requests the Commission to expedite this petition and enter an order granting approval of Tariff Sheet 6.105 to revise the fuel and capacity cost recovery factors as set forth in Attachment B and Attachment C, both effective as of the first billing cycle in April 2009, and thereafter until modified by subsequent order of the Commission.

Respectfully submitted,



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Phone: (727) 820-5184/ Fax: (727) 820-5519

Attorney for
PROGRESS ENERGY FLORIDA, INC.