FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

June 30, 2009

Docket No. 070703-EI – Review of coal costs for Progress Energy Florida's Crystal River Units 4 and 5 for 2006 and 2007.

Issue 1: Did the imprudences in PEF's fuel procurement activities determined in Order No. PSC-07-0816-FOF-EI result in the costs of coal actually delivered to Crystal River Units 4 and 5 during 2006 and 2007 being unreasonably high?
Recommendation: Yes. PEF paid excessive costs for coal and SO2 allowances. Based on resolution of Issues 1A through 1E, the excess amount totals $7,698,907 for 2006 and 2007.

APPROVED

Issue 1A: How should the reasonableness of the costs of coal delivered to Crystal River Units 4 and 5 during 2006 and 2007 be measured?
Recommendation: The reasonableness of coal costs for 2006 and 2007 should be assessed using the methodology that the Commission used in Order No. PSC-07-0816-FOF-EI, with a modification to the capital cost component of the cost-effectiveness step.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY	DISSENTING
Nathan A. Skop	
Katrina J. McMurrian	
Matthew M. Carter II	
Lisa Edgar	
Nancy Argenziano by Tony D. Hill	

REMARKS/DISSENTING COMMENTS: Commissioner Argenziano participated in the conference by telephone. The vote sheet will be signed at a later date.

Commissioner Skop will be writing a concurring opinion.

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Issue 1B: What candidates for alternative coal purchases should the Commission consider in evaluating whether more economical coal was available for delivery to Crystal River Units 4 and 5 during 2006?
Recommendation: For the 80/20 blend, the Commission should use PRB coal with a heat content of 8,800 Btu per pound and a SO2 emission rate of 0.80 pounds of SO2 per MMBtu as the proxy coal candidate for the cost-effectiveness evaluation and excess cost calculation for 2006.

APPROVED

Issue 1C: By what amount, if any, were the costs of coal actually delivered to Crystal River Units 4 and 5 unreasonably high in 2006?
Recommendation: Staff recommends that the Commission find PEF incurred excessive coal costs of $2,196,094 for Crystal River 4 and 5 in 2006. This is based on 432,229 tons of PRB coal with a delivered price of $3.11 per MMBtu and an SO2 emission allowance price of $731 per ton.

APPROVED

Issue 1D: What candidates for alternative coal purchases should the Commission consider in evaluating whether more economical coal was available for delivery to Crystal River Units 4 and 5 during 2007?
Recommendation: For the 80/20 blend, the Commission should use PRB coal with a heat content of 8,800 Btu per pound and an SO2 emission rate of 0.80 pounds of SO2 per MMBtu as the proxy coal candidate for cost-effectiveness evaluation and excess cost calculation for 2007.

APPROVED

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Issue 1E: By what amount, if any, were the costs of coal actually delivered to Crystal River Units 4 and 5 unreasonably high in 2007?
Recommendation: Staff recommends that the Commission find PEF incurred excessive coal cost of $5,502,813 for Crystal River 4 and 5 in 2007. This is based on 462,200 tons of PRB coal with a delivered price of $2.88 per MMBtu and an SO2 emission allowance price of $524 per ton.

APPROVED

Issue 2: If the Commission determines that costs of coal delivered to Crystal River Units 4 and 5 during 2006 and 2007 were unreasonably high, should it require PEF to issue a refund to its customers? If so, in what amount?
Recommendation: Yes. If the Commission finds the costs of coal delivered to Crystal River Units 4 and 5 during 2006 and 2007 were unreasonably high in issues 1C and 1E, the Commission should require PEF to issue a refund to its customers. The amount of the refund is addressed in Issue 1C and Issue 1E. Staff recommends recognizing the refund amount, plus interest, during the 2009 fuel proceeding. This approach would affect customer bills in 2010 and not require administrative filings to implement.

APPROVED

Issue 3: Based on the evidence of PEF's fuel procurement approach and activities as they relate to Crystal River 4 and 5, what additional action, if any, should the Commission take in this docket?
Recommendation: The Commission should order PEF to file a report as part of its projection testimony due on September 1, 2009, in the fuel docket, Docket No. 090001-EI. The report should address the current status of plant modifications and any remaining issues that were recognized in the Refund Order. Further, the report should address PEF's additional efforts, including test burns of new coals that create opportunities to achieve the lowest fuel costs. PEF should demonstrate how its coal procurement activities are continually looking for short-term and long-term opportunities in the coal markets, including continually exploring coal markets and new coal supply worldwide. Any future application of the methodology should compare total actual costs for a period to the total costs that would have resulted from a particular blend, taking into account the coal that would have actually been displaced.

APPROVED

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Issue 4: Should this docket be closed?
Recommendation: Yes. The docket should be closed after the time for filing an appeal has run.

APPROVED