

Ruth Nettles

090007-EI

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Subject: Docket 090007-EI
Attachments: 090007 PEF Prehearing Statement.DOC

Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 090007-EI

In re: Environmental Cost Recovery Clause

c. Document being filed on behalf of Progress Energy Florida, Inc.

d. There are a total of 7 pages.

e. The document attached for electronic filing is Progress Energy Florida, Inc.'s Prehearing Statement.

Thank you for your cooperation.

Dana Greene, Legal Assistant to
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DOCUMENT NUMBER-DATE

10226 OCT-28

10/2/2009

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<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
		(WG-2)	Capital Program Detail January 2009 – December 2009
Patricia Q. West (Confidential)	PEF	(PQW-1) Confidential	Review of PEF's Integrated Clean Air Compliance Plan -4/1/09
Kevin Murray (adopting Dale Wilterdink's exhibit)	PEF	(DW-1)	Crystal River Project Organizational Structure
Thomas G. Foster	PEF	(TGF-1)	PSC Forms 42-1E through 42-8E January 2009 – December 2009
		(TGF-2)	Capital Program Detail January 2009 – December 2009
		(TGF-3)	PSC Forms 42-IP through 42-7P January 2009 – December 2009
		(TGF-4)	Capital Program Detail January 2009 – December 2009

PEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

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:

Issue 1 What are the final environmental cost recovery true-up amounts for the period January 2008 through December 31, 2008?

PEF: \$4,320,606 under-recovery (Garrett, Ziegler, West, McCallister)

Issue 2 What are the estimated/actual environmental cost recovery true-up amounts for the period January 2009 through December 2009?

PEF: \$24,075,581 over-recovery (Foster, Zeigler, West, McCallister, Wilterdink (to be adopted by Murray))

Issue 3 What are the projected environmental cost recovery amounts for the period January 2010 through December 2010?

PEF: \$253,589,049 (Foster, Zeigler, West, McCallister, Murray)

Issue 4 What are the environmental cost recovery amounts, including true-up amounts, for the period January 2010 through December 2010?

PEF: \$234,002,435 (Foster)

Issue 5 What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2010 through December 2010?

PEF: For 2010 final true-up purposes, the depreciation rates used to calculate the depreciation expense should be the rates in effect during that period. (Foster)

Issue 6 What are the appropriate jurisdictional separation factors for the projected period January 2010 through December 2010?

PEF: The jurisdictional energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.
Transmission Average 12 CP demand jurisdictional factor - 68.256%
Distribution Primary demand jurisdictional factor - 99.634%
Jurisdictional Separation Study factors were used for production demand jurisdictional factor as Production Base – 91.669%, Production Intermediate – 59.352%, and Production Peaking – 91.716%
Production A&G – 87.583%.
(Foster)

Issue 7 What are the appropriate environmental cost recovery factors for the period January 2010 through December 2010 for each rate group?

PEF: Depending upon the approved production demand allocator established in PEF's pending rate case (Docket No. 090079-EI), the appropriate factors are as follows:

RATE CLASS	ECRC FACTORS		
	12CP & 50%AD	12CP & 25%AD	12CP & 1/13AD
Residential	0.655 cents/kWh	0.656 cents/kWh	0.656 cents/kWh
General Service Non-Demand			
@ Secondary Voltage	0.647 cents/kWh	0.646 cents/kWh	0.646 cents/kWh
@ Primary Voltage	0.641 cents/kWh	0.640 cents/kWh	0.640 cents/kWh
@ Transmission Voltage	0.634 cents/kWh	0.633 cents/kWh	0.633 cents/kWh
General Service 100% Load Factor	0.630 cents/kWh	0.628 cents/kWh	0.627 cents/kWh
General Service Demand			
@ Secondary Voltage	0.636 cents/kWh	0.635 cents/kWh	0.634 cents/kWh
@ Primary Voltage	0.630 cents/kWh	0.629 cents/kWh	0.628 cents/kWh
@ Transmission Voltage	0.623 cents/kWh	0.622 cents/kWh	0.621 cents/kWh
Interruptible & Curtailable			
@ Secondary Voltage	0.616 cents/kWh	0.615 cents/kWh	0.614 cents/kWh
@ Primary Voltage	0.610 cents/kWh	0.609 cents/kWh	0.608 cents/kWh
@ Transmission Voltage	0.604 cents/kWh	0.603 cents/kWh	0.602 cents/kWh
Lighting	0.637 cents/kWh	0.634 cents/kWh	0.632 cents/kWh

(Foster)

Issue 8

What should be the effective date of the new environmental cost recovery factors for billing purposes?

PEF: The new factors should be effective beginning with the first billing cycle for January 2010, and thereafter through the last billing cycle for December 2010. The first billing cycle may start before January 1, 2010, and the last billing cycle may end after December 31, 2010, so long as each customer is billed for twelve months regardless of when the factors became effective. (Foster)

Company Specific Environmental Cost Recovery Issues

Issue 10A Should the Commission grant PEF's petition for approval of cost recovery for the Total Maximum Daily Loads Hg Emissions (TMDLs-Hg emission) Program?

PEF: Yes. The costs for this program meet the requirements of Section 366.8255 for recovery through the Environmental Cost Recovery Clause. (West, Foster)

Issue 10B How should the costs associated with the TMDLs-Hg Emission Program be allocated to the rate classes?

PEF: Operating and maintenance costs for the TMDLs-Hg Emission Program should be allocated to rate classes on Energy. (Foster)

Issue 10C Should the Commission approve PEF's 2009 Review of Integrated Clean Air Compliance Plan as reasonable and prudent?

PEF: Yes. PEF remains confident that its Integrated Clean Air Compliance Plan will have the desired effect of achieving timely compliance with the applicable regulations in a cost-effective manner. PEF has achieved significant project milestones, including execution of all major contracts and commencement of construction activities, including installation of steel support for the Crystal River Unit 4 and 5 control projects. No new or revised environmental regulations have been adopted that have a direct bearing on PEF's compliance plan. (West)

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 three pending requests for confidential classification filed on the following dates: April 1, 2009 [DN02875-09]; April 16, 2009 [DN03529-09]; and August 28, 2009 [DN08941-09]

J. Requirements of Order

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

K. Objections to Qualifications

PEF has no objection to the qualifications of any expert witnesses in this proceeding.

RESPECTFULLY SUBMITTED this 2nd day of October, 2009.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to all counsel of record and interested parties as listed below by electronic mail and regular U.S. mail this 2nd day of October, 2009.

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