

COMMISSIONERS:  
NANCY ARGENZIANO, CHAIRMAN  
LISA POLAK EDGAR  
NATHAN A. SKOP  
DAVID E. KLEMENT  
BEN A. "STEVE" STEVENS III

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL  
S. CURTIS KISER  
GENERAL COUNSEL  
(850) 413-6199

Public Service Commission

March 5, 2010

RECEIVED-PPSC  
10 MAR -5 PM 3:21  
COMMISSION  
CLERK

John T. Burnett  
Progress Energy Service Company, LLC  
P.O. Box 14042  
St. Petersburg, FL 33733-4042

**Re: Docket No. 090537-EQ - Petition for approval of amended negotiated purchase power contract with BG&E of Florida, LLC by Progress Energy Florida - Staff's Second Data Request.**

Dear Mr. Burnett:

By this letter, staff requests that Progress Energy Florida, Inc. (PEF) provide responses to the following data requests:

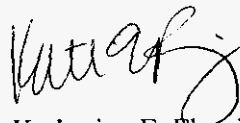
1. In PEF's response to Question 9 of Staff's First Data Request, dated February 10, 2010, PEF states the fuel price forecast used was provided by PIRA Energy Group. Please respond to the following:
  - a. What date was this fuel price forecast calculated?
  - b. What date was this forecast provided to PEF?
2. In PEF's response to Question 10 of Staff's First Data Request, dated February 10, 2010, PEF provided the fuel price forecast used to calculate the NPV for the amended contract. Are the prices listed in the column titled "Henry Hub Natural Gas" the delivered prices of natural gas or the commodity prices only?
3. Please provide a comparison of the amended contract NPVs using prices 20% above and 20% below the fuel price forecast used by PEF for the amended contract.

RECEIVED-PPSC  
10 MAR -5 PM 3:21  
COMMISSION  
CLERK

4. Please refer to the Energy Information Administration's (EIA) Annual Energy Outlook reference case for Henry Hub natural gas prices (Dated December 2009). This is a long term natural gas price forecast through 2035 and is in 2008 dollars. Please respond to the following:
  - a. Assume the reference case Henry Hub prices for 2012 through 2032 are adjusted at the escalation rate used in PEF's response to Question 10 of Staff's First Data Request, dated February 10, 2010. Please explain the differences between these forecasted gas prices and the forecasted gas prices used by PEF in its NPV analysis of the amended contract. In particular, please explain differences in forecasted prices in the near-term, e.g., 2012 through 2017.
  - b. In light of differences between the EIA's reference case natural gas price forecast and the long-term gas price forecast used by PEF, please explain how the long-term gas price forecast used by PEF is reasonable for purposes of the NPV analysis.

Please provide responses by March 22, 2010. If you have any questions, please do not hesitate to contact me at (850) 413-6218.

Sincerely,



Katherine E. Fleming  
Senior Attorney  
Office of the General Counsel

cc: Office of Commission Clerk  
Division of Regulatory Analysis (Ballinger, Matthews, Gilbert)  
Division of Economic Regulation (Lester, Franklin)