

PROGRESS ENERGY FLORIDA

DOCKET No. 110001-EI

**Fuel and Capacity Cost Recovery
January through December 2012**

**DIRECT TESTIMONY OF
JOSEPH McCALLISTER**

September 1, 2011

1 **Q. Please state your name and business address.**

2 A. My name is Joseph McCallister. My business address is 100 E. Davie
3 Street, Raleigh, North Carolina 27601.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Progress Energy Carolinas as the Director of Gas, Oil
7 and Power.

8

9 **Q. Have you previously filed testimony before this Commission?**

10 A. Yes, I have.

11

12 **Q. Have your duties and responsibilities remained the same since you**
13 **last testified in this proceeding?**

14 A. Yes. My responsibilities for the Gas, Oil and Power section activities within
15 the Fuels and Power Optimization Department have remained the same.

16

17

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1 **Q. Please briefly describe your work experience.**

2 A. I joined Progress Energy Service Company in 2003. Prior to my current
3 position, I served as the Director of Portfolio and Market Risk Assessment
4 through mid 2006, and the Director of Gas and Oil Trading from mid 2006
5 through early 2009. Prior to joining Progress Energy, I spent approximately
6 10 years in management positions at energy trading and asset generation
7 based companies supporting and managing commercial activities.
8 Summary experience over this time period includes gas and power
9 scheduling,, real time power trading, commercial management of gas
10 storage and transportation agreements, commercial management of fuel
11 and power optimization activities for unregulated generation assets,
12 wholesale power agreements, fuel agreements, and corporate planning.

13

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of this testimony is to outline PEF's hedging objectives and
16 activities for 2012, outline PEF's hedging results for January 2011 through
17 July 2011, and summarize PEF's economy purchase and sales savings for
18 the period January 2011 through July 2011.

19

20 **Q. Are you sponsoring any exhibits to your testimony?**

21 A. Yes, I am sponsoring the following exhibits:

- 22 ● Exhibit No. ____ (JM-1P) – 2012 Risk Management Plan (*originally filed on*
23 *August 1, 2011*); and

- 1 • Exhibit No. ____ (JM-2P) - Hedging Results for January 2011 through July
2 2011 (originally filed on August 15, 2011).
3

4 **Q. What are the objectives of PEF's hedging activities?**

5 A. The objectives of PEF's hedging strategy are to reduce price risk and
6 provide greater cost certainty for PEF's customers.
7

8 **Q. Describe PEF's hedging activities that the company will execute for
9 2012.**

10 A. PEF will hedge a percentage of its projected natural gas, heavy oil and light
11 oil burns fuel burns, and a portion of the estimated fuel surcharge exposure
12 embedded in PEF's coal river barge and railroad transportation agreements.
13 PEF will utilize approved physical and financial agreements. With respect to
14 to hedging activity, natural gas represents the largest component of PEF's
15 overall hedging activity given its the largest fuel cost component. PEF's
16 target hedging percentage ranges are between ■■■ to ■■■ of its current
17 2012 forecasted calendar annual burns. The current expectation is for PEF
18 to hedge at least ■■■ of its forecasted natural gas burn projections for
19 2012. Hedging in this range will allow PEF to monitor actual fuel burns,
20 updated fuel forecasts and make any adjustments if needed. With respect
21 to heavy oil and light oil, PEF will target to hedge at least ■■■ and ■■■,
22 respectively, of the current forecasted annual heavy and light oil burns for
23 2012. With respect to coal river and rail transportation estimated fuel
24 surcharges, for calendar year 2012 PEF will target to hedge between ■■■

1 to [REDACTED] of the estimated fuel surcharge exposure in the coal rail and river
2 barge transportation agreements.

3
4 PEF's hedging activities do not involve price speculation or trying to "out-
5 guess" the market. All hedging transactions are executed at the prevailing
6 market price for any given period that exists at the time the hedging
7 transactions are executed. The results of hedging activities may or may not
8 result in net fuel cost savings due to differences between the monthly
9 settlement prices and the actual hedge price of the transactions that were
10 executed over time. The volumes hedged over time are based on periodic
11 updated fuel forecasts and the actual hedge percentages for any month,
12 rolling period or calendar annual period may come in higher or lower than
13 the target minimum hedge percentages and hedging ranges because of
14 actual fuel burns versus forecasted fuel burns. Actual burns can deviate
15 from forecasted burns because of variables such as weather, unforeseen
16 unit outages, actual load and changing fuel prices. PEF's approach to
17 executing fixed price transactions over time is a reasonable and prudent
18 approach to reduce price risk and providing greater cost certainty for PEF's
19 customers.

20
21 As of August 15, 2011, for 2012 PEF has hedged approximately [REDACTED] of its
22 forecasted natural gas burns, [REDACTED] of its forecasted heavy oil burns and [REDACTED]
23 of its forecasted light oil burns. In addition, as of August 15, 2011, for 2012
24 PEF has hedged approximately [REDACTED] and [REDACTED] of its estimated fuel

1 surcharge exposure based on the contractual provisions in the coal rail and
2 river barge transportation agreements, respectively. PEF will continue to
3 execute additional hedges for 2012 throughout the remainder of 2011 and
4 during 2012 consistent with its on-going strategy.

5
6 **Q. What were the results of PEF's hedging activities for January through**
7 **July 2011?**

8 A. The Company's natural gas hedging activities for January through July
9 2011 have resulted in hedges being above the closing natural gas
10 settlement prices for the periods of January 2011 through July 2011 by
11 approximately \$125.8 million. The Company's overall fuel oil hedging
12 activities have resulted in hedges being below the closing settlement prices
13 for the periods of January 2011 through July 2011 by approximately \$6.7
14 million. This overall hedge results were driven primarily as a result of
15 continued declines in natural gas prices after the execution of PEF's 2011
16 hedging transactions. The hedging activities were executed consistent with
17 its Risk Management Plan. Although PEF's hedging activity did not result in
18 net fuel cost savings, the activities did achieve the objective to reduce the
19 impacts of fuel price risk and provide greater cost certainty for PEF's
20 customers.

21
22 **Q. What are the results of the economy purchase and sales power**
23 **activity for January 2011 through July 2011?**

1 A. During the period January 2011 through July 2011, PEF has made
2 economic energy purchases and wholesale power sales to third parties that
3 resulted in net savings of approximately \$14.9 million and \$0.3 million,
4 respectively.

5

6 **Q. Does this conclude your testimony?**

7 A. Yes.

Exhibit No. ____ (JM-1P)

REDACTED

“2012 Risk Management Plan”

(originally filed on August 1, 2011)



**Progress Energy Florida, Inc.
Risk Management Plan for
Fuel Procurement and Wholesale Power Purchases
For 2012**

Progress Energy Florida, Inc. (PEF) is submitting its 2012 Risk Management Plan for review by the Florida Public Service Commission. The Risk Management Plan includes the required items as outlined in Attachment A of Order No. PSC-02-1484-FOF-EI and specifically items 1 through 9, and items 13 through 15 as set forth in Exhibit TFB-4 to the prefiled testimony of Todd F. Bohrmann of Docket No. 011605-EI and further clarified in Order No. PSC-08-0667-PAA-EI of Docket No. 080001-EI

Several groups play key roles in the management, monitoring, and execution of the activities outlined in PEF's Risk Management Plan. These groups include Fuels and Power Optimization (FPO), Enterprise Risk Management (ERM), which includes Corporate Credit and Risk Analytics and Reporting, Regulated Back Office, Wholesale Contracting and Inventory Accounting, Audit Services, Legal and IT Development and Support. The activities supported by these groups include the following: procuring competitively priced fuel, performing active asset optimization and portfolio management, executing PEF's hedging strategy, monitoring and reporting against established oversight limits for credit and margin limits, hedging and procurement, performing credit evaluations and monitoring credit and default exposure, performing deal validation, volume actualization, preparing and reviewing transactions and contracts, preparing journal entries to account for fuel and power related activities, performing billing and payments under the various fuel and purchased power contracts, performing audits, and maintaining and supporting needed systems to capture, track and account for these activities.

Based on the July 2011 Fuels and Operations Forecast (FOF), PEF's estimated fuel consumption and economy transaction projections for 2012 based on the FOF are as follows:

Coal

Based on current projections, PEF forecasts to burn approximately [REDACTED] tons of coal in 2012. PEF's forecasted coal requirements for 2012 will primarily be purchased under term coal supply agreements. The coal supply will be delivered to PEF's plants via railroad and barge transportation agreements. Spot purchases will be made as needed to supplement the term purchases.

Heavy Oil

Based on current projections, PEF forecasts to burn approximately [REDACTED] barrels of heavy oil in 2012. PEF's forecasted heavy oil requirements for

2012 will be purchased under a term supply agreement with flexible volume provisions at indexed market prices. Spot market purchases will be made as needed to supplement term purchases.

Light Oil

Based on current projections, PEF forecasts to burn approximately [REDACTED] barrels of light oil in 2012. PEF's forecasted light fuel oil requirements for 2012 are expected to be purchased primarily under term supply agreements with flexible at indexed market prices. Spot market purchases will be made as needed to supplement term purchases.

Natural Gas

Based on current projections, PEF forecasts to burn approximately [REDACTED] of natural gas in 2012, comprised of approximately [REDACTED] at PEF's generating plants and [REDACTED] at gas-tolling purchased power facilities where PEF has the responsibility to provide the natural gas. PEF's forecasted natural gas requirements for 2012 are expected to be purchased primarily under term supply agreements based on market index pricing, with supplemental monthly and daily purchases of natural gas being made as needed.

Economy Power Purchases and Sales

Based on current projections, PEF forecasts to purchase approximately [REDACTED] of economy power and sell approximately [REDACTED] of economy power in 2012. PEF actively seeks to purchase and sell economy power as opportunities arise based on market prices, dispatch costs and available transmission capacity.

Item 1. Identify the company's overall quantitative and qualitative Risk Management Plan Objectives.

PEF's identified 2012 Risk Management Plan Objectives are to effectively manage its overall fuel and purchased power costs for its customers by engaging in competitive fuel procurement practices and activities, performing active asset optimization and portfolio management activities, and continuing to execute the company's hedging program to reduce price risk and provide greater costs certainty for PEF's customers. These items are discussed further in Item 8.

Item 2. Identify the minimum quantity of fuel to be hedged and the activities to be executed during the remainder of 2011 and during 2012

PEF utilizes a phased hedging program where hedge transactions are executed over time with the objective of reducing price risk and providing greater costs certainty for PEF's customers. The hedging program includes executing approved agreements over a rolling 36-month period through time for natural gas, heavy oil, and light oil. Natural gas hedging activity represents the largest component of PEF's hedging program as natural gas represents the largest fuel cost component of PEF's overall generation fuel costs.

The volumes hedged over time represent a portion of PEF's forecasted burns with higher hedging target ranges in the near term and lower hedging target ranges in the outer period. The hedge percentage target ranges outlined provide a framework for consistently executing the layered hedging strategy over time. PEF cannot predict future prices and PEF's hedging program does not involve speculation or trying to "out-guess" the market. All hedges are executed at the prevailing market price for any given period that exists at the time the hedging transactions are executed. The results of hedging activities may or may not result in net fuel cost savings due to differences between the monthly settlement prices and the actual hedge price of the transactions that were executed over time. The volumes hedged for each fuel type over time are based on periodic updated fuel forecasts and the actual hedge percentages for any month, rolling period or calendar annual period may come in higher or lower than the target minimum hedge percentages and hedging ranges because of actual fuel burns versus forecasted fuel burns. Actual burns can deviate from forecasted burns because of dynamic variables such as weather, unforeseen unit outages, actual load and changing fuel prices. PEF's multi-year approach to executing fixed price transactions over time is a reasonable and prudent approach to reduce price risk and provide greater costs certainty for PEF's customers.

Outlined below for each fuel type and exposure are the targeted minimum hedge percentages to be hedged for the remainder of 2011 and 2012:

Natural Gas

Natural gas represents PEF's largest fuel cost component and represents the largest component of PEF's hedging activities. PEF's plans to continue to execute its existing phased hedging program over a 36-month rolling time period through time for natural gas through the remainder of 2011 and during 2012. The currently approved rolling hedge percentage that is outlined in PEF's Fuels and Power Optimization Risk Management Guidelines are as follows:

- [REDACTED]

- [REDACTED]
- [REDACTED]

PEF will target to hedge a minimum of [REDACTED] and [REDACTED] of forecasted natural gas burns for the rolling 36-month time period through time, respectively, during the remainder of 2011 and 2012. Given PEF's hedging strategy, PEF will continue to participate in spot natural gas prices for a portion of its estimated natural gas needs.

Light Oil and Heavy Oil

With respect to light oil forecasted to be burned at PEF's owned generation facilities for calendar year 2012 and 2013, during the balance of 2011 and during 2012, PEF will target to hedge a minimum of [REDACTED] of its forecasted light oil burns for the calendar periods of 2012 and 2013. PEF is targeting to hedge a lower percentage of light oil versus natural gas for the following reasons: 1) unlike natural gas, the financial market for light oil are less liquid than natural gas and typically does not trade for periods beyond 18 to 24 months into the future and 2) light oil represents a smaller component of projected fuel costs.

During the balance of 2011 and during 2012, with respect to forecasted heavy oil burns at PEF's owned generation facilities, PEF hedging targets are [REDACTED] to [REDACTED] of its forecasted burns for calendar year 2012. The current expectation is for PEF to hedge a minimum of [REDACTED] of its forecasted heavy oil burns for calendar year 2012. PEF will continue to evaluate heavy oil burn forecasts for 2013 and 2014 but does not anticipate executing additional heavy oil hedges for these periods.

PEF will continue to monitor actual light and heavy oil burns, review updated fuel forecasts throughout the year and make adjustments if needed.

Coal Rail and River Transportation Fuel Surcharges

During the balance of 2011 and during 2012, with respect to coal river and rail transportation estimated fuel surcharge exposure, PEF will target to hedge between [REDACTED] to [REDACTED] of the estimated fuel surcharge exposure for calendar year 2012, and a minimum of [REDACTED] of the of the estimated fuel surcharge exposure for calendar year 2013.

Summary

As PEF moves through the remainder of 2011 and during 2012, PEF will continue monitor its fuel forecast and will continue to execute hedges over time to attempt to manage to the hedge percentage targets outlined for a portion of its projected burns for natural gas, light oil, heavy oil, and estimated coal rail and river transportation fuel surcharge exposure. This hedging approach is consistent with PEF's existing strategy and allows PEF to continue to monitor the market and fuel forecast updates. The hedging

targets for each of the respective periods are included in PEF's FPO Risk Management Guidelines in Attachment A.

Item 3. Identify and quantify each risk, general and specific, that the utility may encounter with its fuel procurement.

PEF has identified specific and general risks associated with the procurement of fuels and power optimization activities. The specific risks include fuel price risk, supplier performance and default risk, liquidity risk, credit risk, product availability risk, and changes in forecasted volumes. The general risks include weather related events such as hurricanes, extreme weather variations from forecast, and business continuity. Described below are the specific and general risks that PEF is exposed to and the activities that PEF undertakes to manage overall exposure to these risks. In addition, the processes that PEF has in place to monitor and quantify these risks are also described.

Fuel Price Risk

PEF's customers are exposed to the risk of fuel price movements which could result in significant variability in projected and actual fuel costs. For natural gas, heavy oil and light oil, the physical fuel is procured under standard industry contracts that are based on published market index pricing that exists during the time periods the fuel is delivered. The published market index prices paid by PEF for these fuels will fluctuate with daily changes in market prices until the respective first of the month market index or daily-published market index price settles and the product is delivered. For coal, PEF executes standard industry supply agreements to fix and/or collar the price of the underlying coal but is exposed to fuel surcharges in the transportation agreements. Absent hedging as defined by Order No. PSC-02-1484-FOF-EI (i.e. the Hedging Order), Order No. PSC-08-0667-PAA-EI (i.e. Clarifying Hedge Order), and PSC-09-0349-CO-EI (i.e. Transportation Surcharges), and fixed price coal supply contracts, the projected fuel costs for coal, natural gas, heavy oil, and light oil fuel purchases could vary significantly due to changing market prices over time.

PEF manages and reduces fuel price risks for a portion of its forecasted natural gas and fuel oil burns, and estimated coal rail and river transportation surcharges by utilizing financial transactions over time. As outlined above, PEF enters into standard industry coal supply agreements to fix the price of the underlying commodity exposure. Because of these actions, PEF reduces its overall exposure to changes in projected fuel costs for its customers as agreements have been executed that fixed and/or collar the costs.

With respect to monitoring and quantifying fuel price risk, Enterprise Risk Management (ERM) independently monitors and reports on the percentage of

projected fuel burns that have been hedged under physical and financial agreements as compared to the established procurement targets for each respective product and period. In addition, the Company performs multiple periodic fuel and purchased power cost forecasts updates each year, which incorporate any updates needed for financial and physical hedge positions, fuel and emission prices, unit maintenance schedules, load forecasts, and other operating parameters. The updated fuel and purchased power forecasts are point in time estimates and are summarized and published to ensure there is a regular review of projected fuel and purchased power costs. Lastly, as needed, ERM performs standard statistical stress tests, portfolio analysis, and value-at-risk calculations to determine potential impacts of changing and volatile prices.

Supplier Performance and Default Risk

Supplier performance and default risk represents the risk of financial loss and/or supply loss that PEF could incur if a supplier defaults on a physical or financial obligation and is not able to fulfill the terms of an agreement. The estimated aggregate dollar amount of supplier performance and default risk for the portfolio is based on the volume, duration and price of the agreements as compared to the current estimated market value of the agreements.

PEF reduces supplier performance risk by engaging in business with a number of approved suppliers, executing agreements within contract approval limits and credit parameter limits, monitoring delivery performance of suppliers and, if possible, incorporating contractual provisions that allow for non-performance remedies in the case of default. In addition, if a supplier defaults, PEF also maintains on-site inventories for coal, heavy oil and light oil. For activities associated with hedging under financial agreements, the Credit function within ERM monitors all open positions and reviews the estimated exposure for each third party company on a daily basis to ensure that PEF has the appropriate collateral balances as compared to contractual threshold established.

With respect to monitoring and quantifying the level of supplier performance and default risk in fuel agreements, ERM independently calculates, monitors and reports on the amount of default risk associated with coal, natural gas and fuel oil financial and physical agreements. The review is based on contractual volumes, duration and prices as compared to the current estimated value of the open positions in the agreements that have yet to be delivered or financially settled. See Attachment B for PEF's estimated Portfolio Default Exposure Report as of July 15, 2011.

Liquidity Risk

Liquidity risk represents the risk that PEF could not meet the collateral requirements generated from fuel hedging agreements if fuel prices fall substantially. As discussed above, PEF manages fuel price risk for a portion

of its forecasted fuel costs through the use physical and financial hedging agreements. To manage default risk, most of these agreements contain provisions that require the posting of collateral if contractual thresholds are surpassed. The collateral requirements of the portfolio are based on the volume, duration, prices, and collateral threshold levels of the agreements as compared to the current estimated market value of the agreements.

PEF manages and reduces liquidity risk by conducting business with a number of counterparties to maximize the collateral threshold levels in individual agreements. In addition, PEF has been utilizing hedging agreements with non-marginable provisions that have less impact on collateral requirements and do not require the posting of margin. For activities associated with hedging under financial agreements, the Credit function within ERM monitors all open positions and reviews the estimated market exposure for each third party company on a daily basis to ensure that PEF only posts the appropriate collateral balances as compared to contractual thresholds.

With respect to monitoring and quantifying the level of liquidity risk in fuel agreements, ERM independently calculates, monitors and reports on the amount of liquidity risk associated with coal, natural gas and fuel oil financial and physical agreements. The review is based on contractual volumes, duration and prices as compared to the current estimated value of the open positions in the agreements that have yet to be delivered or financially settled. ERM performs standard statistical stress tests, portfolio analysis and Value at Risk calculations to determine potential impacts on liquidity risk of changing and volatile commodity prices on marginable positions.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") provides for the comprehensive regulation of swaps and security-based swaps, applying in respects to the bilateral and over-the-counter (OTC) derivatives markets. Generally, the Dodd-Frank Act contemplates certain exemptions from the mandatory clearing and exchange trading requirements for certain participants that engage in hedging activities to mitigate or hedge commercial risk. PEF continues to monitor the activities associated with proposed financial regulations and the potential impacts those regulations would have on its hedging transactions. Uncertainty continues because a "swap" under the regulations has yet to be defined. Without this basic definition, it is difficult to fully assess the impact of the rules and their potential impact on market activity. The CFTC has extended the effective-date deadline for some aspects of the legislation until December 31, 2011, and continues to issues a variety of rules and regulations. Until comprehensive final rules are issued, the overall compliance obligation will not be known. However, in general, the proposed regulations are anticipated to cause some changes to the Over the Counter (OTC) derivatives markets that may affect market makers and companies that trade or hedge using

financial products. One of the proposed changes that could affect swap market participants is a requirement to clear OTC derivatives through a central clearinghouse or exchange. This requirement could raise the incremental cost of hedging activities as it may require these counterparties to post additional margin and maintenance margin for OTC derivatives, which would then increase the liquidity requirements needed to support these activities. Currently, PEF has credit collateral thresholds in place with its counterparties that do not require the posting of collateral unless the market value of its hedges drops below the negotiated threshold dollar value. Additionally, PEF has negotiated several bi-lateral non-margin hedging agreements with counterparties where margin posting is not required on certain transactions. Assuming PEF is considered exempt from certain mandatory clearing of OTC derivatives and more stringent collateral requirements under the proposed regulation because its hedging activities are for the purpose of managing its commercial risk for customers and not for speculative trading purposes, PEF may yet be subject to higher incremental costs for hedging transactions because of the margining requirements imposed to counterparties it transacts with. If some of PEF's counterparties are subject to higher liquidity requirements due to the proposed regulation, PEF could be subject to higher incremental costs for hedging transactions in the form of 1) potential increases in bid / offer spreads on market hedge transactions, 2) potential reduction by certain counterparties in the use of non marginable OTC transactions and 3) potential reduction in the number of counterparties who will be available for hedging transactions with PEF.

Credit Risk

On a daily basis, PEF's Credit function within ERM calculates, monitors, and reports on the Company's overall credit risk. The Credit function utilizes industry-specific credit evaluation practices and has specific criteria that are used to measure credit risk and ensure counterparties' credit is monitored and reviewed. The Credit function monitors all positions and reviews the mark-to-market exposure for each third party company to ensure that based on the current market value of open hedge positions and the credit quality of the third party companies the appropriate level of collateral is posted or received as compared to the contractually established threshold. To date, PEF has not experienced any credit losses with respect to its hedging program activities.

With respect to financial transactions, prior to executing any financial transaction with a third party company, two activities take place. First, PEF and the third party company must have an International Swap Dealer Agreement (ISDA) in place. The ISDA is a standard industry contract that is used by industry participants to enter into Over the Counter bi-lateral transactions (OTC transactions). All ISDA agreements are negotiated by the Legal group and reviewed as needed with Credit, FPO and Accounting to ensure the appropriate terms and conditions are included. As part of the

process of setting up a new financial agreement, a credit evaluation is performed on the third party company by the Credit function. There are universal principles of credit strength that are evaluated before credit is granted. Among these principles are company size, industry characteristics and trends, profitability, liquidity, cash flow, interest and fixed charge coverage and capital structure. In addition, industry specific internal evaluation models are used to evaluate third party companies' credit. This model provides an enhancement to the other components of the evaluation. PEF evaluates counterparties using a consistent analytical approach and the credit ratings are based on both external ratings and the evaluation of key counterparty attributes identified as leading indicators for financial performance. The credit rating process includes obtaining counterparty background information, identifying any existing Standard & Poor's (S&P) and/or Moody's ratings for the counterparty, and performing a financial statement analysis. The financial statement analysis includes, but is not limited to, a review of revenue trends, metric calculations and trends evaluation for Free Funds from Operations, Total Debt to Tangible Net Worth, Funded Debt to Capital, Interest Coverage, Operating Cash Flow and Liquidity. If the counterparty is a bank, the Tier I, Tier II and Total Capital Ratios are either researched or calculated and compared to Basel I and Basel II minimums because capital adequacy and liquidity are of paramount importance to the Company's counterparty credit analysis. Banks are also subjected to the calculation of various capital stress ratios. These ratios help identify those institutions who are most likely to have significant financial difficulty with regard to their non-performing assets and problem loans. In addition, company financial information is entered into the Company's proprietary credit model, which generates a score that helps validate existing agency ratings and provides a means to determine if any necessary internal rating adjustments are needed. Once the credit evaluation is complete, a credit rating is assigned to the third party company and, if appropriate, a credit line is extended. The assigned credit rating and credit limit dictate the size and duration of financial hedging transactions that PEF can enter into with a third party company.

There are additional steps that the Credit function may take during times of economic uncertainty and market events such as those that occurred during the financial crisis. For example, during the financial crisis in late 2008 and 2009, the financial counterparties that were categorized as banks were monitored by the Credit function on a more frequent basis. During this time, the banks were monitored as frequently as intraday and are currently being monitored on a quarterly basis. The monitoring activities are comprised of a financial evaluation that includes bank industry, non-performing loan metrics, a review of third party agency ratings and a review of recent news about the company.

As described, on a daily basis the Credit function independently monitors,

calculates and reports on collateral exposure. In addition, with respect to monitoring agreements that require the posting of margin based on established contractual thresholds, the company may ask for margin or send out margin to the third party company to ensure exposures are within established contractual thresholds. See Attachment C for the PEF collateral report as of July 15, 2011.

Product Availability and Changes in Forecasted Volumes

PEF must have access to needed physical fuel supplies, adequate product delivery capabilities and inventory to meet projected fuel requirements. Without access to needed fuel supply and inventory, PEF is exposed to the risk of not being able to economically and reliably dispatch the generation fleet for its customers.

PEF manages and reduces this risk by entering into physical supply contracts, as well as needed pipeline, railroad, barge and trucking agreements for the purchase and delivery of coal, natural gas, heavy oil and light oil that provide the ability to meet projected burns. In addition, PEF maintains on-site inventory for coal, heavy oil and light oil to provide fuel supplies to support on-going operations and ensure supplies are available if unexpected delivery delays, storm curtailments, and events that could affect fuel supply availability. PEF also holds off-site high deliverability natural gas storage capacity that provides additional access for a portion of its natural gas needs when natural gas supplies are curtailed. In addition, PEF's has firm transportation on Gulfstream Natural Gas, Florida Gas Transmission (FGT) and Southern Natural Gas (Sonat), and has access to onshore gas supplies via contractual volumes delivered on Southeast Supply Header, the Transco Mobile Bay South Lateral and purchase for LNG volumes that are delivered out of Elba Island into FGT via the Sonat Cypress Pipeline. PEF monitors actual fuel burns, forecasted fuel burns, and fuel inventory levels. Based on these reviews, PEF may make procurement adjustments to manage any changes to the volume and delivery timing of contracted supplies because of actual burns, changes to forecasted fuel burns and inventory levels that can be caused by economic factors, weather deviations, fuel-switching trends, plant outages, and purchased power opportunities.

With respect to monitoring and quantifying the level of risk associated with ensuring adequate fuel supply, ERM independently monitors and reports on the amount of fuel procured versus projected burns. In addition, the front office performs analyses that quantify the amount of fuel and transportation needed to support projected burns and inventory needs. Lastly, the Company performs periodic forecast for fuel burns and purchased power and produces summary reports for review and monitoring of projected fuel burns.

General Risk

PEF is subject to weather events and hurricanes. As detailed above, PEF reduces the overall risks associated with weather events, storms and other potential fuel delivery curtailments and delays by maintaining on-site inventories and off-site inventories and continuing to diversify its natural gas supply to more secure onshore locations as the Company's overall gas generation has grown. PEF is also subject to events that could require FPO employees to perform required work functions at locations other than their normal work location. With respect to this risk, the FPO Department has business continuity plans in place that are reviewed and tested periodically to ensure that offsite locations are functional.

Item 4. Describe the company's oversight of its fuel procurement activities.

The Board of Directors of the Company has established a Risk Management Policy that directs the Risk Management Committee (RMC) to oversee Progress Energy's financial risks. The RMC is comprised of senior executives from varying functional areas. The RMC is responsible for administering necessary risk management guidelines and policies, and monitoring compliance with these guidelines and policies. In addition, the RMC is responsible for identifying and monitoring corporate financial risks, recommending aggregate market and credit risk allocations as needed for Board of Directors approval, approving risk management guidelines and controls, approving trading products, reviewing credit exposures, and reviewing fuel hedging and procurement activities.

PEF has included the Company's Risk Management Policy and Risk Management Committee Guidelines as Attachments D and E.

With respect to day-to-day independent oversight and controls in place to oversee FPO's activities, the company uses the "three-office" structure which includes FPO (Front Office), ERM (Middle Office) and Regulated Back Office (Back Office) to provide the necessary independent oversight and monitoring of its fuel procurement, power optimization and hedging activities.

The "three-office" structure is an accepted industry practice with the Front Office, Middle Office, and Back Office each functioning as independent departments, which ensures the required segregation of duties and the existence of independent oversight and controls over key activities. In addition, the Legal organization provides critical contractual support to ensure that the Front Office contracts are reviewed with FPO and contain legal provisions to that reduce risks that could affect the Company. The IT Enterprise Application Solution Support organization provides on-going support related to trading system operations and functioning. Treasury and

Disbursement Services provide appropriate support when disbursing funds to counterparties via checks, wires or automated clearinghouse payments. These support organizations are independent from the Front Office.

Front Office

PEF has a structured procurement process where Requests for Proposals are issued periodically to procure needed competitive fuel supply. As noted above, the fuel procurement contracting and settlement activity is supported by the Legal and Regulated Back Office function. Front Office management is responsible for ensuring employees are authorized before they are allowed to trade commodities on the Company's behalf. In addition, there is a corporate approval matrix, which provides the required approvals for fuel related procurement activity based on estimated costs and duration of fuel related contracts. PEF has included the Risk Management Guidelines and Credit Risk Management Guidelines in Attachments A and F. In addition, the Corporate Approval Matrix and the Trader Authorization Form are included as Attachments H and I, respectively.

Middle Office

ERM monitors Front Office activity by quantifying, monitoring, and reporting risks associated with fuel procurement, power optimization and hedging activities. ERM is accountable to the enterprise for independent oversight, measurement, and reporting of Front Office activities to management. ERM monitors and reports on Front Office activities and will report immediately any non-compliance as required within the reporting and control limit structures as defined by the Risk Management Guidelines. Lastly, ERM publishes credit limit and exposure reports to ensure that counterparty credit limits are monitored and adhered to and administers margin activity as required under agreements with counterparties to reduce credit and default risk.

Regulated Back Office

Accounting is also independent from Front Office and performs the following control functions, among other things, on a daily, weekly or monthly basis: deal validation, transaction confirmations, close accounting, general ledger balance sheet account reconciliations, settlements/cash transfers, processing payments/receipts, accounting for hedging activities and derivatives, and performing certain compliance activities as defined and/or required by various regulatory agencies (e.g. Securities and Exchange Commission, Financial Accounting Standards Board, Federal Energy Regulatory Commission, Public Service Commission). Related to accounting for hedging activities and derivatives, Progress Energy's Derivatives policy is followed. This policy is reviewed and updated as necessary at least annually.

Item 5. Verify that the utility provides its fuel procurement activities with independent and unavoidable oversight.

As described in Item 4, the Company has a robust independent oversight culture and organizational design with processes in place to ensure the identification, monitoring, and reporting of risks accompanying independent controls for monitoring and reporting on fuel procurement, power optimization, and hedging activities. The key components of the oversight functions and processes are further described below.

Risk Management Committee (RMC)

The Company's Board of Directors has established a Risk Management Policy that directs the RMC to oversee PEF's financial risks. The RMC members are as follows:

- Chairman, President, & Chief Executive Officer – Progress Energy, Inc.^{1,2}
- SVP & Chief Financial Officer (Chair)^{1,2}
- President & Chief Executive Officer – Progress Energy Carolinas³
- EVP – General Counsel & Corporate Secretary^{1,2}
- SVP – Corporate Development & Improvement^{1,2}
- VP – Legal¹
- VP – Treasurer & Chief Risk Officer¹

The RMC assesses and monitors financial risks. This includes reviews of hedging and fuel procurement as well as market and credit risk exposures. In addition, the RMC approves the Risk Management and Credit Risk Management Guidelines including approval for any new products and strategies.

Enterprise Risk Management (ERM)

The Company has an independent ERM section, which is overseen by the Director of ERM who reports to the Treasurer and CRO. The ERM group is comprised of a Corporate Credit function section and a Risk Analytics and Reporting function. ERM's credit function provides independent credit evaluation of trading and procurement counterparties, performs credit reviews of the company's suppliers and customers, and assists in drafting and reviewing credit language in various agreements, and monitors and reports on credit exposures daily. ERM's Risk Analytics and Reporting function independently reports on fuel procurement and hedging activities and performs independent analysis as required. ERM independently prepares credit and risk summary reports, validates positions, performs mark-to-market

1. Officer of PEC and PEF.
2. Director of PEC and PEF.
3. Officer and Director of PEC only.

calculations, administers margin activity with counterparties, and performs independent reviews of company activities as required.

Guidelines

As part of the overall risk management structure and oversight process at the company, the Risk Management Guidelines and Credit Risk Management Guidelines have been established and are reviewed, updated and approved by the RMC at least annually.

PEF's Risk Management Guidelines provide the methods to assess, quantify, report, and monitor the activities associated with fuel procurement contracts, fuel hedging activities, and power activities. In addition, these Guidelines outline approved products, approved periods, and risk parameters such as reporting and control limits for margin capital, credit exposure, Value at Risk (VAR), and annual hedging targets. PEF's Credit Risk Management Guidelines provide the methodology to evaluate, measure, mitigate, and report credit associated with FPO activities. In addition, the Credit Risk Management Guidelines outline specific contract duration criteria for counterparties based on standard industry credit metrics and methods.

Audit Services

Audit Services provides independent assurance and consulting services that ensure compliance, effective corporate governance, adherence to established procedures and operational effectiveness for all major areas of the Company. With respect to FPO activities, Audit Services performs periodic audits that focus on items such as compliance with established procedures, off premise activity, payment terms under fuel contracts and other trading and procurement activities.

Legal and Regulated Back Office

Legal is involved with performs contract reviews with the Front Office during drafting and prior to final execution. In addition, Regulated Back Office performs, among other things, on a daily, weekly or monthly basis, deal validation, transaction confirmations, close accounting, general ledger balance sheet account reconciliations, settlements/cash transfers, processing payments/receipts, accounting for hedging activities and derivatives, and performing compliance activities as defined and required.

Item 6. Describe the utility's corporate risk policy regarding fuel procurement activities.

The utility risk policy requires the oversight of the Company's business and financial risks. As described in detail in item 4 the company has developed management oversight functions and processes, specific guidelines, approval processes and procedures that must be followed with respect to fuel

procurement, power optimization and hedging activities. PEF has included the Company's Risk Management Policy, the Company's Risk Management Committee Guidelines and the Corporate Approval Matrix as Attachments D, E and H. The fuel purchase and related activities are identified under the Commodity Transaction Approval section within The Corporate Approval Matrix.

Item 7. Verify that the utility's corporate risk policy clearly delineates individual and group transaction limits and authorizations for all fuel procurement and hedging activities.

The utility has approval requirements, guidelines and trader authorizations in place that outline authorizations for fuel procurement and hedging activities. PEF has included the Company's Risk Management Guidelines in Attachment A. These guidelines outline allowed products, roles and responsibilities of each group, deal execution processes, control limits such as volumetric, tenor and liquidity limits as well as deal validation and valuation processes. Additionally, the Corporate Approval Matrix outlines the approval requirements for procurement activities for respective management levels based on the tenor and estimated dollar amounts of agreement. Lastly, the trader authorization forms identify the trader level approval limits with approved products, approved commodities and periods. The Corporate Approval Matrix and the Trader Authorization Form are included in Attachments H and I, respectively. The fuel purchase and related activities are identified under the Commodity Transaction Approval section within The Corporate Approval Matrix.

Item 8. Describe the utility's strategy to fulfill its risk management objectives.

As outlined in Item 1, PEF's 2012 Risk Management Plan objectives are to effectively manage its overall fuel and purchased power costs for its customers by engaging in competitive fuel procurement practices and activities, performing active asset optimization and portfolio management activities, and continuing to execute the company's hedging program to reduce price risk and provide greater costs certainty for PEF's customers. Outlined below is the strategy to fulfill the risk management objectives.

First, the strategy is executed by experienced professionals who conduct and execute their activities to achieve the objectives of the plan.

One of the components of PEF's Risk Management Plan objectives is to engage in competitive fuel procurement practices. Examples of the strategy executed to fulfill this objective include the issuance of periodic RFP's to

solicit competitive term supply bids for coal, natural gas and fuel oil. In addition, PEF actively manages its day-to-day fuel needs and participates in the short-term market place to access competitive supply and work closely with suppliers as needed. With respect to the strategy executed to achieve the objective of performing active asset optimization and portfolio management activities, the Portfolio Management Unit within FPO performs daily forecast to determine optimal unit commitment and dispatch based on generations costs and market prices, and together with the Power Trading Unit within FPO, monitors the hourly cost to dispatch the generation fleet compared to available market opportunities. The Power Unit actively seeks opportunities to execute economic purchases and sales that reduce costs for the customers. Lastly, with respect to the strategy executed to fulfill the objectives of the hedging program, PEF by virtue of locking in fixed price for a portion of forecasted usage over time via its hedging program, achieves this objective as a portion of PEF's fuel costs are no longer subject to changing fuel markets.

Along with the examples noted above, PEF's Risk Management Plan activities, are governed by independent controls and audits, strong processes, appropriate organizational design and oversight, deal approval requirements, and the existence of the needed guidelines and procedures. The Company has established controls, guidelines, procedures and organizations to support and independently monitor fuel procurement, hedging and power optimization activities. As noted in items 4 and 5, the Company has a robust oversight culture and processes that includes oversight by the RMC, periodic audits by Audit Services, and independent reporting and credit monitoring by ERM to ensure adherence to established guidelines and procedures.

Item 9. Verify that the utility has sufficient policies and procedures to implement its strategy.

PEF maintains sufficient guidelines and procedures to implement its strategy. Please see Attachment G for a summary listing of the applicable guidelines and procedures.

Item 13. Describe the utilities reporting system for fuel procurement activities.

The Company utilizes multiple systems and applications to track, record, account, and report on executed fuel procurement activities. Descriptions of the primary systems, software and other tools are provided below.

Forecasted fuel burns are prepared by the Company using a production cost

simulation model called GenTrader. Fuel and other commodity price forecasts, load forecasts, purchased power deal information, generating unit operating characteristics, maintenance schedules, and other pertinent data are input into GenTrader which then simulates the system and computes a projected fuel burn requirement.

Aligne is a software application used by the Company to capture natural gas physical procurement transactions as well as financial natural gas, heavy oil and light oil transactions. In addition to deal capture, Aligne is used for deal valuation, position management, mark-to-market calculations and settlements. Aligne is integrated with the Gas Management System (GMS) which is a natural gas scheduling tool used to match supply and deliveries. Once volumes are updated in GMS with actual volumes, there is a process that systematically updates the physical deals in Aligne.

The GMS is a software application used by the company to match supply, transport and deliveries for natural gas purchases, sales and transport activity and the administration of associated contracts. The system is integrated with Aligne as outlined above, which provides for greater efficiency and controls for gas related activities.

Fuelworx is a software application used by the company to capture and track physical procurement activity for coal and fuel oil. The system assists with administering contract terms and conditions, maintaining inventory levels, capturing fuel consumption information, and issuing monthly closeout processes, including invoicing, and settlements.

Front Office, ERM and Accounting utilize other programs such as Business Objects and Excel to summarize, evaluate and report on fuel procurement transactions, and counterparty credit evaluations. In addition, ERM maintains an Oracle database that stores market prices for various commodities and locations. Lastly, ERM's Analytics group utilizes Matlab, a computer programming language, to calculate VAR and run other scenarios as needed by the business units.

Lastly, the Company has agreements with vendors to provide real time pricing feeds to monitor real-time natural gas, fuel oil and power market prices.

Item 14. Verify the utility's reporting system and other tools consistently and comprehensively identifies, measures and monitors all forms of risk associated with fuel procurement activities.

As outlined in the response to item 13, the Company utilizes several applications to ensure procurement and hedging activities are captured,

measured, monitored, confirmed, accounted for and reported. The company uses standard industry reporting templates, valuation techniques and applications. The current applications utilized by the company provide the necessary functionality for capturing deals, summarizing fuel positions, calculating mark-to-market valuations, calculating credit and collateral exposures, generating confirmations, supporting billing and payment requirements, and maintaining needed historical information such as prices and trade data.

Item 15. If the utility has current limitations in implementing certain hedging techniques that would provide a net benefit to ratepayers, provide the details of a plan detailing the resources, policies, and procedures for acquiring the ability to use effectively the hedging techniques.

PEF does not believe that there are any current limitations to execute its hedging strategy in a reasonable and prudent manner.

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**PEF Fuels & Power Optimization Risk
Management Guidelines
(ERM-SUBS-00015)**

(25 pages)

Attachment B

REDACTED

Regulated Fuels Hedging Portfolio
 Total Default Exposure (MtM) by commodity

Report Date: 7/15/2011
 As of: 7/14/2011

Progress Energy Florida, Inc.

\$ in millions

Commodity	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total
Gas^A										
Fixed Price Physical										
Fixed Swaps										
Financial Options										
Oil^B										
Fixed Swaps No.6										
Financial Options No.6										
Fixed Swaps No.2										
Financial Options No.2										
Coal^D										
Fixed Priced										
Collar Priced										
Market Priced										
Ammonia^E										
Fuel Surcharge^F										
Barge										
Rail										
PEF Total										

Notes

[Redacted Notes]

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PEF Collateral Summary

(1 page)

Attachment D

Risk Management Policy

Overview

The Risk Management Policy applies to Progress Energy and its affiliates (the Company).

For the purpose of this policy, risk is defined as exposure to unfavorable changes in company cash flows resulting from business outcomes differing from corporate objectives. The Company recognizes that there is in each of its businesses a financial risk profile. It is the general philosophy of the Company that management is expected to identify such risks and take appropriate steps to mitigate and manage these risks.

Risk management is the process of identifying and measuring risks, and developing and implementing strategies based on the company's risk tolerances. While line management is ultimately accountable and responsible for risk management, the Company has established a Risk Management Committee to provide guidance and direction in the identification and management of risk.

Risk Management Committee

The Risk Management Committee (RMC) oversees the company's financial risk management. The RMC is comprised of the Chief Financial Officer (CFO) and other senior executives. The CFO acts as the chair of the RMC and may act on its behalf to expedite matters of urgency.

The RMC is responsible for:

- Identifying, assessing, and monitoring corporate financial risks
- Recommending aggregate market and credit risk allocations for Board of Director approval
- Approving risk management guidelines and controls, risk analytics and risk management products
- Reviewing general business conditions, market and credit risk exposures, and broad strategies and performance reports
- Reporting policy and guideline compliance and summary risk exposures to the CEO, Board of Directors and Finance Committee on a regular basis.

The CEO is ultimately responsible for the company's management of risk.

Risk Management Policy

Risk Management Tools

The three tools used to control financial risk are contractual terms, insurance and derivatives. Terms in contracts with suppliers and customers should adequately address financial risks and follow the approval process in various company areas. The use of insurance to control company risks should be coordinated through the Treasurer of Progress Energy.

The use of derivatives is more complex and embodies risks not typically found in contractual and insurance risk management tools. Derivatives are financial contracts which derive their value from the price and other properties of an underlying commodity or financial instrument. For instance, derivatives such as forwards, futures, options and swaps can be used to make prices fixed or floating, or with price caps or floors.

Providing the use of derivatives falls within the guidelines and controls approved by the Risk Management Committee, derivatives may be used to:

- Provide alternative pricing structures for raw materials (such as fuels) purchased for use in business activities
- Provide alternative pricing structures for electricity and fuel sales or purchases
- Provide electricity and fuel supply flexibility (e.g. the use of options and futures)
- Adjust, as necessary, prices from floating to fixed or from fixed to floating
- Lock-in costs for projected financing transactions
- Provide the ability to call bonds and preferred stock through the use of embedded options
- Lock-in common share prices for share repurchases or acquisitions.

With the exception of derivatives authorized for trading purposes by the Risk Management Committee, derivatives should be used to produce a measurable offset to price risk related to business activities. The use of derivatives for trading should be monitored by the RMC and strictly controlled through the use of trading limits and adequate operational controls.

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Risk Management Committee Guidelines

(RMC-1)

(4 pages)

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**Fuels and Power Optimization Credit
Risk Management Guidelines
(ERM-SUBS-00020)**

(12 pages)

Attachment G

Progress Energy Florida Guidelines and Procedures

Document Number	Document Title	Document Summary
ACT-SUBS-00002	Progress Energy Corporate Approval Level Policy	The Approval Level Policy governs the approval levels of Progress Energy, Inc. regulated legal entities that utilize the services of the Disbursement Services Unit in the Progress Energy Service Company, LLC (SVCO).
ACT-SUBS-00074	Progress Energy, Inc. Derivative Policies and Practices	This policy governs the application of Accounting Standards Codification (ASC) section 815, Derivatives and Hedging, as amended (ASC 815), to the evaluation and treatment of derivative financial instruments in the Company's consolidated financial statements, as well as the financial statements prepared by its subsidiaries, for external financial reporting purposes in accordance with GAAP.
ACT-SUBS-00318	FPO New Product Approval Process	A core function of a trading and marketing operation is the development of new products.
ADM-FPOX-00004	Coal Replenishment Process	This document covers the activities necessary to ensure that inventory levels are monitored to determine if coal purchases are necessary. Monthly coal shipments are scheduled to plants to support projected burn and inventory requirements. Coal inventory plans are updated as necessary.
ADM-SUBS-00046	Fuelworx User Access & Security	This procedure outlines the process required to obtain access to the Fuelworx system.
EMG-PGNF-00002	Fuel Oil Emergency Procedure - PEF	This procedure outlines the process required when a fuel oil emergency occurs.
ERM-FPOF-00003	Fuels and Power Optimization Florida Standard Credit Analysis and Rating Procedure	There are universal principles of credit strength that should be evaluated before credit is granted. Among these are company size, industry characteristics and trends, profitability, liquidity, cash flow, interest and fixed charge coverage and capital structure. Both external (third party) and internal evaluations should be used to qualify counterparties for credit.
ERM-FPOF-00004	Fuels and Power Optimization Florida Credit Line Violation Procedure	Credit violations occur when credit exposure exceeds defined counterparty credit limits, and transactions are executed which exceed defined maturity limits.
ERM-FPOF-00005	Fuels and Power Optimization Florida Credit Exposure and Risk Measurement Procedure	Credit exposure and risk is measured to determine and assess compliance with defined counterparty corporate credit limits and to evaluate the stability of the credit portfolio.
ERM-FPOF-00006	Fuels and Power Optimization Florida Credit Mitigation Tool Procedure	Credit mitigation is a process whereby credit enhancements are obtained to reduce or transfer counterparty credit exposure.
ERM-FPOF-00007	Fuels and Power Optimization Florida Credit reporting procedure	Credit risk management reporting is a mechanism used to monitor and communicate credit risk exposures to Fuels and Power Optimization Florida commercial operations (PEF FPO) management, Treasury - Enterprise Risk Management (ERM) and the Risk Management Committee.
ERM-FPOF-00009	Fuels and Power Optimization Florida Credit Review Procedure	Credit reviews are conducted by Corporate Credit to affirm existing external and Progress Energy (PE) equivalent ratings and corresponding credit lines.
ERM-FPOF-00013	Fuels and Power Optimization Florida Enhanced Credit Analysis Procedure	This procedure defines the universal principles of credit strength that should be evaluated before credit is granted.
ERM-FPOF-00014	Fuels and Power Optimization Florida Credit Line Exception Procedure	Credit exceptions are initiated when PEF FPO personnel desires credit in excess of maximum credit lines and/or maximum maturities. Exceptions may also be requested to obtain credit for counterparties who do not meet defined credit criteria.
ERM-FPOF-00015	Fuels and Power Optimization ICE Management Procedures	IntercontinentalExchange ("ICE") is an electronic trading platform for energy trading and price discovery.
ERM-FPOF-00017	Fuels and Power Optimization Florida Credit Request Procedure	PEF FPO personnel are responsible for requesting and obtaining a credit line from Corporate Credit prior to entering into energy trading transactions with a counterparty.
ERM-FPOF-00018	Fuels and Power Optimization Florida Default Exposure and Risk Measurement Procedure	This procedure defines how the default exposure and risk is measured to determine the operation risks that could result from counterparties defaulting on an "in-the-money" contract.
ERM-FPOF-00019	Fuels and Power Optimization Florida Corporate Credit Non-Standard Credit Analysis and Rating Procedure	There are companies that fall outside the energy industry or do not have the same financial information as standard energy trading companies that must be evaluated before credit is granted. To that end, credit analysis should follow the generally accepted financial ratio analysis methods for determining creditworthiness.
ERM-SUBS-00015	PEF Fuels & Power Optimization Risk Management Guidelines	The objective of these guidelines is to provide a methodology to assess, report and mitigate the applicable risks as referenced and identified in the Risk Management Committee guidelines.
ERM-SUBS-00020	PEF Fuels and Power Optimization Credit Risk Management Guidelines	The objective of these guidelines is to provide Progress Energy Florida (PEF) with a methodology to evaluate, measure, mitigate, and report credit risk associated with Fuels and Power Optimization (FPO) trading, marketing, and procurement activities.
MCP-FPOX-00005	Coal Procurement Procedures	To describe the coal purchasing process.
MKT-FPOF-00045	FPO Long-Term Firm Natural Gas Transportation Process - Florida	This procedure defines the process by which Progress Energy Florida ("PEF") procures reliable and competitively priced long-term firm transportation for PEF for a term of one year or greater to meet projected long-term needs for owned generation facilities and tolled generation facilities where PEF has responsibility for the natural gas supply.

Attachment G

Progress Energy Florida Guidelines and Procedures

Document Number	Document Title	Document Summary
MKT-FPOF-00052	FPO – PEF Short-Term Gas Procurement and RFP Procedure	The purpose of this procedure is to ensure Progress Energy Florida (PEF) is procuring competitively priced natural gas to meet its shorter-term projected fuel needs at its owned and tolled gas generation facilities. For clarity, short-term procurement activities typically are for the current year and the following year for which natural gas supplies are projected to be needed to meet PEF's annual, seasonal, monthly, and/or daily needs at its owned and tolled generation gas needs. There may be instances due to timing and business needs, there is an overlap between activities that are defined as the short-term period and activities that are defined as the long-term period. In following this procedure, it may also be necessary for PEF to have related capacity release activities that need to be followed which are outlined in the Short-Term Transportation Capacity Procedure (MKT-FPOF-00057).
MKT-FPOF-00057	FPO-PEF Short-Term Transportation Capacity Procedure	This procedure defines the process by which the Gas Trader procures short-term capacity based on projected need and ensures compliance with FERC capacity release regulations.
MKT-FPOF-00073	FPO - PEF Long-Term Gas Supply Process	The purpose of this process is to ensure that PEF is procuring a reliable and competitively priced long-term natural gas supply via a structured solicitation approach over time to meet forecasted gas-fired generation needs.
MKT-FPOF-00087	FPO - PEF Long-Term Oil Procurement & RFP Process	The purpose of this process is to ensure that appropriate volumes of competitively priced fuel oil and transportation are available for Progress Energy Florida (PEF) native load oil-fired generation in order to meet peaking and baseload fuel oil requirements, utilizing approved processes and procedures.
MKT-FPOF-00088	FPO - Spot Market PEF Oil Procurement Process	To ensure that appropriate volumes of competitively priced fuel oil are available for Progress Energy Florida (PEF) native load oil-fired generation in order to meet peaking and base load fuel oil requirements, utilizing approved processes and procedures. The purpose of this Spot Market PEF Oil Procurement Process is to describe the process to acquire fuel oil in addition to what is available under long term contracts.
MKT-FPOX-00016	FPO Power Trading Deal Confirmation Procedure	This procedure outlines the confirmation requirements for power transactions consummated on a recorded telephone line or recorded instant messenger window. This procedure is designed to complement, but not replace the FPO Energy Trade Ticket Process and the Power Real Time Trading Process.
MKT-FPOX-00023	FPO Trader Authorization and Removal Procedure	The Trader Authorization form has been developed to ensure that Gas, Oil and Power Traders understand their authorized trading boundaries, including limitations specifically placed by the FERC on PEC's and PEF's wholesale power sales.
MKT-FPOX-00024	FPO Simultaneous Power Purchase and Sale Procedure	This procedure describes the appropriate use of Network Transmission Service. It specifically addresses appropriate trading activity during periods when Progress Energy is importing purchased energy and exporting energy through opportunity sales.
MKT-FPOX-00025	FPO Designation of Network Resources Procedure	This procedure describes the procedures for the designation of Network Resources; the circumstances in which a seller of energy may designate the sold energy as a Network Resource; the circumstances in which a purchaser of energy from a third party may designate the purchase as a Network Resource; and the procedures for undesignating and redesignating Network Resources.
MKT-FPOX-00026	FPO NERC E-Tag for Physical Power Deals	Define process developed to ensure compliance with NERC Interchange (INT) Standards; specifically, those related to the completion and validation of NERC E-Tag electronic documents for physical power transactions.
MKT-FPOX-00028	FPO Energy Trade Ticket Process	This procedure defines the set of tasks that must be taken to complete a trade ticket for a power deal with a third party.
MKT-FPOX-00029	FPO Forward Sale Procedure for Excess Generation	This procedure applies to forward power sales of PEC and PEF excess generation beyond one month and out to twelve months. This procedure defines the methodology and modeling used to determine MW availability and costs of excess generation, the execution strategy, and reporting requirements to ensure Compliance.
MKT-FPOX-00035	FPO – Power Real Time Trading Process	This procedure defines the tasks necessary to complete On System Power Deals.
MKT-FPOX-00090	FPO Operational Communications	The purpose of this procedure is to establish processes for routine daily / hourly communications between FPO Power Trading Operations section and FPO Portfolio Management unit as they interact with Transmission Operations and Planning personnel at the respective Energy Control Centers (ECCs).
MKT-FPOX-00091	Operational Post Analysis and Transaction Costing Process	This procedure establishes the process for Operational Post Analysis and after-the-fact costing (Recosting) of excess generation sales and economy purchases.
MKT-FPOX-00092	FPO Credit Monitoring Procedure	Counterparty Credit exposure is a significant part of trading risk and must be carefully monitored to insure the company avoids unnecessary exposure. This procedure provides detailed operational procedures for the monitoring of credit exposure with trading counterparties.
MKT-FPOX-00093	FPO – PEC and PEF Gas Trading Procedure for Off-Premise Transactions	This procedure defines the process in which off-premise gas procurement, scheduling and trading shall be conducted.
MKT-FPOX-00094	FPO – PEC and PEF Oil Procurement Procedure for Off-Premise Transactions	This procedure defines the process in which off-premise oil procurement (physical spot purchase) shall be conducted with a supplier not under current contract.
MKT-SUBS-00026	Mid-Term Marketing Compliance Guidelines	This procedure provides Mid-Term Marketing compliance guidelines for Fuels and Power Optimization Department (FPO) and Efficiency and Innovative Technology Department (EIT). This procedure is designed to provide a deal structuring and approval process that meets the decision and approval timeline requirements of the short term market. This procedure provides the minimum approval requirements. Specific transaction details may warrant the utilization of the Term Marketing Compliance Guidelines at management discretion.
MNT-SUBS-00003	Generating Unit Maintenance Scheduling	This procedure establishes the process for the development and revision of the Generating Unit Maintenance Schedule (GMS). The GMS process focuses on long-term optimization for system economics, market opportunities, and craft resources given necessary constraints for system reserve levels, budget, and regulatory constraints.

Attachment G

Progress Energy Florida Guidelines and Procedures

Document Number	Document Title	Document Summary
N/A	Risk Management Policy	Risk management is the process of identifying and measuring risks, and developing and implementing strategies based on the company's risk tolerances.
OPS-FPOX-00001	GenTrader Schedule of Authorities	The purpose of this document is to define the responsibilities of Portfolio Management (PM), and Information Technology and Telecommunications (IT&T) positions related to management and use of the Fuels & Power Optimization (FPO) GenTrader (GT) system.
OPS-FPOX-00003	GenTrader Usage Procedure	The purpose of this document is to describe the procedures to be followed when using the Fuels & Power Optimization (FPO) GenTrader (GT) system used by Portfolio Management (PM) groups.
OPS-SUBS-00012	Operating Plan Development and Implementation	This procedure establishes the roles and responsibilities for Transmission Operations and Planning (TOP) Energy Control Center (ECC) personnel, Fuels and Power Optimization Department (FPO), Power Generation Department Carolinas and Florida. Specifically, this procedure defines the functions of these organizations and the communications necessary to support economic optimization of all resources while considering operational constraints and reserve margins requires for system reliability.
OPS-SUBS-00018	Constrained Operations Application	This procedure establishes the roles and responsibilities for use of the Constrained Operation Application by Transmission Operations and Planning (TOP) Energy Control Center (ECC) personnel, Fuels and Power Optimization (FPO) Portfolio Management (PM), Power Generation Carolinas and Florida personnel. Specifically, this procedure defines the functions of these organizations and the communications necessary to support the planning and implementation of unit constraints, including testing, maintenance, and derates, in an economic manner, considering operational constraints and margins required for system reliability.
OPS-SUBS-00030	Generation and Fuel Forecast	This procedure establishes the roles, responsibilities, and process for the Generation and Fuel Forecast (GFF). The primary objective of the GFF is to provide updates to the 20-year planning horizon of planned generation and resource additions.
OPS-SUBS-00102	Generating Unit Heat Rates	This Procedure establishes the processes and administrative controls for receiving I/O data for each generating unit in the Regulated Commercial Operations generation fleet and how that data is used to develop heat rate performance information.
REG-SUBS-00001	Standards of Conduct – Posting Requirements	Pursuant to Federal Energy Regulatory Commission (FERC) Regulations, Progress Energy and its subsidiaries and affiliates are required to post certain information related to the FERC Standards of Conduct.
REG-SUBS-00006	PE ERO Corporate Governance	This procedure establishes the corporate standards for compliance initiatives with the Federal Energy Regulatory Commission (FERC) regulation of Bulk Electric System reliability through the FERC-approved Electric Reliability Organization (ERO).
REG-SUBS-00029	FERC Compliance Governance	This procedure establishes the corporate standards for compliance with the Federal Energy Regulatory Commission (FERC) regulations.
RMC-1	Risk Management Committee Guidelines	The objective of these guidelines is to identify the roles, responsibilities, and decision-making process of the Progress Energy Risk Management Committee (RMC) and its agents.

Note: These policies and procedures are as of July 3, 2011

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Corporate Approval Matrix

(1 page)

Trader Authorization – Gas and Emissions

_____ is permitted to trade the following:

Commodity:

Natural gas _____

* Emissions (SO2 & NOx) - As currently, emissions transactions are physical in nature. Approval of emissions purchases and/or sales must be consistent with fuel related procurement activities for RFD. _____

*Renewable Energy Credits (REC's) have been approved as a product but any transactions/trades involving REC's need explicit management approval prior to execution. _____

Duration:

Cash Trading - Intraday, Next Day, Next Week, Balance of Month _____

Prompt Month _____

Prompt Quarter _____

Current Year _____

Forward year 1 _____

Forward year 2 _____

Rolling 36 Months _____

Hedging activity are based on approved hedging program contained in the effective Risk Management Guidelines _____

For further clarification, for natural gas supply procured through periodic short-term and long-term competitive Request for Proposal's solicitations, the gas traders and/or gas supply representatives should follow the Corporate approval matrix with respect to required signatures (effective 4/11).

Products:

Gas Capacity (Transportation) _____

Delivered Natural Gas _____

Storage _____

Futures (Exchange(s)) NYMEX _____

Exchange Options (Puts / Calls) _____

OTC Options _____

Physical Gas (Index or Fixed Price) _____

Trigger (Floating Volume, Price) _____

Swaps (Fixed/Float, Float/Float, Basis) _____

Gas Swing Swap _____

EFP Transactions _____

Notional Limits:

NYMEX equivalent contracts (current year) _____

NYMEX equivalent contracts (Forward: 13 months and beyond) _____

Trader Authorization – Gas and Emissions

VaR:

Current Year

Forward: 13 month and beyond

Stop Loss Limits:

Current Year

Forward: 13 month and beyond

Venue:

Directly with Counterparty

Broker

Online Trading Services

Brokers: Approved Brokers with Credit and Approved Contract

OTC:

Approved ISDA's, Credit and established collateral thresholds

Nymex (Exchange)

Clearing Broker:

Entity:

CP&L d/b/a Progress Energy Carolinas, Inc.

FPC d/b/a Progress Energy Florida, Inc.

Employee Name / Title

Employee Signature

Date

Supervisor Signature

Date

Exhibit No. ____ (JM-2P)

REDACTED

“Hedging Report (Jan – July 2011)”

(originally filed on August 15, 2011)





August 15, 2011

VIA HAND DELIVERY

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

*Re: Fuel and purchased power cost recovery clause with generating performance
incentive factor; Docket No. 110001-EI*

Dear Ms. Cole:

Please find enclosed for filing in the above referenced docket on behalf of Progress Energy Florida, Inc. ("PEF") the original and fifteen (15) copies of its hedging data for the period January 2011 through July 2011.

Also, attached for filing is PEF's Request for Confidential Classification to portions of the hedging data and the Affidavit of Joseph McCallister in support of PEF's Request for Confidential Classification.

Thank you for your assistance with this matter. If you should have any questions, please feel free to contact me at (727) 820-5184.

Sincerely,

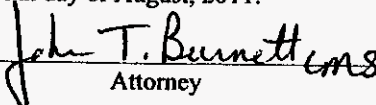
John T. Burnett lms
John T. Burnett

JTB/lms
Attachments

cc: Certificate of Service

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via regular U.S. mail (* via hand delivery) to the following this 15th day of August, 2011.


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. Jeffry Wahlen, Esq. Ausley & McMullen Law Firm P.O. Box 391 Tallahassee, FL 32302 jbeasley@ausley.com</p> <p>John T. Butler, Esq. Florida Power & Light Co. 700 Universe Boulevard Juno Beach, FL 33408 John.butler@fpl.com</p> <p>Ken Hoffman Florida Power & Light 215 S. Monroe Street, Ste. 810 Tallahassee, FL 32301-1859 Ken.hoffman@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>Ms. Susan D. Ritenour Gulf Power Company One Energy Place Pensacola, FL 32520-0780 sdriteno@southernco.com</p>	<p>Florida Industrial Power Users Group c/o John McWhirter, Jr. McWhirter Law Firm P.O. Box 3350 Tampa, FL 33601 jmcwhirter@mac-law.com</p> <p>Beth Keating Gunster, Yoakley & Stewart, P.A. 215 S. Monroe St., Ste 618 Tallahassee, FL 32301 bkeating@gunster.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>Tom Geoffroy Florida Public Utilities Company P.O. Box 3395 West Palm Beach, FL 33402-3395 tgeoffroy@fpuc.com</p> <p>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@kagmlaw.com</p> <p>Ms. Cecilia Bradley Office of the Attorney General The Capitol - PL01 Tallahassee, FL 32399-1050 Cecilia.bradley@myfloridalegal.com</p>
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Allan Jungels, Capt, ULFSC
c/o AFLSA/JACL-ULT
139 Barnes Drive, Suite 1
Tyndall AFB, FL 32403-5319
allan.jungels@tyndall.af.mil

Patrick K. Wiggins
Post Office Drawer 1657
Tallahassee, FL 32302
wigglaw@gmail.com

Florida Retail Federation
Robert Scheffel Wright/John T. LaVia,
c/o Young Law Firm
225 South Adams Street, Suite 200
Tallahassee, FL 32301
swright@yvlaw.net

AFFIRM
Dan Moore
316 Maxwell Road, Suite 400
Alpharetta, GA 30009
dmoore@esoconsult.com

REDACTED

Progress Energy Florida, Inc.

Order No. PSC-08-0316-PAA-EI

Witness: McCallister

Exhibit No. _____

Hedging Instrument	Fuel Type	Total January through July 2011 Volume Hedged	Avg Period of Hedge	Total Cost of Hedge	Total Savings/(Cost) of Hedge
OTC Financial Instruments	Heavy Oil		barrels month		
OTC Financial Instruments	Light Oil		barrels month		
OTC Financial Instruments	Natural Gas		mmbtu's daily		
Fixed Physical Price Contracts	Natural Gas		mmbtu's daily		
OTC Financial Instruments	Natural Gas - Storage		mmbtu's daily		
OTC Financial Instruments	Light Oil - River Barge		gallons month		
OTC Financial Instruments	Light Oil - Rail		gallons month		
					(\$119,123,123)

Natural Gas Savings/(Cost) on Hedges				Hedged Volumes (MMBtu's)			Actual Burn (Generation & Tolling)	Hedged Burns	% Hedged with Financial	% Hedged with Physical
Year	Financial	Physical	Total	Financial	Physical	Total Hedged				
Jan-11							14,932,700			
Feb-11							12,485,200			
Mar-11							13,397,500			
Apr-11							16,740,400			
May-11							18,671,100			
Jun-11							19,761,500			
Jul-11							20,955,000			
YTD	(\$124,640,670)	(\$1,161,229)	(\$125,801,899)	65,475,000	437,715	65,912,715	116,943,400	56%	99%	1%

See Note 3
See Note 2

No. 6 Oil Savings/(Cost) on Hedges				Hedged Volumes (Barrels)			Actual Burn (Generation)	Hedged Burns	% Hedged with Financial	% Hedged with Physical
Year	Financial	Physical	Total	Financial	Physical	Total Hedged				
Jan-11							63,700			
Feb-11							14,900			
Mar-11							33,500			
Apr-11							100,100			
May-11							48,000			
Jun-11							32,200			
Jul-11							35,624			
YTD	\$3,000,310	\$0	\$3,000,310	150,000	0	150,000	328,024	46%	100%	0%

See Note 3
See Note 1 & 2

No. 2 Oil Savings/(Cost) on Hedges				Hedged Volumes (Barrels)			Actual Burn (Generation)	Hedged Burns	% Hedged with Financial	% Hedged with Physical
Year	Financial	Physical	Total	Financial	Physical	Total Hedged				
Jan-11							18,800			
Feb-11							10,200			
Mar-11							13,300			
Apr-11							56,200			
May-11							13,400			
Jun-11							20,300			
Jul-11							22,412			
YTD	\$2,128,831	\$0	\$2,128,831	78,000	0	78,000	154,612	50%	100%	0%

See Note 3
See Note 2

Natural Gas Storage Savings/(Cost) on Hedges				Hedged Volumes (MMBtu's)			Actual Injections	Hedged Injections	% Hedged with Financial	% Hedged with Physical
Year	Financial	Physical	Total	Financial	Physical	Total Hedged				
Jun-11							250,000			
YTD	\$6,750	\$0	\$6,750	150,000	0	150,000	250,000	60%	100%	0%

See Note 2

Heating Oil - River Barge - Fuel Surcharge Hedges Savings/(Cost) on Hedges				Hedged Volumes (Gallons)			Estimated Exposure	Hedged Exposure	% Hedged with Financial	% Hedged with Physical
Year	Financial	Physical	Total	Financial	Physical	Total Hedged				
Jan-11							459,596			
Feb-11							454,450			
Mar-11							444,884			
Apr-11							431,082			
May-11							446,418			
Jun-11							446,489			
Jul-11							454,536			
YTD	\$859,613	\$0	\$859,613	1,344,000	0	1,344,000	3,137,455	43%	100%	0%

See Note 2

Heating Oil - Rail - Fuel Surcharge Hedges Savings/(Cost) on Hedges				Hedged Volumes (Gallons)			Estimated Exposure	Hedged Exposure	% Hedged with Financial	% Hedged with Physical
Year	Financial	Physical	Total	Financial	Physical	Total Hedged				
Jan-11							276,950			
Feb-11							277,705			
Mar-11							161,995			
Apr-11							161,995			
May-11							185,085			
Jun-11							185,085			
Jul-11							185,085			
YTD	\$683,272	\$0	\$683,272	798,000	0	798,000	1,433,900	56%	100%	0%

See Note 2

Note 1: As of December 2010, based on the November 2010 Fuel and Operations Forecast (FOF) and hedges in place, PEF's estimated hedge percentage for forecasted heavy oil burns for calendar year 2011 was approximately [REDACTED]. Overall, actual heavy oil usage exceeded the November 2010 FOF forecasted usage for the months of January 2011 through July 2011 time period primarily due to higher actual usage in the months of January 2011 and April 2011. For illustrative purposes, based on the November 2010 FOF, PEF forecasted to burn approximately [REDACTED] barrels in January 2011 and [REDACTED] barrels in April 2011. Actual heavy oil burns for January 2011 and April 2011 were approximately [REDACTED] barrels and [REDACTED] barrels, respectively. Although there were variances in all months, the variances in these two months were the key drivers in the actual hedge percentage being lower than the minimum calendar year target of [REDACTED] thus far for 2011. For the 2011 calendar year period of January 2011 through December 2011 based on actual burns through July 2011 and forecasted burns through December 2011, the current hedge percentage is approximately 50%.

Note 2: Based on actual fuel burns for January 2011 through July 2011, and forecasted fuel burns and estimated fuel surcharge exposures for the balance of 2011, PEF is currently within all of the hedging targets established in the 2011 Risk Management Plan.

Note 3: Actual burns for periods January 2011 through June 2011. July 2011 burn numbers are considered estimates subject to minor adjustments based on actual bookings.



**Hedging Details for
“Natural Gas”
(Jan – July 2011)**

PEF Gas Hedging Status (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Put/Call	Month	Z Key	Counterparty	Market	Location	Volume	Fixed Price (\$/MMBtu)	IFERC Settlement (\$/MMBtu)	Savings/Cost on Hedge	Actual/Projected Burns	% Hedged
Financial	FIXED FINANCIAL OPTION	CALL	1/1/2011	3029414	BAR#	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	PUT	1/1/2011	3029414	BAR#	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	CALL	1/1/2011	3057898	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	PUT	1/1/2011	3057898	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	CALL	1/1/2011	3074377	MSCG	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	PUT	1/1/2011	3074377	MSCG	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	CALL	1/1/2011	3089953	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	PUT	1/1/2011	3089953	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	CALL	1/1/2011	3118873	CSEL	NYMEX	NG			\$4.2160			
Financial	FIXED FINANCIAL OPTION	PUT	1/1/2011	3118873	CSEL	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	1972109	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2006129	CSEL	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2127672	DEU#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2252937	DEU#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2323424	UBS	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2403363	DEU#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2450927	CSEL	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2479694	DEU#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2509352	CSEL	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2623673	BOM#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2627828	MSCG	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2641076	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2656074	BOM#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2844550	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2883925	CSEL	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2916304	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2944194	CSEL	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2969018	CSEL	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	2980370	DEU#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3006930	CEH#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3040733	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3073024	CEH#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3075613	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3078311	BAR#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3081314	SG#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3083921	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3096341	CEH#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3098144	SG#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3098629	BAR#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3099687	JPMC#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3101141	BOM#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3103030	CEH#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3105314	CEH#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3107251	CEH#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3121501	CITi#	IFERC	HHUB			\$4.2200			
Financial	FIXED SWAP		1/1/2011	3159589	CITi#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3164321	MLC	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3165552	BAR#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3171855	BPCNA#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3172559	MLC	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3172810	CEH#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3174980	DEU#	NYMEX	NG			\$4.2160			
Financial	FIXED SWAP		1/1/2011	3175458	BAR#	NYMEX	NG			\$4.2160			
Physical	PHYSICAL		1/1/2011	2788862	JPMV	GULFST	GLFMSA			\$4.2600			
												14,932,700	49%

Attachment B
 PEF "Hedging Details"
 Jan - July 2011
 Page 2 of 16

PEF Gas Hedging Status (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Put/Call	Month	Z Key	Counterparty	Market	Location	Volume	Fixed Price (\$/MMBtu)	IFERC Settlement (\$/MMBtu)	Savings/Cost on Hedge	Actual/Projected Burns	% Hedged
Financial	FIXED FINANCIAL OPTION	CALL	2/1/2011	3029415	BAR#	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	PUT	2/1/2011	3029415	BAR#	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	CALL	2/1/2011	3057899	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	PUT	2/1/2011	3057899	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	CALL	2/1/2011	3074378	MSCG	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	PUT	2/1/2011	3074378	MSCG	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	CALL	2/1/2011	3089954	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	PUT	2/1/2011	3089954	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	CALL	2/1/2011	3118874	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED FINANCIAL OPTION	PUT	2/1/2011	3118874	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	1972110	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2006130	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2127673	DEU#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2252938	DEU#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2323426	UBS	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2403365	DEU#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2450928	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2479695	DEU#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2509353	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2623674	BOM#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2627829	MSCG	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2641077	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2656075	BOM#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2844551	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2883926	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2916312	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2944195	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2969019	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	2980371	DEU#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3006931	CEH#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3040734	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3073025	CEH#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3075614	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3078312	BAR#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3081315	SG#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3083922	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3096342	CEH#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3096145	SG#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3098630	BAR#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3099688	JPMC#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3101142	BOM#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3103031	CEH#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3105315	CEH#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3107252	CEH#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3121502	CITI#	IFERC	HHUB			\$4.3200			
Financial	FIXED SWAP		2/1/2011	3159590	CITI#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3164322	MLC	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3165553	BAR#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3171856	BPCNA#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3172560	MLC	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3172811	CEH#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3194246	BOM#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3194247	BPCNA#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3194688	BOM#	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3194739	CSEL	NYMEX	NG			\$4.3160			
Financial	FIXED SWAP		2/1/2011	3195240	CEH#	NYMEX	NG			\$4.3160			

Attachment B
 PEF "Hedging Details"
 Jan - July 2011
 Page 3 of 16

PEF Gas Hedging Status (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Put/Call	Month	Z Key	Counterparty	Market	Location	Volume	Fixed Price (\$/MMBtu)	IFERC Settlement (\$/MMBtu)	Savings/Cost on Hedge	Actual/Projected Burns	% Hedged
Physical	PHYSICAL		2/1/2011	2788863	JPMV	GULFST	GLFMSA			\$4.3500		12,485,200	56%
Financial	FIXED FINANCIAL OPTION	CALL	3/1/2011	3029416	BAR#	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	PUT	3/1/2011	3029416	BAR#	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	CALL	3/1/2011	3057900	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	PUT	3/1/2011	3057900	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	CALL	3/1/2011	3074379	MSCG	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	PUT	3/1/2011	3074379	MSCG	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	CALL	3/1/2011	3089955	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	PUT	3/1/2011	3089955	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	CALL	3/1/2011	3118875	CSEL	NYMEX	NG			\$3.7930			
Financial	FIXED FINANCIAL OPTION	PUT	3/1/2011	3118875	CSEL	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	1972111	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2006131	CSEL	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2127674	DEU#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2252939	DEU#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2323428	UBS	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2403367	DEU#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2450929	CSEL	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2479696	DEU#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2509354	CSEL	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2623675	BOM#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2627830	MSCG	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2641078	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2656076	BOM#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2844552	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2883927	CSEL	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2916320	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2944196	CSEL	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2969020	CSEL	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	2980372	DEU#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3006932	CEH#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3040735	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3073026	CEH#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3075615	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3078313	BAR#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3081316	SG#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3083923	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3096343	CEH#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3098146	SG#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3098631	BAR#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3099689	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3101143	BOM#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3103032	CEH#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3105316	CEH#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3107253	CEH#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3121503	CIT#	IFERC	HHUB			\$3.7900			
Financial	FIXED SWAP		3/1/2011	3159591	CIT#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3164323	MLC	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3165554	BAR#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3171857	BPCNA#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3172561	MLC	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3172815	CEH#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3203242	JPMC#	NYMEX	NG			\$3.7930			
Financial	FIXED SWAP		3/1/2011	3203719	BPCNA#	NYMEX	NG			\$3.7930			

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Financial	PHYSICAL		3/1/2011	2788864	JPMV	GULFST	GLFMSA			\$3.8100		13,397,500	54%
Financial	FIXED FINANCIAL OPTION	CALL	4/1/2011	3029417	BAR#	NYMEX	NG			\$0.0000			
Financial	FIXED FINANCIAL OPTION	PUT	4/1/2011	3029417	BAR#	NYMEX	NG			\$4.2400			
Financial	FIXED FINANCIAL OPTION	CALL	4/1/2011	3057901	JPMC#	NYMEX	NG			\$0.0000			
Financial	FIXED FINANCIAL OPTION	PUT	4/1/2011	3057901	JPMC#	NYMEX	NG			\$4.2400			
Financial	FIXED FINANCIAL OPTION	CALL	4/1/2011	3074380	MSCG	NYMEX	NG			\$0.0000			
Financial	FIXED FINANCIAL OPTION	PUT	4/1/2011	3074380	MSCG	NYMEX	NG			\$4.2400			
Financial	FIXED FINANCIAL OPTION	CALL	4/1/2011	3089956	JPMC#	NYMEX	NG			\$0.0000			
Financial	FIXED FINANCIAL OPTION	PUT	4/1/2011	3089956	JPMC#	NYMEX	NG			\$4.2400			
Financial	FIXED FINANCIAL OPTION	CALL	4/1/2011	3118876	CSEL	NYMEX	NG			\$0.0000			
Financial	FIXED FINANCIAL OPTION	PUT	4/1/2011	3118876	CSEL	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	1923546	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	1930730	BOA#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	1957421	SG#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	1972112	JPMC#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2006132	CSEL	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2038415	DEU#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2045578	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2074067	BOA#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2087525	SG#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2092563	SG#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2111661	DEU#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2120359	BOA#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2127696	SG#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2141489	JPMC#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2152925	CSEL	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2164164	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2182036	JPMC#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2194776	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2209402	CSEL	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2242029	MSCG	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2283337	MACQ#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2299336	BOM#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2304846	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2323431	UBS	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2338207	CSEL	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2345577	BAR#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2355506	JPMC#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2373673	BOM#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2403371	DEU#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2432514	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2441241	BAR#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2450406	BOM#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2457809	DEU#	IFERC	HHUB			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2468924	DEU#	IFERC	HHUB			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2479674	CSEL	IFERC	HHUB			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2618145	BAR#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2640196	MACQ#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2655359	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2883929	MSCG	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	2978460	DEU#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3098638	SG#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3121504	CITI#	IFERC	HHUB			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3137742	CITI#	IFERC	HHUB			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3156076	CEH#	NYMEX	NG			\$4.2400			

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Financial	FIXED SWAP		4/1/2011	3216194	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3216223	BOM#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3217080	BOM#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3217541	BOM#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3218235	CEH#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3220781	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3221555	SG#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3221562	CEH#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3222351	BOM#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3223363	MLC	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3224661	CEH#	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3224674	CSEL	NYMEX	NG			\$4.2400			
Financial	FIXED SWAP		4/1/2011	3225044	BOM#	NYMEX	NG			\$4.2400			
												16,740,400	51%
Financial	FIXED FINANCIAL OPTION	CALL	5/1/2011	3029418	BAR#	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	PUT	5/1/2011	3029418	BAR#	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	CALL	5/1/2011	3057902	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	PUT	5/1/2011	3057902	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	CALL	5/1/2011	3074381	MSCG	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	PUT	5/1/2011	3074381	MSCG	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	CALL	5/1/2011	3089957	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	PUT	5/1/2011	3089957	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	CALL	5/1/2011	3118877	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED FINANCIAL OPTION	PUT	5/1/2011	3118877	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	1923551	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	1930731	BOA#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	1957422	SG#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	1972113	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2006133	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2038416	DEU#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2045579	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2074068	BOA#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2087526	SG#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2092564	SG#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2111663	DEU#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2120360	BOA#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2127697	SG#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2141490	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2152926	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2164165	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2182037	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2194777	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2209403	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2242030	MSCG	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2283338	MACQ#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2299337	BOM#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2304847	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2323433	UBS	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2338208	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2345578	BAR#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2355507	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2373674	BOM#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2403373	DEU#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2432516	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2441247	BAR#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2450407	BOM#	NYMEX	NG			\$4.3770			

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Financial	FIXED SWAP		5/1/2011	2457810	DEU#	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	2468925	DEU#	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	2479675	CSEL	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	2509356	CSEL	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	2580171	CSEL	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	2618146	BAR#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2640197	MACQ#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2655360	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2883930	MSCG	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	2978461	DEU#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3006937	BAR#	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	3030016	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3040388	SG#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3055914	SG#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3062023	BAR#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3071811	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3073013	MSCG	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3074780	JPMC#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3075910	BAR#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3091016	BAR#	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	3098639	SG#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3121505	CITI#	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	3137743	CITI#	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	3156077	CEH#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3182036	BOM#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3198616	MSCG	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3216195	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3217081	BOM#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3221556	SG#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3222352	BOM#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3224675	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3226509	MLC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3226598	BPCNA#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3229974	BPCNA#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3231858	CONC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3269620	CONC	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3269734	CSEL	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3270212	BOM#	IFERC	HHUB			\$4.3800			
Financial	FIXED SWAP		5/1/2011	3273426	BOM#	NYMEX	NG			\$4.3770			
Financial	FIXED SWAP		5/1/2011	3277182	MLC	IFERC	HHUB			\$4.3800			
												18,671,100	64%
Financial	FIXED FINANCIAL OPTION	CALL	6/1/2011	3029419	BAR#	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	PUT	6/1/2011	3029419	BAR#	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	CALL	6/1/2011	3057903	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	PUT	6/1/2011	3057903	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	CALL	6/1/2011	3074382	MSCG	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	PUT	6/1/2011	3074382	MSCG	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	CALL	6/1/2011	3089958	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	PUT	6/1/2011	3089958	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	CALL	6/1/2011	3118878	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED FINANCIAL OPTION	PUT	6/1/2011	3118878	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	1923552	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	1930732	BOA#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	1957423	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	1972114	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2006134	CSEL	NYMEX	NG			\$4.3260			

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Financial	FIXED SWAP		6/1/2011	2038419	DEU#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2045582	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2074069	BOA#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2087527	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2092565	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2111665	DEU#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2120361	BOA#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2127698	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2141491	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2152927	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2164166	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2182038	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2194778	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2209404	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2242031	MSCG	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2283339	MACQ#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2299338	BOM#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2304848	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2323435	UBS	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2338209	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2345579	BAR#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2355508	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2373675	BOM#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2403375	DEU#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2432518	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2441252	BAR#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2450408	BOM#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2457813	DEU#	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	2468926	DEU#	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	2479676	CSEL	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	2509357	CSEL	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	2580172	CSEL	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	2618147	BAR#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2640198	MACQ#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2655361	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2883933	MSCG	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	2978462	DEU#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3006938	BAR#	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	3030017	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3040389	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3055915	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3062024	BAR#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3071812	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3073014	MSCG	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3074781	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3075911	BAR#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3077241	BAR#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3078110	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3078320	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3083904	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3088278	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3091021	BAR#	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	3095307	JPMC#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3097810	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3098640	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3121506	CITI#	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	3137744	CITI#	IFERC	HHUB			\$4.3300			

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PEF Gas Hedging Status (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Put/Call	Month	Z Key	Counterparty	Market	Location	Volume	Fixed Price (\$/MMBtu)	IFERC Settlement (\$/MMBtu)	Savings/Cost on Hedge	Actual/Projected Burns	% Hedged
Financial	FIXED SWAP		6/1/2011	3156078	CEH#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3182037	BOM#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3198617	MSCG	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3210153	BOM#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3216196	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3221557	SG#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3222353	BOM#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3224678	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3226510	MLC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3269621	CONC	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3269735	CSEL	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3270213	BOM#	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	3273427	BOM#	NYMEX	NG			\$4.3260			
Financial	FIXED SWAP		6/1/2011	3277185	MLC	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	3299396	BOM#	IFERC	HHUB			\$4.3300			
Financial	FIXED SWAP		6/1/2011	3301269	BOM#	IFERC	HHUB			\$4.3300			
												19,761,500	59%
Financial	FIXED FINANCIAL OPTION	CALL	7/1/2011	3029420	BAR#	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	PUT	7/1/2011	3029420	BAR#	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	CALL	7/1/2011	3057904	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	PUT	7/1/2011	3057904	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	CALL	7/1/2011	3074383	MSCG	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	PUT	7/1/2011	3074383	MSCG	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	CALL	7/1/2011	3089959	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	PUT	7/1/2011	3089959	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	CALL	7/1/2011	3118879	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED FINANCIAL OPTION	PUT	7/1/2011	3118879	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	1923553	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	1930733	BOA#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	1957424	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	1972122	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2006135	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2038420	DEU#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2045583	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2074070	BOA#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2087529	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2092566	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2111666	DEU#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2120362	BOA#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2127699	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2141492	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2152928	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2164167	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2182039	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2194779	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2209405	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2242032	MSCG	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2283340	MACQ#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2299339	BOM#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2304849	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2323436	UBS	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2338210	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2345580	BAR#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2355509	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2373676	BOM#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2403377	DEU#	NYMEX	NG			\$4.3570			

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PEF Gas Hedging Status (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Put/Call	Month	Z Key	Counterparty	Market	Location	Volume	Fixed Price (\$/MMBtu)	IFERC Settlement (\$/MMBtu)	Savings/Cost on Hedge	Actual/Projected Burns	% Hedged
Financial	FIXED SWAP		7/1/2011	2432519	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2441255	BAR#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2450409	BOM#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2457814	DEU#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	2468927	DEU#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	2479677	CSEL	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	2509358	CSEL	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	2580173	CSEL	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	2618148	BAR#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2640199	MACQ#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2655362	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2883934	MSCG	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	2978463	DEU#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3006939	BAR#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3030018	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3040390	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3055916	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3062025	BAR#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3071813	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3073015	MSCG	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3074782	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3075912	BAR#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3077242	BAR#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3078111	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3078321	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3083905	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3088279	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3091022	BAR#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3092424	CEH#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3095308	JPMC#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3097811	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3098641	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3101200	BAR#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3103033	SG#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3105317	BOM#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3107254	BOM#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3111782	DEU#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3121507	CITI#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3137745	CITI#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3156079	CEH#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3182038	BOM#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3198618	MSCG	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3210156	BOM#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3216197	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3221558	SG#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3222354	BOM#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3224677	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3226511	MLC	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3269736	CSEL	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3270214	BOM#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3273428	BOM#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3277186	MLC	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3299399	BOM#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3301270	BOM#	IFERC	HHUB			\$4.3600			
Financial	FIXED SWAP		7/1/2011	3338495	DEU#	NYMEX	NG			\$4.3570			
Financial	FIXED SWAP		7/1/2011	3340634	FEMT	NYMEX	NG			\$4.3570			
												20,955,000	63%

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**Hedging Details for
“Gas Storage”
(Jan – July 2011)**

PEF Gas Storage Hedging Status (Jan 2011 - July 2011)

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REDACTED

Physical/ Financial	Instrument	Month	Z Key	Counterparty	Market	Location	Volume	Fixed Price (\$/MMBtu)	IFERC Settlement (\$/MMBtu)	Savings/Cost on Hedge	Actual/Projected Burns	% Hedged
Financial	FIXED SWAP	6/1/2011	3275605	CEH#	IFERC	FGTZ3			\$4.4300			
Financial	FIXED SWAP	6/1/2011	3296222	CEH#	IFERC	FGTZ3			\$4.4300			
											250,000	60%



**Hedging Details for
"No. #6 Oil"
(Jan – July 2011)**

PEF #6 Oil Hedging Status (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Month	Z Key	Counterparty	Market	Location	Volume	Fixed Price (\$/Bbl)	Market Scan Biz Average (\$/Bbl)	Savings/Cost on Hedge	Actual/Projected Burns	%
Financial	FIXED SWAP	1/1/2011	2410623	MSCG	NYHRBR	NO61			\$78.8840			
Financial	FIXED SWAP	1/1/2011	2438940	MSCG	NYHRBR	NO61			\$78.8840			
Financial	FIXED SWAP	1/1/2011	2634144	MLC	NYHRBR	NO61			\$78.8840			
Financial	FIXED SWAP	1/1/2011	2932619	ARON	NYHRBR	NO61			\$78.8840			
Financial	FIXED SWAP	1/1/2011	2990655	BOM#	NYHRBR	NO61			\$78.8840			
Financial	FIXED SWAP	1/1/2011	3005011	BAR#	NYHRBR	NO61			\$78.8840			
Financial	FIXED SWAP	1/1/2011	3054707	MSCG	NYHRBR	NO61			\$78.8840			
											63,700	16%
Financial	FIXED SWAP	2/1/2011	2410625	MSCG	NYHRBR	NO61			\$90.0880			
Financial	FIXED SWAP	2/1/2011	2438942	MSCG	NYHRBR	NO61			\$90.0880			
Financial	FIXED SWAP	2/1/2011	2634146	MLC	NYHRBR	NO61			\$90.0880			
Financial	FIXED SWAP	2/1/2011	2932620	ARON	NYHRBR	NO61			\$90.0880			
Financial	FIXED SWAP	2/1/2011	2990657	BOM#	NYHRBR	NO61			\$90.0880			
Financial	FIXED SWAP	2/1/2011	3005012	BAR#	NYHRBR	NO61			\$90.0880			
Financial	FIXED SWAP	2/1/2011	3054709	MSCG	NYHRBR	NO61			\$90.0880			
Financial	FIXED SWAP	2/1/2011	3191137	MSCG	NYHRBR	NO61			\$90.0880			
											14,900	134%
Financial	FIXED SWAP	3/1/2011	2410627	MSCG	NYHRBR	NO61			\$101.8090			
Financial	FIXED SWAP	3/1/2011	2438946	MSCG	NYHRBR	NO61			\$101.8090			
Financial	FIXED SWAP	3/1/2011	2634148	MLC	NYHRBR	NO61			\$101.8090			
Financial	FIXED SWAP	3/1/2011	2932623	ARON	NYHRBR	NO61			\$101.8090			
Financial	FIXED SWAP	3/1/2011	2990659	BOM#	NYHRBR	NO61			\$101.8090			
Financial	FIXED SWAP	3/1/2011	3005015	BAR#	NYHRBR	NO61			\$101.8090			
Financial	FIXED SWAP	3/1/2011	3054711	MSCG	NYHRBR	NO61			\$101.8090			
											33,500	30%
Financial	FIXED SWAP	4/1/2011	2410629	MSCG	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	2438948	MSCG	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	2622921	SG#	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	2634150	MLC	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	2932625	ARON	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	2990661	BOM#	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	3005016	BAR#	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	3054713	MSCG	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	3054715	MLC	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	3056000	ARON	NYHRBR	NO61			\$107.5880			
Financial	FIXED SWAP	4/1/2011	3217988	BOM#	NYHRBR	NO61			\$107.5880			
											100,100	10%
Financial	FIXED SWAP	5/1/2011	2410631	MSCG	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	2438950	MSCG	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	2622925	SG#	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	2634152	MLC	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	2932627	ARON	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	2990663	BOM#	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	3005017	BAR#	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	3050998	MACQ#	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	3056001	ARON	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	3273038	BOM#	NYHRBR	NO61			\$100.1740			
Financial	FIXED SWAP	5/1/2011	3275675	ARON	NYHRBR	NO61			\$100.1740			
											48,000	73%

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PEF #6 Oil Hedging Sta. (Jan 2011 - July 2011)

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REDACTED

Physical/ Financial	Instrument	Month	Z Key	Counterparty	Market	Location	Volume	Fixed Price (\$/Bbl)	Market Scan Biz Average (\$/Bbl)	Savings/Cost on Hedge	Actual/Projected Burns	% Hedged
Financial	FIXED SWAP	6/1/2011	2410633	MSCG	NYHRBR	NO61			105.1820			
Financial	FIXED SWAP	6/1/2011	2438953	MSCG	NYHRBR	NO61			105.1820			
Financial	FIXED SWAP	6/1/2011	2622927	SG#	NYHRBR	NO61			105.1820			
Financial	FIXED SWAP	6/1/2011	2634154	MLC	NYHRBR	NO61			105.1820			
Financial	FIXED SWAP	6/1/2011	2932629	ARON	NYHRBR	NO61			105.1820			
Financial	FIXED SWAP	6/1/2011	2990665	BOM#	NYHRBR	NO61			105.1820			
Financial	FIXED SWAP	6/1/2011	3051002	MACQ#	NYHRBR	NO61			105.1820			
											32,200	93%
Financial	FIXED SWAP	7/1/2011	2410635	MSCG	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2438957	MSCG	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2457840	ARON	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2474724	ARON	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2487101	ARON	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2527200	ARON	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2622914	SG#	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2634156	MLC	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2932631	ARON	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	2990667	BOM#	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	3051004	MACQ#	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	3053853	JPMC#	NYHRBR	NO61			106.6540			
Financial	FIXED SWAP	7/1/2011	3333118	BOM#	NYHRBR	NO61			106.6540			
											35,624	98%



**Hedging Details for
"No. #2 Oil"
(Jan – July 2011)**

PEF #2 Oil Hedging Status (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Month	Z Key	Counterparty	Market	Location	Volume (Bbls)	Fixed Price (\$/Bbl)	Market Scan Biz Average (\$/Bbl)	Savings/Cost on Hedge	Actual/Projected Burns	% Hedged
Financial	FIXED SWAP	1/1/2011	3058183	MSCG	NYMEX	HOIND			\$109.5906		18,800	59%
Financial	FIXED SWAP	2/1/2011	3058185	MSCG	NYMEX	HOIND			\$116.6404		10,200	108%
Financial	FIXED SWAP	3/1/2011	3058187	MSCG	NYMEX	HOIND			\$127.9019		13,300	83%
Financial	FIXED SWAP	4/1/2011	3073132	MSCG	NYMEX	HOIND			\$134.6619			
Financial	FIXED SWAP	4/1/2011	3191147	MSCG	NYMEX	HOIND			\$134.6619		56,200	18%
Financial	FIXED SWAP	5/1/2011	3073134	JPMC#	NYMEX	HOIND			\$124.4817			
Financial	FIXED SWAP	5/1/2011	3191149	BAR#	NYMEX	HOIND			\$124.4817		13,400	75%
Financial	FIXED SWAP	6/1/2011	3073136	JPMC#	NYMEX	HOIND			\$125.0382			
Financial	FIXED SWAP	6/1/2011	3191151	BAR#	NYMEX	HOIND			\$125.0382		20,300	49%
Financial	FIXED SWAP	7/1/2011	3056553	MSCG	USGLF	NO2HSD			\$127.6884			
Financial	FIXED SWAP	7/1/2011	3191153	BAR#	NYMEX	HOIND			\$129.2508			
Financial	FIXED SWAP	7/1/2011	3330433	CEH#	NYMEX	HOIND			\$129.2508			
											22,412	67%



**Hedging Details for
"Coal Transportation – River Barge"
(Jan – July 2011)**

PEF Coal Transportation Hedging Status - Barge (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Month	Z Key	Market	Location	Volume (Gallons)	Fixed Price (\$/Gallons)	Market Settlement (\$/Gallons)	Estimated Savings/(Cost) on Hedge	Estimated Exposure	Total % Estimated Hedged Exposure
Financial	FIXED SWAP	1/1/2011	3058189	NYMEX	HOIND			\$2.6093			
Financial	FIXED SWAP	1/1/2011	3156907	NYMEX	HOIND			\$2.6093			
										459,596	37%
Financial	FIXED SWAP	2/1/2011	3058191	NYMEX	HOIND			\$2.7772			
Financial	FIXED SWAP	2/1/2011	3156909	NYMEX	HOIND			\$2.7772			
										454,450	37%
Financial	FIXED SWAP	3/1/2011	3058193	NYMEX	HOIND			\$3.0453			
Financial	FIXED SWAP	3/1/2011	3156911	NYMEX	HOIND			\$3.0453			
										444,884	38%
Financial	FIXED SWAP	4/1/2011	3029440	NYMEX	HOIND			\$3.2062			
Financial	FIXED SWAP	4/1/2011	3073162	NYMEX	HOIND			\$3.2062			
Financial	FIXED SWAP	4/1/2011	3159604	NYMEX	HOIND			\$3.2062			
										431,082	49%
Financial	FIXED SWAP	5/1/2011	3029441	NYMEX	HOIND			\$2.9639			
Financial	FIXED SWAP	5/1/2011	3073164	NYMEX	HOIND			\$2.9639			
Financial	FIXED SWAP	5/1/2011	3159606	NYMEX	HOIND			\$2.9639			
										446,418	47%
Financial	FIXED SWAP	6/1/2011	3029442	NYMEX	HOIND			2.9771			
Financial	FIXED SWAP	6/1/2011	3073166	NYMEX	HOIND			2.9771			
Financial	FIXED SWAP	6/1/2011	3159608	NYMEX	HOIND			2.9771			
										446,489	47%
Financial	FIXED SWAP	7/1/2011	3118199	NYMEX	HOIND			\$3.0774			
Financial	FIXED SWAP	7/1/2011	3161153	NYMEX	HOIND			\$3.0774			
Financial	FIXED SWAP	7/1/2011	3330439	NYMEX	HOIND			\$3.0774			
										454,536	46%



**Hedging Details for
"Coal Transportation - Rail"
(Jan – July 2011)**

PEF Coal Transportation Hedging Status - Rail (Jan 2011 - July 2011)

As of August 02, 2011

REDACTED

Physical/ Financial	Instrument	Month	Z Key	Market	Location	Volume (Gallons)	Fixed Price (\$/Gallons)	Market Settlement (\$/Gallons)	Estimated Savings/(Cost) on Hedge	Estimated Exposure	Total % Estimated Hedged Exposure
Financial	FIXED SWAP	1/1/2011	3058195	NYMEX	HOIND			\$2.6093			
Financial	FIXED SWAP	1/1/2011	3156901	NYMEX	HOIND			\$2.6093			
										276,950	45%
Financial	FIXED SWAP	2/1/2011	3058197	NYMEX	HOIND			\$2.7772			
Financial	FIXED SWAP	2/1/2011	3156902	NYMEX	HOIND			\$2.7772			
										277,705	45%
Financial	FIXED SWAP	3/1/2011	3058199	NYMEX	HOIND			\$3.0453			
Financial	FIXED SWAP	3/1/2011	3156903	NYMEX	HOIND			\$3.0453			
Financial	FIXED SWAP	3/1/2011	3203225	NYMEX	HOIND			\$3.0453			
										161,995	52%
Financial	FIXED SWAP	4/1/2011	3073156	NYMEX	HOIND			\$3.2062			
Financial	FIXED SWAP	4/1/2011	3159598	NYMEX	HOIND			\$3.2062			
Financial	FIXED SWAP	4/1/2011	3203227	NYMEX	HOIND			\$3.2062			
Financial	FIXED SWAP	4/1/2011	3217984	NYMEX	HOIND			\$3.2062			
										161,995	26%
Financial	FIXED SWAP	5/1/2011	3073158	NYMEX	HOIND			\$2.9639			
Financial	FIXED SWAP	5/1/2011	3159600	NYMEX	HOIND			\$2.9639			
Financial	FIXED SWAP	5/1/2011	3217985	NYMEX	HOIND			\$2.9639			
										185,085	68%
Financial	FIXED SWAP	6/1/2011	3073160	NYMEX	HOIND			\$2.9771			
Financial	FIXED SWAP	6/1/2011	3159602	NYMEX	HOIND			\$2.9771			
										185,085	91%
Financial	FIXED SWAP	7/1/2011	3118181	NYMEX	HOIND			\$3.0774			
										185,085	68%