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Subject: Docket 110007 - PEFs List of Issues and Positions
Attachments: Docket 110007 - PEFs Preliminary List of Issues and Positions.pdf

Electronic Filing

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b. Docket No. 110007-EI

In re: Environmental Cost Recovery Clause

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

d. There are a total of 5 pages.

e. The document attached for electronic filing is Progress Energy Florida, Inc.'s Preliminary List of Issues and Positions.

Thank you for your cooperation.

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FPSC-COMMISSION CLERK

9/12/2011

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause.

DOCKET NO. 110007-EI

FILED: SEPTEMBER 12, 2011

**PROGRESS ENERGY FLORIDA INC.'S
PRELIMINARY LIST OF ISSUES AND POSITIONS**

Progress Energy Florida, Inc. ("PEF"), by and through undersigned counsel, hereby submits its Preliminary List of Issues and Positions with respect to its Environmental Cost Recovery Clause ("ECRC") for the period of January 2012 through December 2012. PEF's positions on the issues identified in this proceeding are as follows:

Generic Environmental Cost Recovery Issues

Issue 1 What are the final environmental cost recovery true-up amounts for the period January 2010 through December 31, 2010?

PEF: \$6,232,839 over-recovery (Garrett)

Issue 2 What are the estimated/actual environmental cost recovery true-up amounts for the period January 2011 through December 2011?

PEF: \$2,552,337 over-recovery (Foster, Zeigler, West, Sorrick)

Issue 3 What are the projected environmental cost recovery amounts for the period January 2012 through December 2012?

PEF: \$221,158,907 (Foster, Zeigler, West, Sorrick)

Issue 4 What are the environmental cost recovery amounts, including true-up amounts, for the period January 2012 through December 2012?

PEF: \$212,526,641 (Foster)

Issue 5 What depreciation rates should be used to develop the depreciation expense included in the total environmental cost recovery amounts for the period January 2012 through December 2012?

PEF: For 2012 final true-up purposes, the depreciation rates used to calculate the depreciation expense should be the rates in effect during that period. (Foster)

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Issue 6

What are the appropriate jurisdictional separation factors for the projected period January 2012 through December 2012?

PEF: The jurisdictional energy separation factor is calculated for each month based on retail kWh sales as a percentage of projected total system kWh sales.

Transmission Average 12 CP demand jurisdictional factor – 69.516%

Distribution Primary demand jurisdictional factor – 99.624%

Jurisdictional Separation Study factors were used for production demand jurisdictional factor as:

Production Base – 92.792%

Production Intermediate – 72.541%

And, Production Peaking – 91.972%

Production A&G – 92.374%

(Foster)

Issue 7

What are the appropriate environmental cost recovery factors for the period January 2012 through December 2012 for each rate group?

PEF: The appropriate factors are as follows (Foster):

Rate Class	ECRC Factors 12CP & 1/13 AD
Residential	0.583 cents/kWh
General Service Non-Demand	
@ Secondary Voltage	0.577 cents/kWh
@ Primary Voltage	0.571 cents/kWh
@ Transmission Voltage	0.565 cents/kWh
General Service 100% Load Factor	0.570 cents/kWh
General Service Demand	
@ Secondary Voltage	0.572 cents/kWh
@ Primary Voltage	0.566 cents/kWh
@ Transmission Voltage	0.561 cents/kWh
Curtaillable	
@ Secondary Voltage	0.565 cents/kWh
@ Primary Voltage	0.559 cents/kWh
@ Transmission Voltage	0.554 cents/kWh
Interruptible	
@ Secondary Voltage	0.557 cents/kWh
@ Primary Voltage	0.551 cents/kWh
@ Transmission Voltage	0.546 cents/kWh
Lighting	0.566 cents/kWh

Issue 8

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

PEF: The new factors should be effective beginning with the first billing cycle for January 2012, and thereafter through the last billing cycle for December 2012. The first billing cycle may start before January 1, 2012, and the last billing cycle may end after December 31, 2012, so long as each customer is billed for twelve months regardless of when the factors became effective. (Foster)

Company Specific Environmental Cost Recovery Issues

Issue 10A

Should the Commission grant PEF's Petition for approval of cost recovery for the National Pollutant Discharge Elimination System (NPDES) Project?

PEF: Yes. The costs for this program meet the requirements of Section 366.8255 for ECRC recovery. All of the activities described in PEF's petition are necessary to comply with renewed NPDES permits issued or to be issued for PEF's facilities by the Florida Department of Environmental Protection (FDEP) pursuant to Florida's approved NPDES permitting program and applicable FDEP regulations. The expenditures associated with such activities are being prudently incurred after April 13, 1993, and none of the costs of the new program are being recovered through base rates or any other cost recovery mechanism. (West)

Issue 10B

How should the costs associated with the NPDES Project be allocated to the rate classes?

PEF: Capital costs for NPDES should be allocated to rate classes on a demand basis. O&M (operating & maintenance) costs for NPDES should be allocated to rate classes on an energy basis. (Foster)

Issue 10C

Should the Commission grant PEF's Petition for approval of cost recovery for the Maximum Achievable Control Technology (MACT) Project?

PEF: Yes. The costs for this program meet the requirements of Section 366.8255 for ECRC recovery. Adoption of the new MACT rule will require PEF to modify its Integrated Clean Air Compliance Plan to ensure compliance with new emission standards. The activities described in PEF's petition are necessary for PEF to assess the proposed rule, prepare comments to EPA, and develop compliance strategies within aggressive regulatory time-frames. Recovery of the costs of such activities is consistent with established Commission precedent approving recovery of costs incurred by utilities for technical analyses and other activities associated with development of environmental regulations and associated compliance strategies. The expenditures associated with such activities are being prudently incurred after April 13, 1993, and none of the costs of the new program are being recovered through base rates or any other cost recovery mechanism. (West)

Issue 10D How should the costs associated with the MACT Project be allocated to the rate classes?

PEF: O&M costs for the MACT should be allocated to rate classes on an energy basis. (Foster)

Issue 10E Should the Commission approve PEF's updated Review of Integrated Clean Air Compliance Plan that was submitted on April 1, 2011?

PEF: Yes. PEF's Integrated Clean Air Compliance Plan is reasonable and prudent and will have the desired effect of achieving timely compliance with the applicable regulations in a cost-effective manner. All of the major components of the Crystal River Unit 4 and 5 control projects included in PEF's Integrated Clean Air Compliance Plan have been completed. PEF is continuing to evaluate future compliance options in light of EPA's recently finalized Cross-State Air Pollution Rule (CSAPR) and proposed Maximum Achievable Control Technology (MACT) standards for coal and oil-fired generating units. Once the MACT rule is finalized and PEF determines its most cost-effective compliance options, PEF will submit for Commission review revisions to PEF's Integrated Clean Air Compliance Plan. The revised Plan will discuss the impacts and estimated costs associated with PEF's integrated strategy for complying with CSAPR, MACT and related regulatory programs. (West; Sorrick)

RESPECTFULLY SUBMITTED this 12th day of September, 2011.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to all counsel of record and interested parties as listed below by e-mail this 12th day of September, 2011.

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