

Diamond Williams

From: Stright, Lisa [Lisa.Stright@pgnmail.com]
Sent: Tuesday, October 18, 2011 7:59 AM
To: Filings@psc.state.fl.us
Cc: Marguerite McLean; Lisa Bennett; Hong Wang
Subject: FW: E-Filing & E-Service: PEF's Prehearing Statement - Dkt# 110001-EI
Attachments: FINAL - PEF Prehearing Statement (10.10.11) - 110001.pdf

PSC Clerk,

It appears I inadvertently omitted the filings@psc.state.fl.us when filing/sending to all parties on 10/10/11. Please accept this email as PEF's filing of it's PREHEARING Statement in Docket No. 100001-EI.

Thank you & we apologize for any inconvenience this may have caused,

Lisa Stright
(850) 521-1425

From: Stright, Lisa
Sent: Monday, October 10, 2011 11:02 AM
To: 'Lisa Bennett'; 'Michael Barrett'; 'James D. Beasley'; 'Butler, John'; 'Hoffman, Kenneth'; 'Jeffrey A. Stone'; 'Russell A. Badders'; 'Steven R. Griffin'; 'Paula K. Brown'; 'Susan D. Ritenour'; 'Keating, Beth'; 'KELLY.JR'; 'Charles Rehwinkel'; 'Thomas A. Geoffroy'; 'James W. Brew'; 'Vicki Gordon Kaufman'; 'Jon Moyle'; 'Cecilia Bradley'; 'allan.jungels@tyndall.af.mil'; 'p.wiggins@gfblawfirm.com'; 'schef@gbwlegal.com'; 'Dan Moore'
Cc: Burnett, John; Triplett, Dianne; Lewis Jr, Paul
Subject: E-Filing & E-Service: PEF's Prehearing Statement - Dkt# 110001-EI

This electronic filing is made by:

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Docket No. 110001-EI

On Behalf of Progress Energy Florida, Inc.

Consisting of 12 Pages.

The attached document for filing is PEF's Prehearing Statement in the above referenced docket.

Lisa Stright

10/18/2011

DOCUMENT NUMBER-DATE
07625 OCT 18 =
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BEFORE THE PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. | DOCKET NO. 110001-EI
DATED: October 10, 2011

**PROGRESS ENERGY FLORIDA, INC.'S
PREHEARING STATEMENT**

Progress Energy Florida, Inc. (PEF) hereby submits its Prehearing Statement with respect to its levelized fuel and capacity cost recovery factors and its Generating Performance Incentive Factor (GPIF) for the period of January 2012 through December 2012:

A. Known Witnesses - PEF intends to offer the testimony of:

<u>Witness - Direct</u>	<u>Subject Matter</u>	<u>Issues</u>
Will Garrett	Fuel Cost Recovery True-Up (2010)	8
	Capacity Cost Recovery True-Up (2010)	27
Marcia Olivier	Projection and Actual/Estimated True-up	6, 7, 9-11, 18-22
	Fuel and Capacity Cost Projections	28-34
	Other Matters	1C, 23A
Joseph McCallister	2011 April/August Hedging Information	1A
	2012 Risk Management Plan	1B
Robert M. Oliver	GPIF: Reward/Penalty and Targets/Ranges	16-17

B. Known Exhibits - PEF intends to offer the following exhibits:

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<u> </u> (WG-1T)	Garrett	Fuel Cost Recovery True-Up (Jan – Dec. 2010)

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<u> </u> (WG-2T)	Garrett	Capacity Cost Recovery True-Up (Jan – Dec. 2010)
<u> </u> (WG-3T)	Garrett	Schedules A1 through A3, A6 and A12 for Dec 2010
<u> </u> (MO-1)	Olivier	Actual/Estimated true-up Schedules for period January – December 2011
<u> </u> (MO-2)	Olivier	Projection factors for January to December 2012
<u> </u> (JM-1T)	McCallister	Summarized Hedging Information (2002 – 2010)
<u> </u> (JM-1P)	McCallister	2012 Risk Management Plan
<u> </u> (JM-2P)	McCallister	Hedging Report (January – July 2011)
<u> </u> (RMO-1T)	Oliver	GPIF Reward/Penalty Schedules for 2010
<u> </u> (RMO-1P)	Oliver	GPIF Targets/Ranges Schedules (for Jan – Dec. 2012)

C. Statement of Basic Position - Not applicable. PEF's positions to specific issues are listed below.

D.-F. Issues and Positions

PEF's positions on the issues identified in this proceeding are as follows:

COMPANY SPECIFIC FUEL ADJUSTMENT ISSUES

ISSUE 1A: Should the Commission approve as prudent, PEF's actions to mitigate the volatility of natural gas, residual oil, and purchased power prices, as reported in PEF's April 2011 and August 2011 hedging reports?

PEF: Yes. PEF's actions are reasonable and prudent. (McCallister)

ISSUE 1B: Should the Commission approve PEF's 2012 Risk Management Plan?

PEF: Yes. (McCallister)

ISSUE 1C: Should PEF be permitted to recover the costs of replacement power due to the extended outage at Crystal River 3 in this docket?

PEF: Yes. The Commission has already decided the issue of whether replacement fuel costs should be recovered. Specifically, in Order No. PSC-10-0734-FOF-EI issued in Docket No. 100001-EI, the Commission held that PEF shall be allowed to recover all replacement power costs due to the Crystal River 3 outage, subject to refund, prior to the determination of prudence of such costs in Docket No. 100437-EI. PEF has demonstrated the reasonableness of these fuel costs, consistent with the requirements set forth in Order PSC-10-0734-FOF-EI and thus should be permitted to recover these costs, subject to refund pending the determination in Docket No. 100437-EI. (Olivier)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2011 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$1,138,637. (Olivier)

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2012 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

PEF: \$905,703. (Olivier)

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2010 through December 2010?

PEF: \$158,825,721 under-recovery. (Garrett)

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2011 through December 2011?

PEF: \$35,666,520 over-recovery. (Olivier)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2012 to December 2012?

PEF: \$123,159,202 under-recovery. (Olivier)

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2012 through December 2012?

PEF: \$1,786,078,923. (Olivier)

COMPANY-SPECIFIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

Progress Energy Florida, Inc.

No company-specific issues for Progress Energy Florida, Inc. have been identified at this time. If such issues are identified, they shall be numbered 12A, 12B, 12C, and so forth, as appropriate.

GENERIC GENERATING PERFORMANCE INCENTIVE FACTOR ISSUES

ISSUE 16: What is the appropriate generation performance incentive factor (GPIF) reward or penalty for performance achieved during the period January 2010 through December 2010 for each investor-owned electric utility subject to the GPIF?

PEF: \$2,980,090 penalty. (Oliver)

ISSUE 17: What should the GPIF targets/ranges be for the period January 2012 through December 2012 for each investor-owned electric utility subject to the GPIF?

PEF: The appropriate targets and ranges are shown on Page 4 of Exhibit RMO-1P filed on September 1, 2011 with the Direct Testimony of Robert M. Oliver. (Oliver)

FUEL FACTOR CALCULATION ISSUES

ISSUE 18: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2012 through December 2012?

PEF: \$1,907,632,686. (Olivier)

ISSUE 19: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2012 through December 2012?

PEF: 1.00072. (Olivier)

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2012 through December 2012?

PEF: 5.168 cents per kWh (adjusted for jurisdictional losses). (Olivier)

ISSUE 21: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

PEF:

<u>Group</u>	<u>Delivery Voltage Level</u>	<u>Line Loss Multiplier</u>
A.	Transmission	0.9800
B.	Distribution Primary	0.9900
C.	Distribution Secondary	1.0000
D.	Lighting Service	1.0000

(Olivier)

ISSUE 22: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

PEF:

Fuel Cost Factors (cents/kWh)						
Group	Delivery Voltage Level	First Tier Factor	Second Tier Factors	Levelized Factors	Time of Use	
					On-Peak	Off-Peak
A	Transmission	--	--	5.072	7.238	4.027
B	Distribution Primary	--	--	5.123	7.311	4.068
C	Distribution Secondary	4.860	5.860	5.175	7.385	4.109
D	Lighting	--	--	4.722	--	--

(Olivier)

COMPANY-SPECIFIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 23A: Has PEF included in the capacity cost recovery clause, the nuclear cost recovery amount ordered by the Commission in Docket No. 110009-EI?

PEF: Yes. PEF has included \$141,020,859 (including Regulatory Assessment Fee) in its 2012 capacity cost recovery factors as presented in Thomas G. Foster's testimony pending Commission approval in Docket No. 110009-EI. (Olivier)

GENERIC CAPACITY COST RECOVERY FACTOR ISSUES

ISSUE 27: What are the appropriate capacity cost recovery true-up amounts for the period January 2010 through December 2010?

PEF: \$14,684,019 over-recovery. (Garrett)

ISSUE 28: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2011 through December 2011?

PEF: \$5,983,484 over-recovery. (Olivier)

ISSUE 29: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2012 through December 2012?

PEF: \$20,667,503 over-recovery. (Olivier)

ISSUE 30: What are the appropriate projected total capacity cost recovery amounts for the period January 2012 through December 2012?

PEF: \$373,845,099. (Olivier)

ISSUE 31: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2012 through December 2012?

PEF: \$494,452,743 consisting of \$353,431,884 of capacity payments and \$141,020,859 of nuclear costs as presented in Thomas G. Foster's testimony pending Commission approval in Docket No. 110009-EI. (Olivier)

ISSUE 32: What are the appropriate jurisdictional separation factors for capacity revenues and costs to be included in the recovery factor for the period January 2012 through December 2012?

PEF: Base – 92.792%, Intermediate – 72.541%, Peaking – 91.972%. (Olivier)

ISSUE 33: What are the appropriate capacity cost recovery factors for the period January 2012 through December 2012?

PEF:

<u>Rate Class</u>	<u>CCR Factor</u>
Residential	1.642 cents/kWh
General Service Non-Demand	1.197 cents/kWh
@ Primary Voltage	1.185 cents/kWh
@ Transmission Voltage	1.173 cents/kWh
General Service 100% Load Factor	0.863 cents/kWh
General Service Demand	1.067 cents/kWh
@ Primary Voltage	1.056 cents/kWh
@ Transmission Voltage	1.046 cents/kWh
Curtable	0.982 cents/kWh
@ Primary Voltage	0.972 cents/kWh
@ Transmission Voltage	0.962 cents/kWh
Interruptible	0.860 cents/kWh
@ Primary Voltage	0.851 cents/kWh
@ Transmission Voltage	0.843 cents/kWh
Lighting	0.251 cents/kWh
	(Olivier)

EFFECTIVE DATE

ISSUE 34: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

PEF: The new factors should be effective beginning with the first billing cycle for January 2012 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. (Olivier)

G. Stipulated Issues

PEF is not a party to any stipulations at this time.

H. Pending Motions

PEF has no pending motions at this time.

I. Requests for Confidentiality

PEF has the following pending requests for confidential classification:

- May 19, 2008 – 423 Forms for March 2008
- June 20, 2008 – 423 Forms for April 2008
- July 9, 2008 – Response to Staff’s Second Request for Production of Documents
- July 17, 2008 – Response to FIPUG’s First Set of Interrogatories (1-21)
- July 18, 2008 – 423 Forms for May 2008
- August 4, 2008 – Exhibit MO-1 (Part 2 – capacity cost recovery calculations for 2008, page 2 of 2) to the direct testimony of Marcia Olivier.
- August 15, 2008 – Hedging Report (Information contained in Attachments A & B for the period January – July 2008).
- August 22, 2008 – 423 Forms for June 2008
- August 25, 2008 – Response to Staff’s Third Set of Interrogatories (15-19)
- August 29, 2008 - Pages 3, 4 & 5 to the direct testimony of Marcia Olivier, Exhibit MO-2 (Schedule E-12 – capacity costs, Part 3, page 3 of 5) to the direct testimony of Marcia Olivier, Exhibit JM-1P (Page 1-2 and Attachments A-H) and Exhibit JM-2P to the direct testimony of Joseph McCallister.
- September 24, 2008 – 423 Forms for July 2008
- October 15, 2008 – Responses to Staff’s 5th Set of Interrogatories (Q. 51)
- October 16, 2008 – Responses to Staff’s 3rd Request for Production of Documents (Q. 13-17)
- October 20, 2008 – Responses to Staff’s 6th Set of Interrogatories (53-87)
- October 30, 2008 – 423 Forms for August 2008
- November 24, 2008 – 423 Forms for September 2008
- December 24, 2008 – 423 Forms for October 2008
- January 28, 2009 – 423 Forms for November 2008
- February 9, 2009 – 423 Forms for December 2008
- March 9, 2009 – Exhibit WG-3T, Schedule A12 to the direct testimony of Will Garrett.
- March 13, 2009 - 423 Forms for January 2009
- March 30, 2009 – Responses to Staff’s First Request for Production of Documents (1-8)
- April 3, 2009 – Exhibit JM-1T (2002 – 2008 Hedging information) to the direct testimony of Joseph McCallister.
- April 16, 2009 - 423 Forms for February 2009
- April 30, 2009 - 423 Forms for March 2009
- May 26, 2009 - 423 Forms for April 2009
- July 6, 2009 - 423 Forms for May 2009
- July 31, 2009 - 423 Forms for June 2009
- August 4, 2009 – Exhibit MO-1, Schedule E12, Part 2 to the direct testimony of Marcia Olivier and portions of the 2010 Risk Management Plan.
- August 14, 2009 – Hedging Report (Jan. – July 2009), Attachments A and B.
- September 2, 2009 - 423 Forms for July 2009
- September 15, 2009 – Response to Staff’s Third Set of Interrogatories (22-25).
- October 7, 2009 – Responses to Staff’s 4th Set of Interrogatories (26-35)
- October 12, 2009 – 423 Forms for August 2009
- November 6, 2009 – 423 Forms for September 2009
- December 4, 2009 – 423 Forms for October 2009
- January 13, 2010 – 423 Forms for November 2009
- January 28, 2010 – 423 Forms for December 2009
- February 25, 2010 – 423 Forms for January 2010

- March 22, 2010 – Responses to Staff’s 1st Set of Interrogatories (1-14) & Staff’s 1st Request for Production of Documents (1-16).
- March 30, 2010 – 423 Forms for February 2010
- April 1, 2010 – Exhibit JM-1T to the direct testimony of Joe McCallister (Hedging savings/costs for 2009).
- April 22, 2010 – 423 Forms for March 2010
- May 24, 2010 – 423 Forms for April 2010
- June 30, 2010 – 423 Forms for May 2010
- August 2, 2010 – Exhibit MO-1 to the direct testimony of Marcia Olivier & portions of 2011 Risk Management Plan (Exh. JM-1P) (Pgs. 1-3, Attachments A, B, C, E & F).
- August 10, 2010 – 423 Forms for June 2010
- August 16, 2010 – Hedging Report (January – July 2010) (Exh. JM-2P).
- September 1, 2010 – 423 Forms for July 2010
- September 1, 2010 – Exhibit MO-2 to direct testimony of Marcia Olivier.
- September 20, 2010 – Responses to Staff’s 5th Set of Interrogatories (45-62).
- September 30, 2010 – Responses to Staff’s 6th Set of Interrogatories (63-72).
- October 5, 2010 – 423 Forms for August 2010
- October 25, 2010 – Responses to FIPUG’s 1st Set of Interrogatories (1-22) & 1st Request for Production of Documents (1-6)
- October 29, 2010 – Updated Response to FIPUG’s 1st Set of Interrogatories, specifically Q. 17 & 18.
- March 1, 2011 – Exhibit WG-3T (Schedule A12) to the direct testimony of Will Garrett.
- April 1, 2011 – August – December 2010 Hedging Report (Exhibit JM-1T to the testimony of Joseph McCallister)
- April 1, 2011 – Responses to Staff’s 1st Set of Interrogatories (1-3)
- April 6, 2011 – 423 Forms for February 2011
- May 4, 2011 – 423 Forms for March 2011
- May 23, 2011 – Responses to Staff’s 1st Request for Production of Documents (1-13)
- June 10, 2011 – 423 Forms for April 2011
- July 7, 2011 – 423 Forms for May 2011
- August 1, 2011 – 423 Forms for June 2011
- August 1, 2011 – Exhibit MO-1 (Schedule E12-B, Page 2 of 2) to the direct testimony of Marcia Olivier & portions of the 2012 Risk Management Plan (Exhibit JM-1P)
- August 15, 2011 – Hedging Report (January – July 2011) (Exhibit JM-2P)
- September 1, 2011 – 423 Forms for July 2011
- September 1, 2011 - Exhibit MO-2 to the projection testimony of Marcia Olivier
- September 29, 2011 – Responses to Staff’s 6th Set of Interrogatories (81-95)
- September 29, 2011 – 423 Forms for August 2011

J. Requirements of Order

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

K. Objections to Qualifications

PEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.

RESPECTFULLY SUBMITTED this 10th day of October, 2011.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Prehearing Statement has been furnished via electronic mail this 10th day of October, 2011 to all parties of record as indicated below.

s/ John T. Burnett

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