**DRAFT – August 26, 2009 Privileged and Confidential**

M:\WDOX\CLIENTS\005FPC\00028469.DOCX **Attorney/Client Communication**

#### Attorney Work Product

**Progress Energy Proprietary**

lskizuka@brudergentile.com

August \_\_\_, 2009

The Honorable Kimberly D. Bose

Secretary

Federal Energy Regulatory Commission

888 First Street, N.E.

Washington, D.C. 20426

**Re: *Florida Power Corporation*;**

**Revisions to OATT Power Factor Requirements**

**Docket No. ER09-\_\_\_-000**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act and Part 35 of the Commission’s regulations, 18 C.F.R. Part 35 (2009), Florida Power Corporation, doing business as Progress Energy Florida, Inc. (“PEF”), hereby tenders for filing revisions to provisions of its Open Access Transmission Tariff (“OATT”) governing power factor requirements. These revisions add a new Attachment V to the PEF OATT and modify the power factor provisions located in Section 24.3 of the PEF OATT.

PEF respectfully requests that the Commission act on its filing within sixty days after the date of this filing, which is \_\_\_\_\_\_\_\_\_\_, 2009.

# I. Background

PEF is an investor-owned utility that provides generation, transmission and distribution services to retail customers in the State of Florida. It is also a power supplier for a number of wholesale customers in the State of Florida. PEF provides open access transmission services pursuant to its OATT.

Under the current provisions in Section 24.3 of the PEF OATT, an OATT transmission customer is required to maintain a power factor within the same range as PEF pursuant to Good Utility Practices.[[1]](#footnote-2) The power factor requirements are specified in a service agreement where applicable.[[2]](#footnote-3) In this filing, PEF is revising its OATT to provide more detailed power factor requirements.

# II. Instant Filing

PEF proposes revisions to its OATT in the form of a new Attachment V establishing power factor requirements and a revised Section 24.3 of the OATT, which refers to the Attachment V power factor requirements. Attachment V allows for a transition period in which a new OATT transmission customer must achieve compliance with the OATT power factor requirements. Specifically, OATT Attachment V requires the OATT transmission customer to have in place no later than forty-two months after the customer’s service commences under the Tariff (the “Initial Compliance Period”) sufficient reactive compensation and control to meet the power factor set forth in Attachment V.[[3]](#footnote-4) If the new OATT transmission customer does not meet the power factor standard by the end of the Initial Compliance Period, PEF shall provide the customer with written notice of any alleged non-compliance (along with the data upon which such assertion is based), and, unless within sixty (60) days of receipt of such notice the customer has initiated Dispute Resolution Procedures under OATT Section 12 to determine whether it has met the power factor standards set forth herein, PEF shall have the unilateral right to install such necessary equipment to meet the standard.[[4]](#footnote-5) The exercise of this right must be on a comparable basis as to all power factor aggregation zones of all other OATT transmission customers and PEF itself.[[5]](#footnote-6)

Attachment V also states that each month, PEF will provide to the OATT transmission customer a report of the power factor information as measured at the point of delivery for each point of delivery and by power factor aggregation zones for the Transmission Provider’s Monthly Transmission System Peak for both PEF and all OATT transmission customers.[[6]](#footnote-7) Each customer will be provided monthly the above information as to all other OATT transmission customers and PEF.[[7]](#footnote-8) PEF’s and the OATT transmission customers’ power factor for distribution points of delivery will be adjusted down by two percent to convert to the transmission voltage level and will be included in the appropriate power factor aggregation zone.[[8]](#footnote-9)

By January 1st of each year, PEF and the OATT transmission customer will each provide to the other the forecast summer and winter peak season power factor at the point of delivery for each of their respective points of delivery and by power factor aggregation zones for the ten-year transmission planning horizon.[[9]](#footnote-10) By February 1st, they will each provide plans on how they will meet the power factor standard where it is not currently being met or is forecasted not to be met for a specific power factor aggregation zone.[[10]](#footnote-11) The power factor standard that PEF and the transmission customer must adhere to requires that each power factor aggregation zone be between 95% lagging and 99% leading measured at the times coincident with PEF’s transmission system summer and winter peak loads.[[11]](#footnote-12)

Attachment V also provides that the power factor aggregation zones, which are defined on a geographic basis, for PEF and each OATT transmission customer, will be set forth in the network integration service agreement and/or network operating agreement that is applicable to it.[[12]](#footnote-13) PEF will also post and maintain on its OASIS a list of power factor aggregation zones for PEF and each current and pending transmission customer.[[13]](#footnote-14)

If, after the OATT transmission customer fully complies with the power factor standard during the Initial Compliance Period, the customer then does not maintain and provide the necessary reactive compensation and control, on an on-going basis, to continue to comply with the power factor standard, PEF shall provide the customer with written notice of any alleged non-compliance.[[14]](#footnote-15) If the transmission customer does not resolve the matter to PEF’s reasonable satisfaction within twenty-four months, PEF will have the unilateral right to install necessary equipment to meet the standard and will have the right to seek to recover related expenses.[[15]](#footnote-16)

# III. Effective Date

PEF requests that the OATT revisions become effective sixty days after the date of this filing, which is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2009.

# IV. Contents of Filing

The following documents are included in this filing:

1. The new OATT Attachment V to the PEF OATT governing power factor requirements (“Attachment 1”);[[16]](#footnote-17) and
2. Clean and redlined copies of revised OATT Section 24.3.[[17]](#footnote-18)

# V. List of Persons on Whom this Filing Is Being Served

Pursuant to 18 C.F.R. § 385.2010(f)(i) of the Commission’s Regulations, a copy of this filing is being served by electronic means on the Florida Public Service Commission and PEF’s and PEC’s OATT transmission customers. Specifically, on the date of this filing, PEF will submit an e-mail that notifies the Florida Public Service Commission and PEF’s and PEC’s OATT transmission customers that its revisions to the PEF OATT are available from PEF’s OASIS site at http://www.oatioasis.com/FPC/, on the Open Access Transmission Tariff (OATT) Information page, as well as Progress Energy’s corporate website at <http://www.progress-energy.com/aboutenergy/ferc/index.asp>.

Over three weeks ago, PEF made available draft copies of the filing letter and new OATT Attachment V for this filing to all PEF and PEC OATT customers through e-mail and a posting on PEF’s OASIS site. PEF made these drafts available to the OATT customers in order to provide them with an opportunity to review and comment on the filing in advance of PEF’s filing.

**VI. Miscellaneous**

No costs or expenses concerning the tariff sheets set forth in this filing that have been alleged or adjudged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs, nor has any expense or cost been demonstrated to be the product of discriminatory employment practices.

**VII. Persons to Whom Correspondence Should Be Addressed**

The following persons should receive communications regarding this filing:

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**VIII. Conclusion**

PEF respectfully requests that the Commission accept the OATT provisions as just, reasonable and not unduly preferential under Section 205 of the Federal Power Act and grant the requested effective date.

Progress thanks the Commission for its consideration of this filing. Please contact the undersigned if you have any questions.

Very truly yours,

Antonia A. Frost

Linda S. Kizuka

Counsel for Florida Power Corporation

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1. See PEF OATT, Section 24.3. [↑](#footnote-ref-2)
2. See PEF OATT, Section 24.3. [↑](#footnote-ref-3)
3. See Attachment V, Page 1. [↑](#footnote-ref-4)
4. See Attachment V, Page 1. [↑](#footnote-ref-5)
5. See Attachment V, Page 1. [↑](#footnote-ref-6)
6. See Attachment V, Page 1. [↑](#footnote-ref-7)
7. See Attachment V, Page 2. [↑](#footnote-ref-8)
8. See Attachment V, Page 2. [↑](#footnote-ref-9)
9. See Attachment V, Page 2. [↑](#footnote-ref-10)
10. See Attachment V, Page 2. [↑](#footnote-ref-11)
11. See Attachment V, Pages 2-3. [↑](#footnote-ref-12)
12. See Attachment V, Page 3. [↑](#footnote-ref-13)
13. See Attachment V, Page 3. [↑](#footnote-ref-14)
14. See Attachment V, Page 3. [↑](#footnote-ref-15)
15. See Attachment V, Page 3. [↑](#footnote-ref-16)
16. Because PEC is submitting an entirely new OATT Attachment (OATT Attachment V), PEF respectfully requests waiver of the Order No. 614 requirement to provide a clean and redlined copy of the new OATT Attachment V. [↑](#footnote-ref-17)
17. PEF and its affiliate, Carolina Power & Light Company, doing business as Progress Energy Carolinas, Inc. (“PEC”), have a joint OATT. Therefore, PEF is submitting tariff sheets for PEF OATT Attachment V and revised PEF OATT Section 24.3 for both the PEF OATT and PEC OATT. [↑](#footnote-ref-18)