

**Ruth Nettles**

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**Sent:** Friday, May 02, 2008 9:45 AM  
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**Subject:** Docket 080148-EI Filing: PEF's Objections to Staff's 8th Set of Interrogatories (Nos. 116-124)  
**Attachments:** PEF Objections to Staff's 8th Rogs.pdf

This electronic filing is made by:

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Docket 080148-EI

In re: Petition for Determination of Need for Levy Units 1 and 2 Nuclear Power Plants by PEF

On behalf of Progress Energy Florida

Consisting of 6 pages

The attached document for filing is PEF's Objections to Staff's Eighth Set of Interrogatories (Nos. 116-124)

<<PEF Objections to Staff's 8th Rogs.pdf>>

DOCUMENT NUMBER-DATE

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5/2/2008

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Petition for determination of need  
for Levy Units 1 and 2 nuclear power plants,  
by Progress Energy Florida, Inc.

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Docket No. 080148-EI

Submitted for Filing: May 2, 2008

**PROGRESS ENERGY FLORIDA'S OBJECTIONS TO  
STAFF'S EIGHTH SET OF INTERROGATORIES (NOS. 116-124)**

Pursuant to Fla. Admin. Code R. 28-106.206, Rule 1.340 of the Florida Rules of Civil Procedure, and the Order Establishing Procedure in this matter, Progress Energy Florida, Inc. ("PEF") hereby serves its objections to Staff's Eighth Set of Interrogatories (Nos. 116-124) and states as follows:

**GENERAL OBJECTIONS**

PEF objects to any definitions or instructions that are inconsistent with PEF's discovery obligations under applicable rules.

**SPECIFIC OBJECTIONS**

**Question 117:** PEF objects to interrogatory number 117 because it asks PEF to perform analyses that PEF has not performed and cannot perform. PEF has a non-binding cost estimate from the consortium supplying the nuclear power plants for Levy Units 1 and 2 in 2016 and 2017, respectively. PEF does not have a non-binding cost estimate from the consortium for nuclear power plants in 2016 and 2019. PEF, therefore, cannot perform the requested analyses. PEF further objects to interrogatory number 117 because the interrogatory calls for speculation. Because PEF does not have a non-binding cost estimate for a nuclear power plant in 2019, any attempt by PEF to provide an answer is

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speculation on PEF's part about what a willing supplier would provide as a cost estimate for a nuclear power plant located at the Levy site in 2019.

**Question 118:** PEF objects to interrogatory number 118 because it asks PEF to perform analyses that PEF has not performed and cannot perform. PEF has a non-binding cost estimate from the consortium supplying the nuclear power plants for Levy Units 1 and 2 in 2016 and 2017, respectively. PEF does not have a non-binding cost estimate from the consortium for nuclear power plants in 2016 and 2019. PEF, therefore, cannot perform the requested analyses. PEF further objects to interrogatory number 118 because the interrogatory calls for speculation. Because PEF does not have a non-binding cost estimate for a nuclear power plant in 2019, any attempt by PEF to provide an answer is speculation on PEF's part about what a willing supplier would provide as a cost estimate for a nuclear power plant located at the Levy site in 2019.

**Question 120:** PEF objects to interrogatory number 120 because it asks PEF to perform analyses that PEF has not performed and cannot perform. PEF has a non-binding cost estimate from the consortium supplying the nuclear power plants for Levy Units 1 and 2 in 2016 and 2017, respectively. PEF does not have a non-binding cost estimate from the consortium for nuclear power plants in 2016 and 2019. PEF, therefore, cannot perform the requested analyses. PEF further objects to interrogatory number 120 because the interrogatory calls for speculation. Because PEF does not have a non-binding cost estimate for a nuclear power plant in 2019, any attempt by PEF to provide an answer is speculation on PEF's part about what a willing supplier would provide as a cost estimate for a nuclear power plant located at the Levy site in 2019.

**Question 121:** PEF objects to interrogatory number 121 because it asks PEF to perform analyses that PEF has not performed and cannot perform. PEF has a non-binding

cost estimate from the consortium supplying the nuclear power plants for Levy Units 1 and 2 in 2016 and 2017, respectively. PEF does not have a non-binding cost estimate from the consortium for nuclear power plants in 2016 and 2019. PEF, therefore, cannot perform the requested analyses. PEF further objects to interrogatory number 121 because the interrogatory calls for speculation. Because PEF does not have a non-binding cost estimate for a nuclear power plant in 2019, any attempt by PEF to provide an answer is speculation on PEF's part about what a willing supplier would provide as a cost estimate for a nuclear power plant located at the Levy site in 2019.

**Question 123:** PEF objects to interrogatory number 123 because it asks PEF to perform analyses that PEF has not performed and cannot perform. PEF further objects to interrogatory number 123 because it calls for speculation. PEF, Florida Power & Light Company, and Tampa Electric Company agreed to increase minimum planning Reserve Margin levels to at least 20 percent in the reserve margin docket initiated by the Commission in 1999. The Commission approved this agreement in Order No. PSC-99-2507-S-EU thereby establishing a 20 percent Reserve Margin for the investor owned utilities in Florida. It is speculation to assume a different reserve margin criterion. Additionally, PEF has integrated the minimum 20 percent reserve margin requirements into its integrated resource planning process for nearly a decade. Accordingly, PEF has not conducted any integrated resource planning with a 15 percent reserve margin criterion in almost ten years and PEF cannot do so in any integrated way at this time.

In addition, the Commission stated in Order No. PSC-03-0175-FOF-EI that parties should not speculate on potential changes in reserve margins in need cases.

Specifically, the Commission stated:

PACE questioned whether there is a present need for the Hines Unit 3. PACE argues that FPC has done well over the past with a 15 percent reserve margin and if this margin is maintained, Hines Unit 3 is not needed. Regardless of past experience, however, Order No. PSC-99-2507-S-EU, issued December 22, 1999, in Docket No. 981890-EU, requires Florida's investor owned utilities (IOUs) to increase minimum planning reserve margins to a 20% reserve margin by the summer of 2004. By approving the stipulation proposed by the IOUs and issuing the above Order, we have already determined that 20% is the appropriate reserve margin criteria, and the IOUs are required to utilize this criteria, unless modified in a subsequent proceeding.

To provide reliable service, utilities are required to maintain a margin of generating capacity above the firm demand of their customers (planned reserves). At any given time during the year, some generating plants will be out of service and unavailable due to forced outages, periodic maintenance, refueling of nuclear plants, etc. Therefore, adequate reserves must be available to provide for this unavailable capacity and for the higher than projected peak demand due to forecast uncertainty and abnormal weather. The proper forum to address what minimum reserves are necessary should be in a generic docket, as was previously done, and not in a particular utility's power plant need determination docket.

**Question 124:** PEF objects to interrogatory number 123 because it asks PEF to perform analyses that PEF has not performed and cannot perform. PEF further objects to interrogatory number 123 because it calls for speculation. PEF, Florida Power & Light Company, and Tampa Electric Company agreed to increase minimum planning Reserve Margin levels to at least 20 percent in the reserve margin docket initiated by the Commission in 1999. The Commission approved this agreement in Order No. PSC-99-2507-S-EU thereby establishing a 20 percent Reserve Margin for the investor owned utilities in Florida. It is speculation to assume a different reserve margin criterion. Additionally, PEF has integrated the minimum 20 percent reserve margin requirements into its integrated resource planning process for nearly a decade. Accordingly, PEF has not

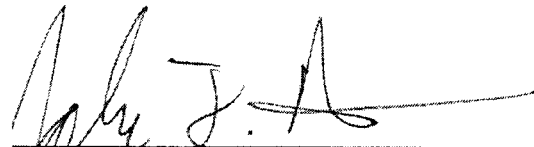
conducted any integrated resource planning with a 15 percent reserve margin criterion in almost ten years and PEF cannot do so in any integrated way at this time.

In addition, the Commission stated in Order No. PSC-03-0175-FOF-EI that parties should not speculate on potential changes in reserve margins in need cases.

Specifically, the Commission stated:

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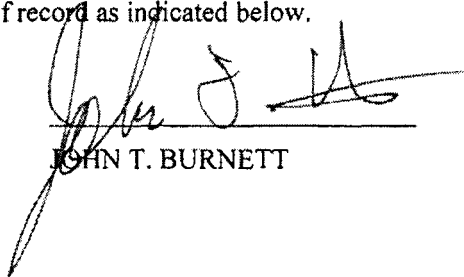
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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via U.S. Mail this 2<sup>nd</sup> day of May, 2008 to all parties of record as indicated below.

  
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