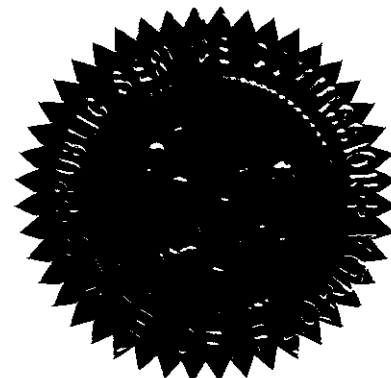


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI

In the Matter of:

NUCLEAR COST RECOVERY CLAUSE.



VOLUME 5

Pages 767 through 788

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THE OFFICIAL TRANSCRIPT OF THE HEARING,
THE .PDF VERSION INCLUDES PREFILED TESTIMONY.

PROCEEDINGS: HEARING

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Friday, September 12, 2008

TIME: Commenced at 9:40 a.m.
Concluded at 12:14 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

APPEARANCES: (As heretofore noted.)

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION

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FPSC-COMMISSION CLERK

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I N D E X

WITNESSES

NAME:

PAGE NO.

LORI CROSS

Prefiled Direct Testimony

2008 Actual/Estimated Filing

770

LORI CROSS

Prefiled Direct Testimony

Support of Projected Costs

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CERTIFICATE OF REPORTER

788

P R O C E E D I N G S

(Transcript follows in sequence from Volume 4.)

(REPORTER NOTE: The aforementioned Prefiled Direct
Testimony of Lori Cross was inadvertently omitted from the
hearing transcript.)

**IN RE: PETITION TO RECOVER THE COSTS OF THE CRYSTAL
RIVER UNIT 3 UPRATE PURSUANT TO THE NUCLEAR COST
RECOVERY RULE**

BY PROGRESS ENERGY FLORIDA

FPSC DOCKET NO. 080009

**DIRECT TESTIMONY OF LORI CROSS IN SUPPORT OF 2008
ACTUAL/ESTIMATED FILING**

I. INTRODUCTION AND QUALIFICATIONS

1

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

3 **A. My name is Lori Cross. My business address is 299 First Avenue North, St.**
4 **Petersburg, FL 33701.**

5

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

7 **A. I am employed by Progress Energy Service Company, LLC as Manager of**
8 **Regulatory Planning Florida.**

9

10 **Q. What are your responsibilities in that position?**

11 **A. I am responsible for regulatory planning, cost recovery and pricing functions**
12 **for Progress Energy Florida, Inc. ("PEF"). These responsibilities include: cost**
13 **of service analysis; regulatory financial reports; rate and tariff development and**
14 **administration; analysis of state, federal and local regulations and their impact**
15 **on PEF; planning, coordination and execution of general rate case proceedings**
16 **as necessary. In this capacity, I am also responsible for the Crystal River Unit 3**

1 (CR3) Uprate Cost Recovery Actual/Estimated filing, made as part of this
2 discovery docket, in accordance with Rule 25-6.0423, Florida Administrative
3 Code (F.A.C.).
4

5 **Q. Please describe your educational and occupational history and describe your**
6 **duties in the various positions you have held as an employee of Progress**
7 **Energy.**

8 A. I received a Bachelors of Science degree in Accounting from the University of
9 South Florida. I began my employment with PEF (previously Florida Power
10 Corporation) in 1983. During my 24 years with Florida Power Corporation and
11 now Progress Energy Service Co. LLC., I have held a number of financial and
12 accounting positions. In 2004, I became Manager, Regulatory Services for PEF.
13

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

15 A. The purpose of my testimony is to present, for Commission review and approval,
16 Progress Energy Florida's Estimated/Actual and True-up costs associated with
17 Crystal River Unit 3 (CR3) Uprate activities for the period January 2008 through
18 December 2008.
19

20 **Q. Are you sponsoring any exhibits in support of your testimony?**

21 A. Yes. I am sponsoring sections of the following exhibit, which was prepared under
22 my supervision:

- Exhibit No. ____ (LC-2), consisting of Schedules AE-1 through AE-10, which reflect PEF's retail revenue requirements for the Crystal River Unit 3 (CR3) Uprate Filing from January 2008 through December 2008; however, I will only be sponsoring Schedules AE-1 through AE-6B , AE-9, and AE-10.

Daniel Roderick will be sponsoring Schedules AE-7 through AE-8A.

Schedules AE-2, AE-5, AE-6B and AE-10 in Exhibit No. ____ (LC-2), are shown for informational purposes only and show no activity as they are not applicable to the Crystal River Unit 3 (CR3) Uprate Filing during the reporting period.

This exhibit is true and accurate.

Q. What are Schedules AE-1 through AE-10?

- A.**
- Schedule AE-1 reflects the actual/estimated total retail revenue requirements for the period. This includes revenue requirements from prior periods that were never included in rates. These dollars show up in the other adjustment line.
 - Schedule AE-2 reflects the calculation of the actual/estimated preconstruction costs for the period.
 - Schedule AE-3 reflects the calculation of the actual/estimated carrying costs on construction expenditures for the period.
 - Schedule AE-3A reflects a calculation of actual/estimated deferred tax carrying costs for the period.

- 1 • Schedule AE-3B reflects the calculation of the actual/estimated construction
- 2 period interest for the period.
- 3 • Schedule AE-4 reflects CCRC recoverable Operations and Maintenance
- 4 (O&M) expenditures for the period.
- 5 • Schedule AE-5 reflects other recoverable O&M expenditures for the period.
- 6 • Schedule AE-6 reflects actual/estimated monthly expenditures for
- 7 preconstruction and construction costs for the period.
- 8 • Schedule AE-6A reflects descriptions of the major tasks.
- 9 • Schedule AE-6B reflects annual variance explanations.
- 10 • Schedule AE-7 reflects technology selected for the Crystal River Unit 3
- 11 (CR3) Uprate Nuclear Project.
- 12 • Schedule AE-8 reflects contracts executed in excess of \$1.0 million.
- 13 • Schedule AE-8A reflects details pertaining to the contracts executed in
- 14 excess of \$1.0 million.
- 15 • Schedule AE-9 reflects the calculation of the Estimated True-up Amount for
- 16 the period.
- 17 • Schedule AE-10 reflects the calculation of interest.

18
19 **Q. What is the source of the data that you will present by way of testimony or**
20 **exhibits in this proceeding?**

21 **A. The actual data is taken from the books and records of PEF. The books and records**
22 **are kept in the regular course of our business in accordance with generally accepted**

1 accounting principles and practices, and provisions of the Uniform System of
2 Accounts as prescribed by Federal Energy Regulatory Commission (FERC) and any
3 accounting rules and orders established by this Commission. Estimates are derived
4 from Nuclear Projects & Construction Group (NPC). NPC uses various rate
5 schedules and contracts to project the cash flows in accordance with our business
6 practice.

7
8 **Q. What are the actual/estimated requirements for the CR3 uprate project for the**
9 **2008 calendar year?**

10 **A.** The estimated total return requirements for the CR3 uprate project are \$7.6 million
11 for 2008 as reflected on Schedule AE-1, page 2 of 2, line 8. This amount includes
12 \$5.8 million in carrying costs on the project construction balance, \$0.3 million for
13 recoverable O&M expenses, a return on the deferred asset of \$0.1 million, and \$1.4
14 million in 2008 revenue requirements for the MUR phase of the project. These
15 amounts were calculated in accordance with the provisions of Rule 25-6.0423.
16 This amount will be included in the 2009 projected revenue requirements for this
17 project.

18
19 **Q. What is included in the Total Return Requirements on Schedule AE3, Line 7?**

20 The \$5.8 million in Total Return Requirements in Schedule AE3 represents the
21 carrying costs on the average construction project balance. The beginning CWIP
22 balance of \$32.1 million on this schedule on line 1 includes the costs for the MUR
23 phase of the project which was placed in service in January 2008. The \$9.3 million

1 reflected on line 2 reflects the transfer of the MUR project to Plant-in-Service. The
2 \$4.0 million in adjustments on Line 3 represents carrying charges on the CWIP
3 balance. This amount will be added to the CWIP balance until such time as the
4 carrying charges begin to be recovered in rates. Normal determination of AFUDC
5 includes a return on eligible capital additions plus a compounded rate of return until
6 plant investments are placed in service and recovered in rates. Likewise under
7 these circumstances a compounded return is appropriate until this return is
8 recovered in rates.

9
10 **Q. Can you explain how the costs for the MUR phase are being treated for cost**
11 **recovery purposes?**

12 **A.** As previously stated, the MUR phase of the project went into service in January
13 2008 and an adjustment has been made on Schedule AE-3, line 3 to remove these
14 costs from the balance on which we are accruing a carrying charge. However,
15 according to the provisions of the Nuclear Cost Recovery rules, PEF may request a
16 base rate increase for the revenue requirements related to this project. Due to the
17 relatively small nature of the dollars associated with this phase of the project and
18 for purposes of administrative efficiency, PEF proposes to recover the revenue
19 requirements on these costs through the Capacity Cost Recovery Clause until the
20 remaining phases of the project go in service. The calculation of the revenue
21 requirements for the MUR phase are provided on Appendix A and are included in
22 the Other Adjustments, line 5 on Schedule AE-1.

23

1 **Q. What is the carrying cost rate used in Schedule AE-3?**

2 **A.** The carrying cost rate used on Schedule AE-3 is based on PEF's approved after tax
3 rate of 8.848%. On a pre-tax basis, the rate is 13.13%. The rate was approved in
4 Docket 050078-EL Order PSC-05-0945-S-EL. This rate represents the approved
5 rate as of June 12, 2007, and is the appropriate rate to use consistent with Rule 25-
6 6.0423(5) (b) 1. The annual rate was adjusted to a monthly rate as required by the
7 AFUDC rule, FPSC Rule 25-6.0141, Item (3).

8
9 **Q. What is Schedule AE-6 and what does it represent?**

10 **A.** Schedule AE-6 reflects actual/estimated monthly expenditures for preconstruction
11 and construction costs for 2008. The amount included on line 45 represents
12 actual/estimated generation capital costs gross of joint owner billings and exclusive
13 of AFUDC. The adjustment on Line 47 labeled "Non Cash Accruals" has been
14 made to adjust these costs to a cash basis for purposes of calculation of the carrying
15 costs and the adjustment on line 48 labeled "Other" represents the joint owner
16 portion of these costs. We have applied the appropriate jurisdictional separation
17 factor to the "Net Generation Costs" on line 49 to arrive at the monthly
18 jurisdictional cash expenditures.

19
20 **Q. What are the actual/estimated costs incurred for period January 2008 through**
21 **December 2008?**

22 **A.** Total capital expenditures for 2008 excluding carrying costs are projected to be
23 \$67.6 million, as shown on Schedule AE-6, Line 45. This amount includes

1 expenditures of \$9.4 million for Project Management and \$58.2 million for Power
2 Block Engineering, Procurement as part of generation construction costs. More
3 information about the types of costs included in each of these major tasks is
4 included on Schedule AE-6A.

5
6 **Q. What was the source of the separation factors used in Schedule AE-6?**

7 **A.** The jurisdictional separation factors are based on the factors that were established
8 in PEF's last base rate proceeding, Order PSC-05-0945-S-EL.

9
10 **Q. Was interest calculated on the under-recovered balance?**

11 **A.** Interest has only been included on the average cumulative CCRC recoverable O&M
12 expenses as reflected on Schedule AE-4, line 27. The interest has been calculated
13 at the average commercial paper rate. No interest has been calculated on the
14 construction costs as until such time as we begin to recover the carrying costs on
15 this project in rates, we will calculate a carrying charge on the cumulative CWIP
16 balance at PEF's current AFUDC rate and will include those costs in the
17 cumulative CWIP balance. These costs will remain in CWIP until they are
18 approved for recovery through the Capacity Cost Recovery (CCR) clause, at which
19 time they will be reclassified as a regulatory asset and we will begin to accrue
20 interest on the over or under recovered balance.

21
22 **Q. Does this conclude your testimony?**

23 **A.** Yes, it does.

**IN RE: PETITION TO RECOVER THE COSTS OF THE CRYSTAL
RIVER UNIT 3 UPRATE PURSUANT TO THE NUCLEAR COST
RECOVERY RULE**

BY PROGRESS ENERGY FLORIDA

FPSC DOCKET NO. 080009

**DIRECT TESTIMONY OF LORI CROSS
IN SUPPORT OF PROJECTED COSTS**

I. INTRODUCTION AND QUALIFICATIONS

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

3 **A. My name is Lori Cross. My business address is 299 First Avenue North, St.**
4 **Petersburg, FL 33701.**
5

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

7 **A. I am employed by Progress Energy Service Company, LLC as Manager of**
8 **Regulatory Planning Florida.**
9

10 **Q. What are your responsibilities in that position?**

11 **A. I am responsible for regulatory planning, cost recovery and pricing functions**
12 **for Progress Energy Florida, Inc. ("PEF"). These responsibilities include: cost**
13 **of service analysis; regulatory financial reports; rate and tariff development**
14 **and administration; analysis of state, federal and local regulations and their**
15 **impact on PEF; planning, coordination and execution of general rate case**
16 **proceedings as necessary. In this capacity, I am also responsible for the Crystal**
17 **River Unit 3 (CR3) Uprate Cost Recovery Projection filing, made as part of**

DOCUMENT NUMBER-DATF

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1 this discovery docket, in accordance with Rule 25-6.0423, Florida
2 Administrative Code (F.A.C.).
3

4 **Q. Please describe your educational and occupational history and describe your**
5 **duties in the various positions you have held as an employee of Progress**
6 **Energy.**

7 **A.** I received a Bachelors of Science degree in Accounting from the University of
8 South Florida. I began my employment with PEF (previously Florida Power
9 Corporation) in 1983. During my 24 years with Florida Power Corporation and
10 now Progress Energy Service Co. LLC., I have held a number of financial and
11 accounting positions. In 2004, I became Manager, Regulatory Services for PEF.
12 I am also a Certified Public Accountant licensed to practice in Florida.
13

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

15 **A.** The purpose of my testimony is to present, for Commission review and approval,
16 Progress Energy Florida's projected costs associated with Crystal River Unit 3
17 (CR3) Uprate activities for the period January 2009 through December 2009.
18

19 **Q. Are you sponsoring any exhibits in support of your testimony?**

20 **A.** Yes. I am sponsoring sections of the following exhibit, which was prepared under
21 my supervision:

- 22 • Exhibit No. ____ (LC-1), consisting of Schedules P-1 through P-10, which
23 reflect PEF's retail revenue requirements for the Crystal River Unit 3 (CR3)
24 Uprate Filing from January 2009 through December 2009; however, I will

1 only be sponsoring Schedules P-1 through P-6A , P-9, and P-10. Daniel
2 Roderick will be sponsoring Schedules P-7 through P-8A. Schedules P-2,
3 P-5 and T-6A in Exhibit No. ____ (LC-1), are shown for informational
4 purposes only and show no activity as they are not applicable to the Crystal
5 River Unit 3 (CR3) Uprate Filing during the reporting period.

- 6 • Appendix A (included as part of Exhibit No. ____ (LC-1)) – Revenue
7 Requirements for MUR project.
- 8 • Exhibit No. ____ (LC-3), consisting of Schedules TOR-1 through TOR-7,
9 which reflect the total project estimated costs. I will only be sponsoring
10 Scheduled TOR-1 through TOR-6 and Daniel Roderick will be sponsoring
11 Schedule TOR-7.

12 These exhibits are true and accurate.

13
14 **Q. What are Schedules P-1 through P-10?**

- 15 **A.**
- 16 • Schedule P-1 reflects the projection of total retail revenue requirements for
17 the period.
 - 18 • Schedule P-2 reflects the calculation of the projected preconstruction costs
19 for the period.
 - 20 • Schedule P-3 reflects the calculation of the projected carrying costs on
21 construction expenditures for the period.
 - 22 • Schedule P-3A reflects a calculation of the projected deferred tax carrying
costs for the period.

- 1 • Schedule P-3B reflects the calculation of the projected construction period
- 2 interest for the period.
- 3 • Schedule P-4 reflects CCRC recoverable Operations and Maintenance
- 4 (O&M) expenditures for the period.
- 5 • Schedule P-5 reflects other recoverable O&M expenditures for the period.
- 6 • Schedule P-6 reflects projected monthly expenditures for preconstruction
- 7 and construction costs for the period.
- 8 • Schedule P-6A reflects descriptions of the major tasks.
- 9 • Schedule P-7 reflects a discussion of the technology selected for the Crystal
- 10 River Unit 3 (CR3) Uprate Project.
- 11 • Schedule P-8 reflects contracts executed in excess of \$1.0 million.
- 12 • Schedule P-8A reflects details pertaining to the contracts executed in excess
- 13 of \$1.0 million.
- 14 • Schedule P-9 reflects the feasibility of completing the plant.
- 15 • Schedule P-10 reflects the estimated rate impact.
- 16

17 **Q. What are Schedules TOR-1 through TOR-8?**

- 18 **A.**
- 19 • Schedule TOR-1 reflects the actual to date and projected total retail revenue
 - 20 requirement for the duration of the project. Information provided is the best
 - 21 available at the time of filing.
 - 22 • Schedule TOR-2 reflects a summary of the actual to date and projected
 - 23 preconstruction costs for the duration of the project. Information provided
 - is the best available at the time of filing.

- 1 • Schedule TOR-3 reflects the calculation of the actual to date and projected
2 carrying costs on construction balances for the duration of the project.
3 Information provided is the best available at the time of filing.
- 4 • Schedule TOR-3A reflects a calculation of actual to date and projected
5 deferred tax carrying costs for the duration of the project. Information
6 provided is the best available at the time of filing.
- 7 • Schedule TOR-3B reflects the calculation of the actual to date and projected
8 construction period interest for the duration of the project. Information
9 provided is the best available at the time of filing.
- 10 • Schedule TOR-4 reflects CCRC recoverable actual to date and projected
11 Operations and Maintenance (O&M) expenditures for the duration of the
12 project. Information provided is the best available at the time of filing.
- 13 • Schedule TOR-5 reflects the actual to date and projected other recoverable
14 O&M expenditures for the duration of the project. Information provided is
15 the best available at the time of filing.
- 16 • Schedule TOR-6 reflects actual to date and projected monthly expenditures
17 for preconstruction and construction costs for the duration of the project.
- 18 • Schedule TOR-6A reflects descriptions of the major tasks.
- 19 • Schedule TOR-7 reflects initial project milestones in terms of costs, budget
20 levels, initiation dates, and completion dates.

21
22 **Q. What is the source of the data that you will present by way of testimony or**
23 **exhibits in this proceeding?**

1 A. The estimates are derived from Nuclear Projects & Construction Group (NPC).
2 NPC uses various rate schedules and contracts to project the cash flows in
3 accordance with our business practice.
4

5 **Q. What are the total projected revenue requirements for the CR3 uprate project**
6 **for the calendar year 2009?**

7 A. PEF is requesting approval of total projected revenue requirements of \$24.9
8 million for the calendar year ending December 2009 as reflected on Schedule P-1,
9 line 9. This amount includes the true-up amount for 2007 of \$0.9 million,
10 estimated revenue requirements for 2008 of \$7.5 million and projected revenue
11 requirements for 2009 of \$16.5 million.
12

13 **Q. What is included in the revenue requirements for 2009?**

14 A. The revenue requirements for 2009 of \$16.5 million reflected on line 6 of Schedule
15 P-1 includes \$14.6 million for carrying charges on the cumulative construction
16 balance, \$0.3 million in recoverable O&M expenses, \$0.3 million for the carrying
17 charges on the deferred tax asset, and \$1.2 for the revenue requirements for the
18 MUR phase of the project which went into service in January 2008. These amounts
19 were calculated in accordance with the provisions of Rule 25-6.0423.
20

21 **Q. Can you explain how the MUR phase of the project is being treated for cost**
22 **recovery purposes?**

23 A. As previously stated, the MUR phase of the project went into service in January
24 2008 and we have removed the MUR project from the balance on which we are

1 calculating a carrying charge on Schedule P-3, line 2. According to the provisions
2 of the Nuclear Cost Recovery rule, PEF may request a base rate increase for the
3 revenue requirements related to this phase of the project. However, due to the
4 relatively small dollars involved and for the purposes of administrative efficiency,
5 PEF proposes to recover the revenue requirements on these costs through the
6 Nuclear Cost Recovery Clause until the remaining phases of the project go in
7 service. The calculation for the revenue requirements for the MUR phase are
8 provided on Appendix A and are included in Other Adjustments, Schedule P-1, line
9 4.

10
11 **Q. What is included in the Total Return Requirements on Schedule P-3, Line 7?**

12 **A.** The \$14.6 million in Total Return Requirements on Schedule P-3 represents the
13 carrying costs on the average construction project balance. The adjustment on Line
14 3 represents the amortization of the prior period carrying charges that will be
15 collected through rates in 2009.

16
17 **Q. What is the carrying cost rate used in Schedule P-3?**

18 **A.** The carrying cost rate used on Schedule P-3 is based on PEF's approved after tax
19 rate of 8.848%. On a pre-tax basis, the rate is 13.13%. The rate was approved in
20 Docket 050078-EL Order PSC-05-0945-S-EL. This rate represents the approved
21 rate as of June 12, 2007, and is the appropriate rate to use consistent with Rule 25-
22 6.0423(5) (b) 1. The annual rate was adjusted to a monthly rate as required by the
23 AFUDC rule, FPSC Rule 25-6.0141, Item (3).
24

1 **Q. What does the adjustment on Line 3 of Schedule P-3 represent?**

2 **A.** Line 3 of Schedule P-3 represents the amortization of prior period carrying costs
3 embedded in the construction balance on which current period carrying costs are
4 being calculated. It is appropriate to amortize these all in 2009 as they are included
5 in the total revenue requirements for the period and will be collected through rates
6 in 2009.

7
8 **Q. Can you explain the calculation of the return requirements on the Deferred**
9 **Tax Asset on Schedule P3-A, line 8?**

10 **A.** We have included a return on the deferred tax asset that arises from differences
11 between the tax basis and book basis of the project. The difference between the tax
12 basis and book basis of the project is attributable to the difference between the
13 interest that will be capitalized for tax purposes and the interest that will be
14 capitalized for book purposes. We have included the carrying charge on the
15 average deferred tax balance in the revenue requirements on this schedule.

16
17 **Q. What is included in the Recoverable O&M Expenditures on Schedule AE-4?**

18 **A.** The expenses included on this schedule represent the operation and maintenance
19 costs that the Company expects to incur in 2009 related to the CR3 Construction
20 project that were not contemplated in base rates. These costs are primarily
21 comprised of Corporate support functions to the construction project. They are
22 primarily comprised of financial costs to support the accounting and cost recovery
23 processes, costs to support the data repository, corporate communications, and
24 human resources expenses to support additional staffing needs.

1

2

Q. What are the projected capital costs that will be incurred for the period January 2009 through December 2009?

3

4

A. Total capital expenditures excluding carrying costs are projected to be \$107.1 million, as shown on Schedule P-6, line 45. This amount includes expenditures of \$21.6 million for Project Management and \$85.5 million for Power Block Engineering, Procurement as part of generation construction costs. These costs have been adjusted to a cash basis for purposes of calculating the carrying charges (line 47). These costs have also been adjusted to remove the joint owner portion (line 48) and the appropriate jurisdictional separation factor has been applied. More information on the types of costs included in these major tasks is provided on Schedule P-6A.

5

6

7

8

9

10

11

12

13

14

Q. What was the source of the separation factors used in Schedule P-6?

15

A. The jurisdictional separation factors are based on the factors that were established in PEF's last base rate proceeding, Order PSC-05-0945-S-EI.

16

17

18

Q. What is the estimated rate impact to the residential ratepayer expected to be in 2009?

19

20

A. As can be seen in Schedule P-10, based on 2008 billing determinants, the expected rate impact to the residential ratepayer is \$0.70 per 1000 KWhs.

21

22

23

V. TRUE UP TO ORIGINAL COST FILING FOR 2008

24

1 **Q. Has the Company filed schedules to provide information truing up the original**
2 **estimates to the actual costs incurred?**

3 **A.** Yes, these schedules are reflected in my Exhibit No. __ (LC-3), Schedules TOR-1
4 through TOR-7..
5

6 **Q. What do the TOR schedules reflect?**

7 **A.** The TOR schedules reflect the total estimated costs of the CR3 Uprate project until
8 the project is placed into service. Further details on the total project estimates are
9 provided in Daniel Roderick's testimony. Schedule TOR-1 includes the total
10 revenue requirements throughout the completion of the project. Total revenue
11 requirements of \$50.5 million on Schedule TOR-1, Line 6, is primarily comprised
12 of the carrying charges on the construction balance. This includes actual
13 expenditures incurred through March 2008 and projections through 2012.
14

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

16 **A.** Yes, it does.
17

1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4

5 I, JANE FAUROT, RPR, Chief, Hearing Reporter Services
6 Section, FPSC Division of Commission Clerk, do hereby certify
7 that the foregoing proceeding was heard at the time and place
8 herein stated.

9 IT IS FURTHER CERTIFIED that I stenographically
10 reported the said proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript constitutes a true transcription of my notes of said
13 proceedings.

14 I FURTHER CERTIFY that I am not a relative, employee,
15 attorney or counsel of any of the parties, nor am I a relative
16 or employee of any of the parties' attorney or counsel
17 connected with the action, nor am I financially interested in
18 the action.

19 DATED THIS 22nd day of September, 2008.

20

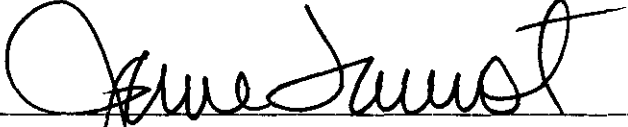
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JANE FAUROT, RPR
Official FPSC Hearings Reporter
(850) 413-6732

Comprehensive Exhibit List for Entry into Hearing Record

1		Exhibit List 1	Comprehensive Exhibit List	
2		Staff Composite Exhibit Stipulated -2	<p><u>Interrogatories from DN 080149-EI</u></p> <p>1) PEF's response to Staff's First Set of Interrogatories (Nos. 1 - 27) [Bates Nos. 00000001 - 00000043]</p> <p><u>Request for Production of Documents from DN 080149-EI</u></p> <p>2) PEF's Amended response to Staff's First Request for Production of Documents (No. 4 - revised & redacted)[Bates Nos. 00000044 - 00000218]</p> <p><u>Interrogatories from DN 080009-EI</u></p> <p>3) PEF'S response to Staff's First Set of Interrogatories (Nos. 1 - 26) [Bates Nos. 00000219 - 00000324]</p> <p>4) PEF'S response to Staff's Second Set of Interrogatories (Nos. 27 - 28) [Bates Nos. 00000325 - 00000333]</p>	

Comprehensive Exhibit List for Entry into Hearing Record

Exhibitor	Witness	Exhibit Title	Exhibit Description	Exhibit Number
			<p>5) PEF'S response to Staff's Third Set of Interrogatories (Nos. 29 - 49) [Bates Nos. 00000334- 00000375]</p> <p>6) FPL'S response to Staff's First Set of Interrogatories (Nos. 1 - 32) [Bates Nos. 00000376 - 00000437]</p> <p>7) FPL'S response to Staff's Second Set of Interrogatories (Nos. 33 - 34) [Bates Nos. 00000438 - 00000451]</p> <p>8) FPL'S response to Staff's Amended Third Set of Interrogatories (Nos. 35 - 41) [Bates Nos. 00000452- 00000473]</p> <p>9) OPC'S response to Staff's First Set of Interrogatories (No.1) [Bates Nos. 00000474 - 00000477]</p> <p><u>Additional Item</u></p> <p>10) Deposition Transcript of Kim Ousdahl, August 28, 2008 in DN 080009-EI, including Errata sheet and Exhibit #1 (Prefiled Direct Testimony of Kim Ousdahl, October 16, 2007 in DN 070650-EI. [Bates Nos. 00000478 - 00000527]</p>	

Comprehensive Exhibit List for Entry into Hearing Record

Exhibit ID #	Witness	Exhibit Title	Exhibit Description	Page(s)
			11) FPL's Nuclear Division, Nuclear Policy, Procurement Control (No. NP-1100, Rev. 15, Date: 02/25/08) and General Operations #705 (Purchasing Goods and Services – Policy and Definitions) [Bates Nos. 00000528 – 00000558]	
<i>Progress Energy Florida, Inc. (Direct)</i>				
3	Will Garrett	WG-1 (CR3)	Schedules T-1 through T-10, which reflect PEF's retail revenue requirements for the CR3 Uprate from January 2007 through December 2007 (Danny Roderick sponsoring T-7 through T-8B)	
4	Will Garrett	WG-2 (CR3)	Schedules T-1 through T-10, reflecting PEF's retail revenue requirements for the CR3 Uprate for period January 2006 through December 2006 (Danny Roderick sponsoring T-7 through T-8B)	
5	Will Garrett	WG-1 (Levy)	Schedules T-1 through T-10, which reflect PEF's retail revenue requirements for the Levy project from January 2007 through December 2007 (Garry Miller sponsoring T-7 through T-8B)	

Comprehensive Exhibit List for Entry into Hearing Record

Exhibit Number	Witness	Exhibit Title	Exhibit Description	Exhibit Date
6	Lori Cross	LC-1 (CR3)	Schedules P-1 through P-10 and Appendix A, which reflect PEF's retail revenue requirements for the Crystal River Unit 3 (CR3) Uprate Filing from January 2009 through December 2009 (Danny Roderick sponsoring P-7 through P-8B)	
7	Lori Cross	LC-3 (CR3)	Schedules TOR-1 through TOR-7, which reflect the total project estimated costs (Danny Roderick sponsoring TOR-7)	
8	Lori Cross	LC-2 (CR3)	Schedules AE-1 through AE-10, which reflect PEF's retail revenue requirements for the Crystal River Unit 3 (CR3) Uprate Filing from January 2008 through December 2008 (Danny Roderick sponsoring AE-7 through AE-8A)	
9	Lori Cross	LC-1 (Levy)	Schedules AE-1 through AE-10, which reflect PEF's retail revenue requirements for the Levy Nuclear Filing from January 2008 through December 2008 (Danny Roderick and Dale Oliver sponsoring portions of AE-7 through AE-8A)	

Comprehensive Exhibit List for Entry into Hearing Record				
Hearing Date	Witness	Exhibit Filed	Exhibit Description	Entered
10	Lori Cross	LC-2 (Levy)	Schedules P-1 through P-10, which reflect PEF's retail revenue requirements for the Levy Nuclear Filing from January 2009 through December 2009 (Danny Roderick and Dale Oliver sponsoring portions of P-7 through P-8B)	
11	Lori Cross	LC-3 (Levy)	Schedules SS-1 through SS-6, which reflects the site selection costs for 2006	
12	Lori Cross	LC-4 (Levy)	Schedules SS-1 to SS-10 which reflects the site selection costs for 2007 (Danny Roderick and Dale Oliver sponsoring SS-7 through SS-8B)	
13	Lori Cross	LC-5 (Levy)	Schedules SS-1 to SS-10 which reflects the site selection costs for 2008 (Danny Roderick and Dale Oliver sponsoring SS-7 through SS-8B)	
14	Daniel L. Roderick	DLR-1 (CR-3)	Integrated Project Plan for CR3 Uprate Project	
<i>Office of Public Counsel (Direct)</i>				
15	William R. Jacobs, Jr.	WRJ-1	Resume of William R. Jacobs, Jr., PH.D.	

Comprehensive Exhibit List for Entry into Hearing Record

Exhibit #	Author	Exhibit #	Description	Page(s)
16	Jeffery A. Small	JAS-1	Audit Report for 2007 power uprate costs for the Crystal River Unit 3 nuclear power plant	
17	Jeffery A. Small	JAS-2	Audit Report to address the pre-construction costs as of December 31, 2007 for Levy County Units 1 & 2	
18	Jeffery A. Small	JAS-3	Audit Report to address the site selection costs as of December 31, 2007 for Levy County Units 1 & 2	
19	Carl Vinson and Robert Lynn Fisher	VF-1	Review of Progress Energy Florida's Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects, August 2008	
<i>Florida Power & Light Company (Direct)</i>				
20	Steven T. Hale	STH-1	Appendix 1 revised August 6, 2008 Nuclear Cost Recovery Extended Power Uprate Project Nuclear Filing Requirements (NFRs) T-Schedules (True-Up) January 2007- December 2007	

Comprehensive Exhibit List for Entry into Hearing Record

Exhibit Number	Witnesses	Exhibit Title	Exhibit Description	Exhibit Status
21	Kim Ousdahl Stephen T. Hale Steve R. Sim	STH-2	Appendix I revised August 6, 2008 Nuclear Cost Recovery Extended Power Uprate Project Nuclear Filing Requirements (NFRs) AE-Schedules (Actual/Estimate) P-Schedules (Projections) TOR- Schedules (True-up to Original) January 2007 – December 2009	
22	Kim Ousdahl Steven D. Scroggs Steve R. Sim	SDS-1	Appendix II revised August 6, 2008 Nuclear Cost Recovery PTN 6 & 7, Pre-Construction Cost Nuclear Filing Requirements (NFRs) AE-Schedules (Actual/Estimate) TOR- Schedules (True-up to Original) January 2007 – December 2009	
23	Kim Ousdahl Steven D. Scroggs Steve R. Sim	SDS-2	Appendix III revised August 6, 2008 Nuclear Cost Recovery PTN 6 & 7, Site Selection Cost Nuclear Filing Requirements (NFRs) AE-Schedules	

Comprehensive Exhibit List for Entry into Hearing Record

Exhibit Number	Author	Exhibit Title	Exhibit Description	Exhibit Status
			(Actual/Estimate) TOR- Schedules (True-up to Original) January 2006 – December 2009	
24	Steven D. Scroggs	SDS-3	MPR Associates, Inc. Review and Assessment of the Technology Selected	
25	Steven D. Scroggs	SDS-4	Engineering Evaluation of Current Technology Options for New Nuclear Power Generation	
26	John J. Reed	JJR-1	Curriculum Vitae	
27	John J. Reed	JJR-2	Testimony of John J. Reed (1997 – 2008)	
<i>Office of Public Counsel (Direct)</i>				
28	William R. Jacobs, Jr.	WRJ-1	Resume of William R. Jacobs, Jr., PH.D.	
29	William R. Jacobs, Jr.	WRJ-2	Sole Source Justification (Example #1) (Confidential)	
30	William R. Jacobs, Jr.	WRJ-3	Single Source Justification (Example #2) (Confidential)	
31	William R. Jacobs, Jr.	WRJ-4	Sole Source Justification (Example #3) (Confidential)	
32	William R. Jacobs, Jr.	WRJ-5	Single Source Justification (Example #4) (Confidential)	

Comprehensive Exhibit List for Entry into Hearing Record

Exhibit Number	Author	Exhibit Title	Description	Notes
33	William R. Jacobs, Jr.	WRJ-6	Single Source Justification (Example #5) (Confidential)	
34	William R. Jacobs, Jr.	WRJ-7	FPL's Benchmarking Spreadsheet (Confidential)	
35	William R. Jacobs, Jr.	WRJ-8	FPL's Additional Cost Comparison for Large Contract on Spreadsheet (Confidential)	
<i>Staff (Direct)</i>				
36	Kathy L. Welch	KLW-1	History of Testimony Provided by Kathy L. Welch	
37	Kathy L. Welch	KLW-2	Audit Report for 2007 power uprate costs for the Turkey Point and St. Lucie nuclear power plants	
38	Kathy L. Welch	KLW-3	Supplemental Audit Report for 2007 power uprate costs for the Turkey Point and St. Lucie nuclear power plants	
39	Kathy L. Welch	KLW-4	Audit Report for 2007 pre-construction costs and site selection costs for Turkey Point 6 & 7	
40	Carl Vinson and Robert Lynn Fisher	VF-2	Review of Florida Power & Light's Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects, August 2008	

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13	11	LC-3 (Levy)	60	
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15	13	LC-5 (Levy)	60	
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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 08000961 EXHIBIT 2

COMPANY FPSC Staff

WITNESS Staff Composite Exhibit Stipulated - 2

DATE 09/11-12/08

EXHIBIT NO. _____

DOCKET NO: 080009-EI

WITNESS: VARIOUS

PARTY: NUCLEAR COST RECOVERY CLAUSE

DESCRIPTION: STAFF'S STIPULATED COMPOSITE EXHIBITS – 2

DOCUMENTS:

Interrogatories from DN 080149-EI

- 1) PEF's response to Staff's First Set of Interrogatories (Nos. 1 - 27) [Bates Nos. 00000001 – 00000043]

Request for Production of Documents from DN 080149-EI

- 2) PEF's Amended response to Staff's First Request for Production of Documents (No. 4 – revised & redacted) [Bates Nos. 00000044 – 00000218]

Interrogatories from DN 080009-EI

- 3) PEF'S response to Staff's First Set of Interrogatories (Nos. 1 – 26) [Bates Nos. 00000219 – 00000324]
4) PEF'S response to Staff's Second Set of Interrogatories (Nos. 27 - 28) [Bates Nos. 00000325 – 00000333]
5) PEF'S response to Staff's Third Set of Interrogatories (Nos. 29 - 49) [Bates Nos. 00000334 – 00000375]
6) FPL'S response to Staff's First Set of Interrogatories (Nos. 1 – 32) [Bates Nos. 00000376 – 00000437]
7) FPL'S response to Staff's Second Set of Interrogatories (Nos. 33 - 34) [Bates Nos. 00000438 – 00000451]
8) FPL'S response to Staff's Amended Third Set of Interrogatories (Nos. 35 - 41) [Bates Nos. 00000452 – 00000473]
9) OPC'S response to Staff's First Set of Interrogatories (No. 1) [Bates Nos. 00000474 – 00000477]

Additional Items

- 10) Deposition Transcript of Kim Ousdahl, August 28, 2008 in DN 080009-EI, including Errata Sheet and Exhibit #1 (Prefiled Direct Testimony of Kim Ousdahl, October 16, 2007 in DN 070650-EI) [Bates Nos. 00000478 – 00000527]
11) FPL's Nuclear Division, Nuclear Policy, Procurement Control (No. NP-1100, Rev. 15, Date: 02/25/08) and General Operations #705 (Purchasing Goods and Services – Policy and Definitions) [Bates Nos. 00000528 – 00000558]

PROFFERED BY: STAFF

**PEF's response to
Staff's First Set of Interrogatories
(Nos. 1 - 27)
in Docket No. 080149-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to establish discovery docket
regarding actual and projected costs for
Levy nuclear project, by Progress Energy
Florida, Inc.

Docket No. 080149-EI

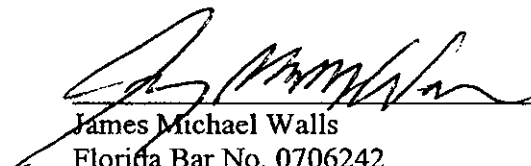
Submitted for Filing: June 30, 2008

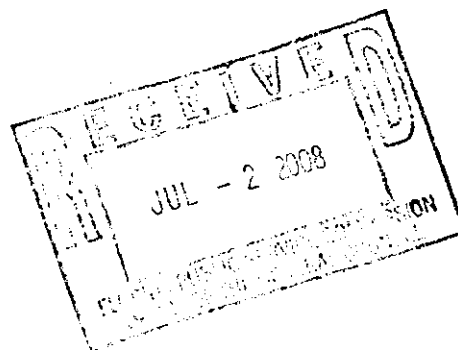
PROGRESS ENERGY FLORIDA'S NOTICE OF SERVICE

Progress Energy Florida, Inc. hereby gives notice of service of Progress Energy Florida's responses to Staff's First Set of Interrogatories Nos. 1-27 via electronic delivery and U.S. Mail to Lisa Bennett/Jennifer Brubaker, Staff Counsel.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via U.S. Mail this 30th day of June, 2008.



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to establish discovery docket
regarding actual and projected costs for
Levy nuclear project, by Progress Energy
Florida, Inc.

Docket No. 080149-EI

Submitted for Filing: June 30, 2008

**PROGRESS ENERGY FLORIDA'S RESPONSES TO STAFF'S
FIRST SET OF INTERROGATORIES (Nos. 1-27)**

Progress Energy Florida, Inc., ("PEF" or "Company"), responds to Staff's First Set of
Interrogatories (Nos. 1-27), as follows:

INTERROGATORIES

1. For each project PEF has included or intends to include for recovery in the Nuclear Cost Recovery Clause (NCRC), list and describe all program management and oversight controls PEF has implemented, or plans to implement. Include in your response, the date such program management and/or control was or will be implemented. Also identify the document that memorializes the specific program management and/or oversight control.

ANSWER:

1. Progress Energy Project Management Manual -- NGGM-PM-0018. Revision 5 was approved in May 2008. This document has been in place since early this decade.
2. Major Capital Projects -- Integrated Project Plan - ADM-SUBS-00080, issued in January 2008.
3. Project Evaluation and Authorization Process - ACT-SUBS-00261, in place for many years.
4. Progress Energy Project Governance Policy - ACT-SUBS-00335, in place for many years.

These documents were produced in response to OPC Request for Production No. 54 in Docket 080009.

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2. Describe the review process, if any, which PEF uses to verify that the program management and oversight controls identified in response to interrogatory 3 are effective. In responding to this interrogatory, include the current year review process and describe any future year auditing processes PEF has implemented or plans to implement.

ANSWER:

PEF believes that the question should be referring to Interrogatory Number 1, and as such:

PEF uses audits and self-assessments to ensure that program management oversight and controls are in place. Internal audits are conducted by two originations: Nuclear Assessment Section/Performance Evaluation & Regulatory Affairs Section and Audit Services. To illustrate, NAS/PERAS, on March 5-8, 2007, October 2007, and March 31 to April 4, 2008, performed supplier audits of one of its vendors. The audits first identified areas where improvement was needed, then identified corrective action, and further verified improvements were made with that vendor's quality assurance program. The results of that audit were produced in response to the Staff's Nuclear Controls Review Audit, Request DR-7, No. 1. In addition, Audit Services ("internal auditing") completed a review of the COLA Licensing process in December 2007 and has a few audits planned for Levy County during 2008 including project management, Nuclear Plant Cost Recovery Rule Compliance, and the Data Repository.

In addition to these auditing procedures, please see the project management policies themselves, produced in response to OPC Request for Production No. 54 in Docket 080009-EI, as these policies contain their own mechanisms to ensure that they are effective.

3. For each project included or proposed to be included in the NCRC, list and describe all accounting and costs oversight controls PEF has implemented, plans to implement, the date such accounting and/or cost oversight control was (will be) implemented, and the document that memorializes the specific accounting and/or costs oversight control.

ANSWER:

PROJECT ACCOUNTING CONTROLS

Project Set-Up

Approval and Authorization of Projects - Projects are determined to be capital by the justifications documented in PowerPlant or as documented in the signed Business Analysis Package (BAP) and/or Project Authorization Form (PAF) that is maintained by the Business Units. The data on the justifications tab and other supporting documentation are reviewed and approved by the Business Services Manager, or delegee, based on knowledge received from the Business Services or Project Management Analyst to ensure project is properly classified as Capital, eligibility for AFUDC correct, and that disposals/retirements are identified. Supporting documentation is maintained within Business Services or with the Project Management Analyst. Business Services personnel, and selected other personnel (project management analysts), are allowed access to set-up new projects in Oracle or make changes to existing project estimates in PowerPlant. The Oracle and PowerPlant system administrators review the transfer and terminations information provided by HR each pay period and take appropriate action regarding access as outlined in the Critical Application Access Review Process Policy.

An analyst in Power, Plant, and Materials ("PPM") Accounting must review and approve each project set up before it can receive charges. All future status changes are made directly in PowerPlant by a PPM analyst based on information received by the Business Services Analyst or the Project Management Analyst.

Three-Phase Approval and Authorization - Per corporate policy all projects equal to or exceeding \$250,000 require completion of the Three-Phase project evaluation form. Three-Phase procedures Authorization levels are based on projected project spending.

Delegation of Approval - To ensure that all new projects have been reviewed each month, Finance Management reviews a report of all projects set up during the month prior to month-end close for any project that was not approved by them in the system at set up. If the manager does not delegate approval authority and approves all projects in PowerPlant upon set up, this activity is not required.

Project Monitoring

Monthly Review of Project Charges - Responsible operations managers and Finance Management for the organization review various monthly cost and variance analysis reports for the capital budget. Variances from total budget or projections are reviewed, discrepancies are identified and corrections made as needed. Journal Entries to projects are prepared by an employee with the assigned security, and it is approved in accordance with the Journal Entry Policy. Accruals are made in accordance with PGN policy.

The specific reports used are the Cost Management Reports produced by Accounting. Business Services may produce various levels of reports driven by level of management, but all reporting is tied back to the Cost Management Reports which are tied back to Legal Entity Financial Statements.

Review of Sample of Project Charges - A risk based monthly review of transactions is performed by the PPM unit to ensure charges are properly classified as capital. Business Services is responsible for answering questions and making necessary corrections as they arise to ensure compliance.

DISBURSEMENT SERVICES CONTROLS

A requisition is created in the Passport Contracts module for the purchase of services. The requisition is reviewed by the appropriate Contract Specialist in Corporate Services, or field personnel in the various Business Units, to ensure sufficient data has been provided to process the contract requisition. The Contract Specialist prepares the appropriate contract document from pre-approved contract templates in accordance with the requirements stated on the contract requisition.

The contract requisition then goes through the bidding or finalization process. Once the contract is ready to be executed, it is approved online by the appropriate levels of the approval matrix as per the Approval Level Policy and a contract is created.

Contract invoices are received by the project managers of the various business units. The invoices are validated by the project manager and Payment Authorizations approving payment of the contract invoices are entered and approved in the Contracts module of the Passport system.

REGULATORY ACCOUNTING CONTROLS

The journal entries, along with the summary sheets and the related support, are reviewed in detail and approved by the Manager of Regulatory Accounting, per the PGN Journal Entry policy. The detail review and approval by the Manager of Regulatory Accounting ensure that deferred pass through clause transactions are identified, accurate, processed and accounted for in the appropriate accounting period. In addition, transactions are reviewed to ensure that they qualify for recovery through the Nuclear cost recovery rule and are properly categorized as O&M, Site selection, Pre-construction, or Construction expenditures.

Analysis is performed monthly to compare actuals to projected (budgeted) expenses and revenues for reasonableness. If any errors are identified, they are corrected in the following month.

For accounts established with Regulatory Accounting as the responsible party, a Regulatory Accounting member will reconcile the account on a monthly or quarterly basis. This reconciliation will

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be reviewed by the Manager of Regulatory Accounting to ensure that the balance in the account is properly stated and supported and that the reconciliations are performed regularly and exceptions are resolved on a timely basis.

The review and approval will ensure that regulatory assets or liabilities are recorded in the financial statements at the appropriate amounts and in the appropriate accounting period.

4. Describe the review process, if any, that the Company uses to verify that the accounting and costs oversight controls identified in response to interrogatory 5 are effective.

ANSWER:

PEF believes that the question should be referring to Interrogatory Number 3, and as such:

Our assessment of effectiveness of controls was based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). All tests of controls were conducted by the Audit Services Department, and conclusions on the results were reviewed and approved by both the Steering Committee and Compliance Team chairpersons. Based on these reviews, Progress Energy's management has determined that Progress Energy maintained effective internal control over financial reporting and identified no material weaknesses within the required Sarbanes Oxley controls during 2006 and 2007. Deloitte and Touche, Progress Energy's external auditors, also has determined that the Company maintained effective internal control over financial reporting during 2006 and 2007. Refer to Item 9A of 2006 and 2007 Progress Energy Form 10-K Annual Report.

Progress Energy management also evaluated the effectiveness of internal controls for the first quarter of 2008 and concluded that there has been no change that has materially affected or is likely to materially affect its internal control over financial reporting during the quarter. Refer to Item 4.T of March 31, 2008 Progress Energy Form 10-Q Quarterly Report.

5. Please describe the process PEF has traditionally used, prior to passage of 366.93, F.S., for identification of and recording of operation and maintenance (O&M) expenses for activities directly associated with major projects such as power plant and transmission line construction.
- a) Describe all revisions and changes to PEF's traditional process, if any, developed and included in PEF's pre-filed testimony and schedules. Include in your response the identification and description of each revised accounting and cost oversight control procedures and guidelines.
- b) If PEF has revisions and changes, how much would PEF's requested amounts for 2007, 2008, and 2009 change absent such revisions or changes? Include in your response copies of all schedules impacted by the revisions and changes described.

ANSWER:

PEF has not changed its process for the recording of O&M expenses. Prior to the passage of 366.93 F.S., PEF traditionally expensed O&M to the appropriate FERC Account in accordance with the CRR and PEF still continues to do so. However, to aid in the identification of incremental O&M expenses associated with Nuclear cost recovery, PEF has established a separate FERC sub-account as is the case with other O&M costs being recovered through other clause mechanisms.

- a.) After approval of FPSC Rule No. 25-6.0423 and development of the NFR schedules, PEF developed a formal approval form "O&M Recoverability Approval Form" that is being used to document facts and provide justification in order to appropriately determine recoverability of incremental O&M through the Nuclear cost recovery rule.
- b.) As stated above, PEF has not changed its process for the recording of O&M expenses.

6. Please describe the process PEF uses or plans to use to identify, calculate, and separate the O&M expenses pertaining to the projects included or proposed for inclusion in the Nuclear Cost Recovery Clause from similar activities whose expenses are not recovered through NCRC or other clauses.

ANSWER:

As indicated in response no. 5, PEF has established unique FERC sub-accounts to track O&M expenses pertaining to the Levy project. PEF will also be identifying these expenses by using unique Project numbers which will be set up to capture only Levy recoverable expenditures.

7. Please describe the process PEF uses or plans to use to identify, calculate, and separate the O&M expenses pertaining to the Levy Units 1&2 Project from those associated with the Uprate Project.

ANSWER:

Please see PEF's response to Interrogatories 5 and 6.

8. Please describe the process PEF uses or plans to use to identify and separate the Levy Units

1 & 2 and Uprate Project O&M expenses as Pre-Construction or Construction costs.

ANSWER:

PEF does not plan to segregate Levy Project O&M expenses as either Pre-Construction or Construction. The cost categories as defined in Rule 25-6.0423 are intended to define and segregate capital costs into 3 buckets: site selection, pre-construction, and construction. These are specifically addressed because the rule establishes alternative recovery mechanisms for these capital costs. These alternative recovery mechanisms are different than how capital costs are traditionally recovered through clauses in the past.

PEF believes that the legislation and the rule provides for recovery of all costs associated with the construction of new nuclear and integrated gasification combined cycle power plants including O&M expenses that are not being recovered through base rates or another cost recovery mechanism. The statute includes the following definition of costs:

““Cost” includes, but is not limited to, all capital investments, including rate of return, any applicable taxes, and all expenses, including operation and maintenance expenses, related to or resulting from the siting, licensing, design, construction, or operation of the nuclear or integrated gasification combined cycle power plant.”

This language clearly includes Operating and Maintenance expenses in the definition of costs covered by the rule. O&M costs are traditionally recovered as period costs and PEF believes that the statute and the rule provides for these costs to be recovered as period costs through the Capacity Cost Recovery Clause through the Nuclear Cost Recovery rule. This is consistent with the treatment of O&M costs in PEF’s NFR schedules and is consistent with how O&M is being recovered through other clause mechanisms.

9. How does PEF identify and segregate transmission site selection activities and associated costs from construction activities and associated costs for:

c) Nuclear

d) Non-Nuclear

ANSWER:

- a. PEF identifies and segregates transmission site selection and preconstruction activities and associated costs from construction activities and associated costs for the Levy baseload generation program through the initiation of separate projects designated as site selection, preconstruction, or construction using system designed fields and corporate work types. Transmission tasks and activities specific to cost buckets are made chargeable and are communicated to impacted work groups through the use of charge matrix documents.
- b. Segregation of site selection and preconstruction from construction transmission activities and associated costs are not applicable to Non-nuclear work.

10. How does PEF identify and segregate transmission pre-construction activities and associated costs from construction activities and associated costs for:

e) Nuclear

f) Non-nuclear

ANSWER:

Please see response to Interrogatory No. 9.

11. Please state PEF's definition of site selection costs for purposes of this Clause.

ANSWER:

In accordance with Rule 25-6.0423 (2)h., site selection costs are defined as "Site selection costs and pre-construction costs include, but are not limited to: any and all costs associated with preparing, reviewing and defending a Combined Operating License (COL) application for a nuclear power plant; costs associated with site and technology selection; costs of engineering, designing, and permitting the nuclear or integrated gasification combined cycle power plant; costs of clearing, grading, and excavation; and costs of on-site construction facilities (i.e., construction offices, warehouses, etc.)." In addition, pursuant to Rule 25-6.0423(2)(e) and (f), site selection costs are those costs incurred prior to the filing of the need determination petition. Thus, the date of the filing of the need petition determines the classification of the cost as site selection.

12. Please state PEF's definition of pre-construction costs for purposes of the NCRC.

- a) Additionally, describe PEF's criteria used to determine when costs for activities begin to be classified as pre-construction and when costs are no longer classified as pre-construction costs?
- b) Additionally, describe PEF's basis for reporting O&M expenses separate from pre-construction expenses?

ANSWER:

In accordance with Section 1 (g) of the rule, PEF defines the pre-construction costs as "those costs that are expended from the date that a site has been selected up to and including the date that the site clearing work has been completed". Section 1 (e) of the above referenced rule states that a site will be deemed to be selected upon the filing of a petition for determination of need.

Section 1(h) further defines pre-construction costs to "include, but are not limited to: any and all costs associated with preparing, reviewing and defending a Combined Operating License (COL) application for a nuclear power plant; costs associated with site and technology selection; costs of engineering, designing, and permitting the nuclear or integrated gasification combined cycle power plant; costs of clearing, grading, and excavation; and costs of on-site construction facilities (i.e., construction offices, warehouses, etc.)."

- (a) Pursuant to Rule 25-6.0423(2)(e) and (f), site selection costs are those costs incurred prior to the filing of the need determination petition. Thus, the date of the filing of the need petition determines the classification of the cost as site selection. Costs incurred after this point in time, until site clearing has ended, are classified as pre-construction costs.
- (b) Please see PEF's response to Interrogatory 8.

13. For purposes of the NCRC, please provide a detailed explanation of how PEF proposes to establish that site clearing activity has ended.
- a) Describe PEF's criteria for determining when site clearing for a project ends.
 - b) Describe PEF's criteria for determining when site clearing for associated facilities ends.
 - c) Why does PEF believe the criteria for determining the end of site clearing activities are reasonable and consistent with both 366.93, F.S and Rule 25-6.043, F.A.C.?

ANSWER:

- a) At this point in the project PEF does not have a specific definition for when site clearing will be complete. As we have stated in Danny Roderick's testimony, we are still negotiating our EPC contract. At this time, PEF expects to consider site clearing for the plant to be complete when the site is in a condition and ready for the pour of the safety related concrete. This will require the completion of clearing, grading, and excavation consistent with the definition of preconstruction activities. However, PEF is still in the process of negotiating its EPC contract, which once finalized, may provide more clarity around site clearing completion.
- b) As stated above, at this point in the project PEF doesn't have a specific definition for the completion of site clearing. For most items associated with the plant, PEF would tie completion to when site clearing is complete for the foundation of the plant as described above. However, it may be reasonable to have a separate site clearing date for certain large associated facilities like a cooling tower. Additionally, Transmission will likely have several projects with different times when site clearing will be completed. A separate site clearing activity will be established and included in the WBS (Work Breakdown Structure) for each transmission pre-construction line and substation project to clearly identify and segregate site clearing costs, which will be useful for tracking when site clearing work will be completed.
- c) Neither the Rule nor the Statute specifically speaks to the definition of when site clearing is to be considered complete, as such there is no firm benchmark against which to be consistent. However, in general, site clearing work will be completed when the types of costs defined as pre-construction costs in Rule 25-6.0423(2)(h) have been completed. For further detail refer to a) and b) above. As the Rule defines preconstruction costs to include site clearing, grading, and excavation, and further states that site clearing is the end of preconstruction, it is logical to assume site clearing isn't completed until grading and excavation are complete as well. With this in mind, PEF believes it is consistent with the language of the Rule to use the point in time where the land is ready to pour safety related concrete for the foundation as the time when site clearing is complete for the plant.

14. Please state PEF's definition of construction costs for purposes of the NCRC. Include in the response why PEF believes the definition is reasonable and consistent with both 366.93, F.S and Rule 25-6.043, F.A.C.

ANSWER:

In accordance with Rule 25-6.0423 (2)i, construction costs are defined as "costs that are expended to construct nuclear generation or integrated gasification combined cycle power plant including, but not limited to, the costs of constructing power plant building and all associated permanent structures, equipment and systems." For purposes of defining construction costs for NCRC, PEF is following its normal capitalization policy. It is PEF's opinion that neither the Rule nor the Statute applies any temporal limitation on when construction costs begin to be expended. As such, PEF has presented costs incurred to date that include construction costs at the same time preconstruction and site selection costs are being incurred. To date, principle among these is the purchase of land at the Levy site. While PEF is not opposed to considering land a preconstruction cost, the underlying nature of the asset seems more consistent with the treatment of construction expenses under the Rule.

PEF believes that this is consistent with both the Statute and the Rule.

15. Please refer to the Site Selection Schedules (SS), SS-4 and SS-5 included in the May 1, 2008, testimony of Witness Lori Cross.
- a) Please describe the process PEF used to identify and separate the O&M activities pertaining to Levy Units 1 &2 site selection from similar activities which were not Levy Units 1&2 site selection activities.
 - b) Please describe the process PEF used to calculate and allocate O&M activity expense amounts pertaining to Levy Units 1 &2 site selection.

ANSWER:

- a) Any O&M activities associated with the Levy project that were incurred prior to the filing of the Need Petition were considered in our Site Selection cost filing made in this docket. As described in response to Interrogatories Nos. 5 and 6, separate projects have been set up to track O&M activities pertaining to the Levy 1 & 2 Units.
- b) Please see response to interrogatories Nos. 5 and 6.

16. Please refer to the SS schedules 1 - 3B included in the May 1, 2008, direct testimony of Witness Lori Cross.

- a) What is the basis for not capitalizing site selection costs?
- b) Identify prior power plant construction projects where the investor-owned electric utility did not capitalize site selection costs.
- c) What is the estimated rate impact associated with capitalizing site selection costs?

Please include in your response all necessarily revised SS schedules.

ANSWER:

- a) Currently, PEF's site selection costs are capitalized. PEF is requesting recovery in a manner consistent with the methodology being used for pre-construction costs. It is reasonable to do this because Rule 25-6.0423 defines site selection costs as the same types of costs as pre-construction costs. The rule further indicates that some alternate form of recovery will be determined after the Need is granted for site selection costs. As indicated in Ms. Cross' testimony, PEF is proposing that we be afforded the same cost recovery treatment on the site selection costs as Preconstruction costs and that we be allowed to include these site selection revenue requirements in the total costs to be recovered through Capacity Clause Recovery clause beginning in 2009.
- b) Again, currently site selection costs are capitalized. PEF does not know of any examples of a utility being allowed to not capitalize site selection costs. Additionally, PEF is not aware of any utilities defining site selection costs in the manner they have been defined in Rule 25-6.0423.
- c) Please see response to subparts a and b. Site selection costs have been capitalized. PEF assumes the intent of this question is to determine the expected 2009 rate impact if PEF treated site selection costs like construction costs as opposed to preconstruction costs. PEF has not performed this analysis but in general, the result would be to decrease 2009 rates by the associated dollar for dollar recovery of site selection costs and increase it by additional carrying charges in 2009 and going forward. This would result in a decrease of approximately \$.67 per 1000 KWh in 2009 and an increase in of approximately \$.10 per 1000 KWh from 2010 – 2016. Additionally, after the unit goes in service, there would be increased base rate charges to recover a return on the net plant and depreciation.

17. In responding to this interrogatory, please refer to the May 1, 2008 direct testimony of witness Daniel L. Roderick's. On page 4 witness Roderick discusses preparation of a Combined Operating License Application (COLA) and at page 7 there is some discussion regarding potential design and construction costs as well as negotiations with the consortium that owned the AP-1000 nuclear reactor design.
- a) Please identify the members of the consortium that own the AP-1000 nuclear reactor design.
 - b) Identify PEF's agent that participated in the negotiations with the Consortium.
 - c) Identify and describe each product, processes or service rendered to or for PEF.
 - d) Describe how the fees for such products processes or services are determined.

ANSWER:

- a) The AP100 Consortium members are Westinghouse Electric Company and Shaw Stone and Webster, a business unit of The Shaw Group, Inc.
- b) PEF is not represented by a single agent in negotiations with the Consortium. PEF has established a negotiating team comprised of representatives from engineering, construction, supply chain (procurement /outsourcing), internal and external legal counsel as well as executives. Additional PEF resources are leveraged as needed.
- c) Currently, PEF is receiving products/processes/services from both Westinghouse Electric Company and The Shaw Group, Inc independently and jointly from the Consortium under a limited work authorization. Please reference schedule AE8-A for a description of the product/process/services received.
- d) Fees for the products/services from Westinghouse Electric Company and The Shaw Group Inc. are determined in accordance with the terms of the contracts listed on AE-8A.

18. If PEF is a stake-holder in or a member of NuStart Energy, please respond to the following:
- a) Please list all members and stake-holders of NuStart Energy.
 - b) Please explain what role, if any, PEF's participation in NuStart Energy facilitates PEF in the Levy Units 1&2: (i) COLA process, (ii) design phase, and (iii) construction phase of the project.
 - c) Identify and describe each product, processes or service rendered to or for PEF for the period 2006-2009 by NuStart Energy.
 - d) Please identify the annual expenditures, if any, for the period 2006-2009 for PEF's participation in NuStart Energy that are allocated or charged to PEF's Levy project. Is PEF requesting that any or all of those costs be recovered through the NCRC?
 - e) If so, identify the costs for which PEF will be seeking NCRC recovery. Identify each schedule and line number that includes NuStart Energy participation costs or benefits.

ANSWER:

- a) NuStart members include:

Progress Energy, Duke Energy Corporation, Exelon Generation Company, LLC, Southern Nuclear Development, Entergy New Nuclear Development, LLC, Tennessee Valley Authority, Florida Power & Light Company, Southern Carolina Electric and Gas Company, EDF International, Inc., Westinghouse Electric Company, Constellation Energy, GE-Hitachi Nuclear Energy, and Detroit Edison Company.

- b)

i). COLA process

- Development and submittal of the Bellefonte COLA as reference COLA (R-COLA) for AP1000 applicants streamlines submittal of PEF subsequent COLA (S-COLA), by allowing PEF to focus on plant and site-specific content and incorporate standard

content from R-COLA. This supports NRC's one design, one review philosophy for Design Centered Working Groups (DCWG), of which PEF is a member.

- Provide standardized processes for R-COLA and S-COLA configuration control; review, comment and revision of licensing documents; review of departures from Westinghouse Design Control Document (DCD). PEF participates in developing and implementing these processes.
- Provide standardized review and comment process for AP1000 applicants involving design and licensing changes to the Westinghouse DCD.
- Provide common interface with the Nuclear Regulatory Commission (NRC) on issues and policy that may affect the review and schedule for PEF's license for Levy.
- Provide periodic meetings between PEF and peers among other applicants to establish standard policies and responses to NRC concerns and issues.
- Through membership in the NuStart Management Review Committee, PEF can influence the direction of NuStart and establish policy on more global issues affecting all AP1000 applicants.

ii). Design phase

- The NuStart Builders Group, comprised of Subject Matter Experts (SMEs) from AP1000 applicants, has provided and will continue to provide reviews of and comments on the Westinghouse generic plant design. The benefits of these reviews are a more efficient, operator-friendly and cost-effective plant design for the PEF plant at Levy County.

iii). Construction phase

- At this time, Nu Start's charter does not extend to the construction phase.

c). Products, processes, or services rendered to or for PEF during 2006-2009 include:

- Through the submittal of the R-COLA, standard content or standardized approaches for PEF's S-COLA in the following areas:
 - FSAR Chapters 1, 3 through 19
 - COLA Parts 4, 7, 10, and 11
- Project Instructions that were used by PEF in developing project procedures and guidelines
- Reviews of PEF COLA documents to ensure consistency with NuStart project and licensing processes
- Responses to NRC Requests for Additional Information (RAIs) on R-COLA standard content that will be applicable to PEF's S-COLA and will not require specific responses to be developed to the same questions for PEF's COLA.
- Provide coordinated licensing strategy and input to NRC on a continuing basis on licensing issues and concerns applicable to PEF's application.

- d). The NuStart capital contributions and in-kind services have not been reflected on any cost recovery schedules at this time; however, we do believe that NuStart costs are relevant to this project and recoverable through Nuclear cost recovery as they relate to the Levy project. PEF is currently assessing whether these costs should be appropriately categorized as Capital or O&M. The recovery of these costs through Nuclear cost recovery will be reflected in the 2008 true-up filings.
- e). Please see PEF's response to subpart (d) above.

19. In responding to this interrogatory, please refer to schedules P-4, P-5, AE-4, and AE-5 included in the May 1, 2008 direct testimony of Lori Cross.

- a) Please describe how witness Cross identified, calculated, and separated the O&M expenses pertaining to the Levy Project from similar activities whose expenses are not recovered through clauses.
- b) Please describe how witness Cross identified, calculated, and separated the O&M expenses pertaining to the Levy Project.
- c) Please describe how witness Cross identified and separated the Levy Project O&M expenses as Pre-Construction or Construction costs.
- d) Please describe all changes, if any, to PEF's process and procedures for identifying, separating, and booking O&M expenses associated with the construction of transmission facilities, power plants and associated facilities subsequent to January 1, 2006.

ANSWER:

- a) Please see response to Interrogatories 5 and 6 for a description of how these costs are identified, calculated and separated.
- b) Please see response to subpart a).
- c) Please see response to Interrogatory 8.
- d) Please see response to subparts a) and c).

20. Referring to page 12 of the May 1, 2008, direct testimony of Daniel L. Roderick, witness Roderick discusses an April 8, 2008, revised 2006 Business Analysis Package (BAP). The BAP is described as "the approval mechanism and official document to continue moving forward with the Levy Project."

- a) How often is the BAP revised and what are the conditions or factors that trigger a revision of the BAP?
- b) What process, including but not limited to the BAP, is used by PEF's management to assess the reasonableness of continuing the Levy Project including associated facilities?
- c) What are the primary reasons that could cause the Levy Project and associated facilities to no longer be reasonable?
- d) How does the response to (b) above, address matters identified in response (c)?

ANSWER:

- (a) There are many factors or conditions which may trigger a revision of the BAP. There is no set timeframe in which such revisions may occur. Examples of such factors or conditions include major project milestones for a particular piece or portion of the project.
- (b) Once the Company has developed an Integrated Project Plan ("IPP") for the Levy Project, that process will be used by PEF's management to help prepare management to address and react to matters that could cause the Levy project and associated facilities to no longer be reasonable. In addition, all the processes identified in response to Staff's Interrogatory Number 1 above, and the processes outlined in the documents provided in response to OPC Request 54 in Docket 080009, will be used by management to make this assessment.
- (c) There is no way to predict every reason that could cause the Levy Project and associated facilities to no longer be reasonable to continue. The determination of reasonableness of continuing with the project is a multi-faceted process and must consider all relevant factors at a given time in the project schedule. The consideration of these factors necessarily depends not only on what the factors are but also when those factors occur.
- (d) Part of the purpose of the processes identified in (b) is to assess the reasonableness of continuing with the project.

21. The May 1, 2008, direct testimony of witness Lori Cross potentially identifies six types or categories of the transmission costs reported on schedules AE-6 and P-6. The six category of costs are: pre-construction (AE-2, P-2); construction (AE-3, P-3); O&M costs (AE-4,5, P-4,5); and two sets of Monthly Transmission Expenditures that appear on Schedules AE-6 and P6, one set at lines 20-34 and another at lines 54-70.

- a) How does Lori Cross identify and segregate system costs for transmission activities as pre-construction costs reported on schedules AE-2 and P-2?
- b) How does Lori Cross identify and segregate system costs for transmission activities as construction costs reported on schedules AE-3 and P-3?
- c) How does Lori Cross identify and segregate system transmission O&M activities and costs reported on schedules AE-4 and P-4?
- d) How does Lori Cross identify and segregate system transmission O&M activities and costs reported on schedules AE-5 and P-5?
- e) How does Lori Cross identify and segregate system transmission costs that appear on lines 20-34 on schedules AE-6 and P-6?
- f) How does Lori Cross identify and segregate system transmission costs that appear on lines 54-70 on schedules AE-6 and P-6?

ANSWER:

- (a) Please see response to Interrogatory No. 9.

22. In responding to this interrogatory, please refer to the May 1, 2008 direct testimony of Dale Oliver in support of site selection costs, which testimony is filed in Docket 080149- EI, In re: Petition to establish discovery docket regarding actual and projected costs for Levy nuclear project, by Progress Energy Florida, Inc. Explain and contrast PEF's definitions and methods used to identify and segregate site selection transmission costs as follows:

- a) Please state witness Oliver's definitions and methods used to identify and segregate costs for transmission site selection costs as addressed by Witness Oliver in his testimony from site selection costs incurred for other projects not included in the NCRC.
- b) Please state witness Oliver's definitions and methods used to identify and segregate costs for future transmission rights-of-way acquisition expenses pertaining to the Levy Units 1&2 Project from similar costs incurred for other projects.

ANSWER:

Please see response to Interrogatories Nos. 9 and 10.

23. According to page 3 of the May 1, 2008, direct testimony of Witness Lori Cross in support of estimated/actual costs, witness Cross testifies that schedule AE-4 shows the estimated recoverable 2008 O&M expenditures. On page 4 of witness Cross's May 1, 2008, direct testimony in support of projected costs, witness Cross testifies that schedule P-4 shows the projected recoverable 2009 O&M expenditures. Schedule AE-5, attached to witness Cross's testimony in support of estimated/actual costs, and schedule P-5 attached to witness Cross's testimony in support of projected costs, each show other recoverable O&M revenue requirements for 2008 and 2009.

- a) Do schedules AE-5 and P-5 show Levy Units 1&2 O&M revenue requirements that are to be recovered through base rate charges?
- b) Please state PEF's definitions and methods used to identify, calculate, and segregate each of the O&M activities and costs reported on schedules AE-5 and P-5 from a system Level to those reported on schedules AE-4 and P-4 for 2008 and 2009.
- c) What is the annual total system O&M expense for each specific activity with revenue requirements shown on the actual/estimated and projection schedules 4 and 5 for 2007, 2008, and 2009 regardless of whether some amounts are identified to be recovered through a clause.
- d) On an annual jurisdictional basis, for the period 2006 through 2009, identify each of the following O&M expenses as a percentage of total O&M expenses:
 - i. accounting,
 - ii. corporate communications,

- iii. corporate planning,
- iv. external relations,
- v. human resources,
- vi. IT and telecommunications,
- vii. legal, and
- viii. project assurance.

ANSWER:

In regards to Lori Cross's Testimony and Exhibits within this proceeding,

- a) Schedule AE-5 and P-5 show O&M costs that are attributable to the Levy project that are being recovered through base rates.
- b) This question mischaracterizes the relationship between the costs shown in schedules 4 and 5. The costs being represented in schedules AE-4 and P-4 represent O&M costs associated with the Levy project that are not being recovered through base rates or elsewhere. These costs are of an incremental nature and as such are appropriate for recovery through the capacity cost recovery clause. The costs being represented in schedules AE-5 and P-5 represent O&M costs associated with the Levy project that are being recovered through base rates or elsewhere. These costs are not of an incremental nature and as such are not appropriate for recovery through the capacity cost recovery clause. The costs presented in all above referenced schedules are first shown on a system basis and then jurisdictionalized.

For identifying and calculating Levy County related O&M costs, unique project numbers have been defined within the account code structure to identify costs associated with Levy County. Attributes associated with the set up of these project numbers further segregate Levy County related costs for purposes of filing schedules AE-4, AE-5, P-4 and P-5. Costs related to Levy County are charged directly through the appropriate source system to these project numbers.

Organization and/or activity data elements within the account code structure are used for segregating Levy related O&M activities.

c)

(in \$000s)	2007	2008	2009
Accounting	8,998	9,818	11,119
Corporate Communications	6,203	8,693	9,473
Corporate Planning	4,003	4,356	4,624
External Relations	2,988	3,063	3,111
Human Resources	6,942	8,469	8,039
IT & Telecom	38,979	34,115	35,005
Legal	9,458	10,786	10,757
Project Assurance	64	176	178
Transmission	34,016	34,300	37,748

d)

(in \$000s)	2006	2007	2008	2009
Accounting	1.2%	1.3%	1.4%	1.6%
Corporate Communications	0.9%	0.9%	1.3%	1.4%
Corporate Planning	0.5%	0.6%	0.6%	0.7%
External Relations	0.3%	0.4%	0.4%	0.5%
Human Resources	1.0%	1.0%	1.2%	1.2%
IT & Telecom	5.5%	5.7%	5.0%	5.1%
Legal	1.1%	1.4%	1.6%	1.6%
Project Assurance	0.0%	0.0%	0.0%	0.0%

24. On Schedule AE-4, attached to the May 1, 2008, direct testimony of Lori Cross in support of estimated/actual costs, PEF reports an interest provision using a monthly short-term commercial paper rate.

- a) List all instances and identify the documents where PEF was authorized by the Commission to record such O&M costs for siting, licensing, designing, construction or operation of a new transmission facility or a new power plant within the past 10 years and is not part of a clause true-up provision.
- b) Explain why PEF calculated an interest provision in Schedule AE-4 (2008 costs) and did not in the corresponding P-4 (2009 costs).
- c) Assume the Commission grants PEF an interest adjustment in the Capacity Clause in Docket Number 080001-EI using the monthly short-term commercial paper rate. Also, assume the Commission approves PEF to recover interest on amounts from the proceeding in Docket 080009-EI that flows through the Capacity Clause interest adjustment. Please justify inclusion of an interest provision on the O&M amounts in this docket and again in the Capacity Clause.

ANSWER:

- a) There are no documents to provide in response to this question. However, to the extent that PEF expends funds for incremental O&M costs that are not in, and upon which there is no recovery in, base rates, then PEF will have a higher outstanding debt balance than it would otherwise have had and PEF will incur financing charges on that outstanding debt.
- b) In 2008, the O&M costs are not in rates and as such it is appropriate to calculate a carrying cost on the balance of uncollected costs. In 2009 the costs are rolled into the Capacity Cost Recovery Clause (CCRC), and as such, an interest rate will be calculated on the under or over recovered amount as part of the CCRC annual process.

- c) PEF has not included an interest amount in both the Capacity Clause and this Docket. As stated in part b above, in 2009, there is no interest being calculated on the unrecovered balance of O&M costs in the NFR's because the recovery of these costs will be embedded in 2009 CCRC rates. This is consistent with calculating a return on unrecovered preconstruction costs until such time as they are included in rates.

25. Please refer to Lines 23, 24 and 60 on Schedule P-6, attached to the May 1, 2008, direct testimony of witness Cross in support of projection costs.

- a) Please state PEF's definition and methods used to identify, calculate, and segregate the activities and/or items included in the category "Clearing" at line 23.
- b) Please state PEF's definition and methods used to identify, calculate, and segregate the activities and/or items included in the category "Other" at line 24.
- c) Please state PEF's definition and methods used to identify, calculate, and segregate the activities and/or items included in the category "Other" at line 60.
- d) Please provide a detailed discussion of PEF's efforts to standardize such definitions for all filings within the NCRC.

ANSWER:

- a) PEF's definitions and methods used to identify, calculate, and segregate the activities and/or items included in the category "Clearing" at line 23 include establishing a separate and distinct site clearing activity included in the WBS (Work Breakdown Structure) for each Levy baseload pre-construction transmission line and substation project.

The activities and/or items included in the category "Clearing" at line 23 were calculated using the Need Filing Pre-construction cost estimate allocated on a percentage basis to the clearing line item using Company construction and utility industry market information available and known at the time. The activities and/or items included at line 23 were cash flowed using a straight-line methodology in absence of detailed engineering estimates, procurement and contracting plans.

- b) PEF's definitions and methods used to identify, calculate, and segregate the activities and/or items included in the category "Other" at line 24 include developing and implementing a mapping document that aligns activities and/or tasks defined as 'other' in the WBS (Work Breakdown Structure) for each Levy baseload transmission pre-construction transmission line and substation project. The mapping document feeds into the automated standard cost management report.

Activities and/or items defined as “other” include project management, overhead and indirect costs, legal, public outreach/open house and other miscellaneous costs associated with transmission pre-construction work.

The activities and/or items included in the category “Other” at line 24 were calculated using the Need Filing Pre-construction cost estimate allocated on a percentage basis to the ‘other’ line item using a Company construction and utility market information available and known at the time. The activities and/or items included at line 24 were cash flowed using a straight-line methodology in absence of detailed engineering estimates, procurement and contracting plans.

- c) PEF’s definitions and methods used to identify, calculate, and segregate the activities and/or items included in the category “Other” at line 60 include developing and implementing a mapping document that aligns activities and/or tasks defined as ‘other’ in the WBS (Work Breakdown Structure) for each Levy baseload construction transmission line and substation project. The mapping document feeds into the automated standard cost management report.

Activities and/or items defined as “other” include project management, overhead and indirect costs, legal, and other miscellaneous costs associated with transmission construction work.

The activities and/or items included in the category “Other” at line 60 were calculated using the Need Filing Construction cost estimate allocated on a percentage basis to the ‘other’ line item using Company construction and utility industry market information available and known at the time. The activities and/or items included at line 60 were cash flowed using a straight-line methodology in absence of detailed engineering estimates and schedules, procurement and contracting plans.

- d) PEF, the other investor owned utilities, and Commission Staff have worked together to define the types of costs included in each line of Schedule 6. These definitions are provided on Schedule 6A. This schedule has been circulated between the parties over the past year several times and all parties have provided input along the way. The “Other” line cannot be completely defined as it is designed to capture items that do not fit into the itemized lines.

26. On Schedule AE-4, attached to the May 1, 2008, testimony of Lori Cross, PEF reports an interest provision using a monthly short-term commercial paper rate.

- a) List all documents, other than the May 1, 2008, testimony filed in Docket Nos. 080149-EI and 080009-EI, that show PEF incurred or expects to incur short-term commercial paper rate interest on the O&M itemized expenses on schedule AE-4.
- b) Explain why PEF calculated an interest provision in Schedule AE-4 (2008 costs) and did not in the corresponding P-4 (2009 costs).

ANSWER:

- a) There are no documents to provide in response to this question. However, to the extent that PEF expends funds for incremental O&M costs that are not in, and upon which there is no recovery in, base rates, then PEF will have a higher outstanding debt balance than it would otherwise have had and PEF will incur financing charges on that outstanding debt.
- b) Please see PEF's response to 24 b).

27. In responding to this interrogatory, refer to witness Daniel L. Roderick's direct testimony in support of projected costs filed May 1, 2008 in Docket No. 080009-EL, In re: Nuclear Cost Recovery Clause and witness Daniel L. Roderick's direct testimony in support of actual/estimated costs, filed May 1, 2008 in Docket No. 080149-EL, In re: Petition to establish discovery docket regarding actual and projected costs for Levy nuclear project, by Progress Energy Florida, Inc. At page 11 of witness Roderick's testimony in Docket No. 080009, he identifies an Integrated Project Plan (IPP) as a new, refined process for gaining management approval for non-routine capital projects in excess of \$50 million. In Docket No. 080149-EL witness Roderick testified that PEF revised its Business Analysis Package that is used to test the feasibility of the Levy nuclear project.

- a) Why did PEF find it necessary to modify its existing Business Analysis Package (BAP) process?
- b) Why is an IPP more appropriate for the Uprate project than the revised BAP?
- c) How often is the IPP revised and what are the conditions or factors that trigger a revision of the IPP?
- d) What process, including but not limited to the IPP, is used by PEF's management to assess the continuing viability of the Crystal River Unit 3 uprate project including associated facilities?
- e) What are the primary areas of interest or conditions that could cause the Crystal River Unit 3 Uprate Project and associated facilities to no longer be viable or feasible?

- f) How does PEF's response to (e) above, address matters identified in response to question (d) above?

ANSWER:

- a). The purpose of a Business Analysis Package (BAP) is to gain approval of a particular piece or portion of a project. While it is comprehensive in subject matter, it is generated from a single business unit or organization. In contrast, the Integrated Project Plan (IPP) is developed farther along in the process, and PEF uses the input of all the impacted business units or organizations. The purpose of the IPP is to govern the overall process flow and expectations for managing Major Projects (>\$50 million). Each impacted operating company / business unit is required to integrate their respective project plans and business case analyses for funding approval at each major milestone throughout the project lifecycle. The IPP process allows management to better manage the risk of the project based on pre-identified project milestones Company-wide.
- b). Please see the answer to Interrogatory 27(a). Also, the IPP is reviewed quarterly by senior management.
- c). The IPP is revised based on the following thresholds:
- Project costs change +/- 5% AND by \$5 million for:
 - Total project cost
 - Milestone funding to date
- OR**
- Annual budget
- OR**
- Schedule change impacting the resource plan
- d). There is a monthly Finance Committee meeting to review and analyze project cost and progress. There are also frequent Management Business Review meetings to discuss, analyze, and review the status of the Levy Project. In addition, as discussed on pages 12-13 of Mr. Roderick's testimony, senior management is and will be updated following certain project milestones.
- e). There is no way to predict every condition or event that could cause the Levy project to no longer be feasible. The determination of viability and feasibility is a multi-faceted process and must consider all relevant factors at a given time in the project schedule. The consideration of these factors necessarily depends not only on what the factors are but also when those factors occur. As stated in Mr. Roderick's testimony, at this time, PEF has no reason to believe the Levy project will not be feasible.
- f). Part of the purpose of the processes identified in (d) is to assess project viability/feasibility.

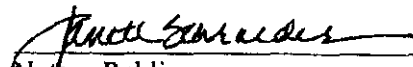
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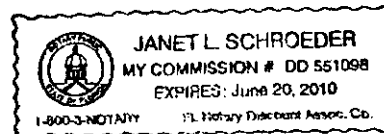
STATE OF FLORIDA)
)
COUNTY OF CITRUS)

Before me, the undersigned authority, personally appeared Daniel L. Roderick, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's First Set of Interrogatories to Progress Energy Florida, Inc., Nos. 1 through 4, 17, 18, 20, and 27 in Docket No. 080149-EI are true and correct based on his personal knowledge.


Daniel L. Roderick

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 30th day of June, 2008.


Notary Public
State of Florida, at Large
My Commission Expires:



AFFIDAVIT

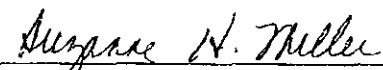
STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

Before me, the undersigned authority, personally appeared WILL GARRETT,
who
(☒) is personally known to me, or
() produced _____ as identification and who,
being duly sworn, deposes and says that the foregoing answers to Interrogatory Nos. 3 through 8,
and 19, and 23 of Staff's First Set of Interrogatories (Nos. 1-27) to Progress Energy Florida, Inc.,
in Docket No. ⁰⁸⁰¹⁴⁹~~080009~~-EI are true and correct to the best of his knowledge, information and
belief.


Will Garrett

PEF - CONTRACTOR
Title

6/12/08
Date


Notary Public
State of Florida

My commission Expires:
3/27/09



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STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

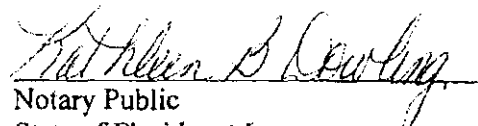
Before me, the undersigned authority, personally appeared Dale Oliver, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's First Set of Interrogatories to Progress Energy Florida, Inc., Nos. 9, 10, 22, and 25 (a-c) in Docket No. 080149-EI are true and correct based on his personal knowledge.



Dale Oliver

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 30th day of June, 2008.

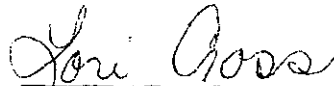



Notary Public
State of Florida, at Large
My Commission Expires:

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

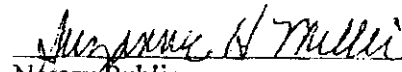
Before me, the undersigned authority, personally appeared Lori Cross, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's First Set of Interrogatories to Progress Energy Florida, Inc., Nos. 11 through 16, 19 (a-c), 21, 22, 24 and 26 in Docket No. 080149-EI are true and correct based on her personal knowledge.



Lori Cross

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 30th day of June, 2008.

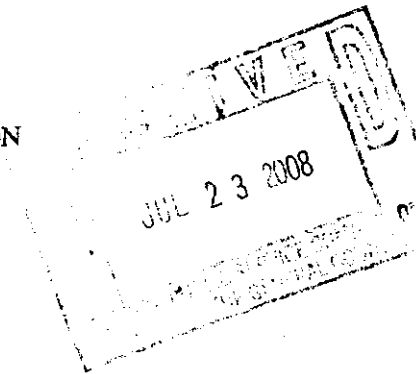




Notary Public
State of Florida, at Large
My Commission Expires:
3/27/09

**PEF's Amended response to
Staff's First Request for Production of
Documents
(No. 4 – revised & redacted)
in Docket No. 080149-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION



In re: Petition to establish discovery docket
regarding actual and projected costs for
Levy nuclear project, by Progress Energy
Florida, Inc.

Docket No. 080149-EI

Submitted for Filing: July __, 2008

**PROGRESS ENERGY FLORIDA'S AMENDED RESPONSES TO STAFF'S
FIRST REQUEST FOR PRODUCTION OF DOCUMENTS (No. 4)**

Progress Energy Florida, Inc., ("PEF" or "Company"), amends its response to Staff's
First Request for Production of Documents (No. 4), as follows:

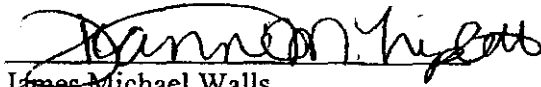
4. Provide a complete and legible copy of the April 8, 2008, revised Business
Analysis Package discussed on page 12, of the May 1, 2008, testimony of Daniel L. Roderick.

ANSWER: Please see documents attached bearing Bates Numbers PEF-LEVY-0002 through
PEF-LEVY-0173.

Portions of documents bearing Bates Numbers PEF-LEVY-0005, PEF-LEVY-0009 through
PEF-LEVY-0016, PEF-LEVY-0022 through PEF-LEVY-0023, PEF-LEVY-0046 and PEF-
LEVY-0173 contain confidential information and redacted copies are attached hereto. An
unredacted copy will be filed with the Florida Public Service Commission along with PEF's
Request for Confidential Classification.


Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via electronic and U.S. Mail this 22nd day of July, 2008.


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Privileged and Confidential Attorney-Client Privilege

Nuclear Plant Development New Nuclear Baseload Generation Project Progress Energy Florida, Inc.

Business Analysis Package (Revision 2)

Treasury Control Number: TCN 2008-1316

Sponsoring Business Unit: Nuclear Generation Group (NGG)

Funding Legal Entity: Progress Energy Florida, Inc.

Date Prepared: April 08, 2008

Key Project Contacts:

<u>Role/Department/Group</u>	<u>Name</u>	<u>Phone #</u>
Executive Sponsor, NPC, NGG	Danny Roderick	352-563-4800
Project Manager, NPC, NPD, NGG	Garry Miller	919-546-6107

PEF-LEVY-0002

***New Nuclear Baseload Generation Project
Progress Energy Florida, Inc.
Business Analysis Package***

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New Nuclear Baseload Generation Project
Progress Energy Florida, Inc.
Business Analysis Package

REDACTED

Section 1 - Project Overview

1.1 Key Project Information

This Revision 2 to the March 2006 Business Analysis Package (BAP) provides the approval mechanism and the official documentation to continue moving forward with development of new nuclear generation at the Levy County Site and to specifically authorize funding above the amounts approved in the March 2006 BAP as modified by the September 2007 Revision 1 to the March 2006 BAP. In accordance with [the Major Capital Projects Integrated Project Plan (IPP) Policy ADM_SUBS_0080, going forward, the BAP process will be replaced by the Company's new Integrated Project Plan (IPP) process under which all future formal approvals will be documented. This BAP represents only the funding requirements necessary for generation and does not include funding for transmission. This BAP incorporates the cost associated with the Letter of Intent (LOI) dated March 28, 2008 authorizing WEC to start supply chain activities (i.e., Quality Assurance, project management, and engineering services as necessary to negotiate and establish manufacturing agreements, etc.) for a limited scope of long-lead equipment associated with the AP1000 reactor technology. This LOI also includes limited Levy site specific development activities. [REDACTED]

[REDACTED]

[REDACTED]

As noted above in the March 2006 BAP, the company authorized the development of (1) the Combined Operation License Application (COLA), (2) selection of the preferred generation technology, (3) review and identification of suitable plant sites, (4) pursuit of required land use authorizations and subsequent preparations for acquisition of property. A BAP Revision 1 was completed in September 2007 to incorporate additional land costs, the need to start the Site Certification Application (SCA) process earlier than planned to support the 2016 commercial operation date, new FEMA fee requirements, and additional COLA scope items.

The purpose of this BAP revision is to segregate the authorization of Progress Energy Carolinas (PEC) and Progress Energy Florida (PEF) COLA costs and seek approval to fund additional PEF work scope items required to preserve the new nuclear option and preserve the 2016 commercial operation date. This BAP Revision 2 incorporates, among other things, the best available information known at this time on the ability to permit plants, load forecasts, projected plant cost, available power generation alternatives including renewable energy technologies, radioactive waste disposal status, projected costs of key commodities including generation fuel options, current and potential environmental compliance costs, viable non-generating conservation, renewable energy and demand-side management alternatives, and the adverse consequences that will result if the plants are not added in the 2016 to 2017 timeframe. The initial economic analysis of the nuclear generation option has been reviewed and in view of all of these factors, including those set forth in Florida statutes, the analysis supports the continuation of the project into its next key phases of development

to preserve the ability to meet the need for power beginning in 2016 with the nuclear generation option.

1.1.1 Nuclear COLA BAP – Establishing the Current Project Scope:

The following activities and accomplishments have moved the project forward to aid in defining the project scope and refining the Company's understanding of the timeframe and resources required to continue with development:

(A) In support of pursuing new nuclear generation for PEF, a COLA is being developed for the Levy County Site in Florida. The COLA will be developed per the requirements of 10 CFR Part 52, using the guidance of NEI 04-01, Industry Guideline for Combined License Applicants under 10 CFR Part 52. Under the new U.S. Nuclear Regulation Commission (NRC) licensing process, a single license is now issued for both the construction phase and operating phase of a new nuclear power reactor. The Levy COLA is scheduled to be submitted to the NRC July 31, 2008. The project scope for development of the COLA for Florida is encompassed in the work scope approved in the initial BAP (1) dated 3/10/06.

(B) The work performed under the authorization of the 2006 COLA BAP identified suitable sites in both the Carolinas and Florida for new nuclear generation. In Florida, NGG performed a detailed analysis of potentially viable sites within and near PEF's service area. NGG performed the analysis consistent with the requirements of the NRC. The site selection process included, among other things, detailed evaluations of various site technical parameters (geology, seismology, hydrology, cooling water, environmental, etc.), consideration of business strategic considerations (land acquisition and ownership, leveraging existing nuclear facilities and support systems, etc.), and a high-level evaluation of the likely transmission system upgrades required. The analysis resulted in the ultimate selection of an approximately 3,105 acre parcel in Levy County (the Rayonier Property) as the preferred site. In addition, PEF purchased an additional approximately 2,159 acre tract contiguous with the southern boundary of the Rayonier site, which secures necessary access to a gulf water supply, as well as transmission exits from the plant site.

(C) Concurrently, under the COLA BAP, the Nuclear Plant Development (NPD) organization conducted a detailed review and analysis of potential advanced nuclear power reactor technologies. The technologies evaluated included the Westinghouse Electric Company, LLC (WEC) Advanced Passive AP-1000, General Electric's (GE) Economic Simplified Boiling Water Reactor (ESBWR) and AREVA's European Power Reactor (EPR). In addition, the Company reviewed the viability and cost-effectiveness of the GE Advanced Boiling Water Reactor (ABWR) design. The advanced nuclear power plant designs have been significantly improved by use of passive design safety features that reduce the total number of active components (pumps, motors, and valves, etc.) in the plant. This reduces the relative plant equipment costs, and correspondingly reduces future operating and maintenance costs.

After a thorough analysis, PEF has initially selected the Westinghouse AP1000 technology for the basis of the COL application. Progress Energy is currently negotiating the terms and conditions for an EPC contract for this technology.

(D) The NPD organization is preparing a Site Certification Application for Levy. The SCA is being prepared pursuant to the requirements established in FDEP Form 62-16.900. The need for the project, environmental impacts, construction impacts, and operational impacts are key components addressed in the SCA application.

As a result of the work authorized and performed to date, the requirements for design and construction of a new nuclear generating facility in Florida have been more clearly defined. The next phase of authorization, as outlined in this BAP revision, is to approve funding above the amounts approved in the March 2006 BAP as modified by the September 2007 Revision 1 to the March 2006 BAP. A new authorization request will be prepared upon successful completion of EPC negotiations to transition to the new Integrated Project Plan (IPP) Process to proceed further with design finalization, permitting, pre-construction, and construction requirements of the new facility.

1.1.2 PEF Nuclear Project Total Project Scope:

The current total project scope of the PEF Nuclear Project is defined as:

WEC and Shaw Stone & Webster (SS&W) will provide services to PEF to design and construct a two unit Westinghouse Advanced Passive AP 1000 nuclear power generating station at a site selected in Levy County.

The scope also includes WEC design finalization, SS&W site specific engineering (make-up and blowdown systems, cooling towers, plant site preparations, etc.), and associated transmission line direct connections/upgrades.

All other owner costs and a staffing plan to fully staff the two unit station are also included in the project scope.

The table below describes the overall project activity structure: A detailed project milestone schedule is currently being refined to encompass specific control points for key reviews and required approval decisions.

New Nuclear Baseload Generation Project Section 1 – Project Overview

Levy County Nuclear Plant – List of Key Work Activities		
Key Activities	Examples of Key Work Activities	Estimated Timeframe
COLA Development & Approval / Land Acquisition (approved in the initial COLA BAP & COLA BAP Rev 1)	Reactor Technology Evaluation Site Selection COLA Preparation and Review by the NRC EPC Contract Development Site Certification Project Cost Analysis (Price Certainty) Conceptual Design to support COLA prep	2005 – 2012
Design & Site Engineering	Westinghouse Design Finalization Site Specific Layout Cooling Tower Design Intake and Discharge Structure Design Permanent Facility Design	2007 - 2011
Site Permitting	Site Certification Approval Federal, State, & Local Permit Approval	2007 - 2017
Procurement of Long Lead Equipment	Procurement Planning Order Long Lead Equipment Manufacture & Ship Long Lead Equipment	2008 - 2012
Project Management	Construction Staffing Project Oversight Legal Services NRC Inspections Taxes & Insurance	2007 - 2017
Site Prep	Site Clearing & Grading Site Access & Roads Remedial Work for Plant Foundation	2009 - 2012
On-Site Construction Facilities	Warehouses & Fab Shops Laydown & Module Fabrication Area Temporary Power	2009 - 2011
Staffing/Training	Implement site staffing and training plan Operational/Control Programs	2007 - 2017
Construction of AP-1000 Power Block	Containment Building Auxiliary Building Turbine Building Diesel Generators	2012 - 2017
Construction of Site Infrastructure (Facilities, Rail, Cooling Tower)	Construct Cooling Towers Construct Intake and Discharge structures Construct Permanent Warehouses & Buildings Construct Major Linear Facilities	2009 - 2016
Initial Core/Fuel Load	Initial Core Complete Pre-Operations Testing Power Ascension Testing	2015 (U1) 2016 (U2)
Transmission (Currently under separate authorization)	Route Selection Survey & Appraisals Transmission Facilities Design Right of Way Acquisitions Tower Fabrication & Installation Substation Construction & Commissioning	2007 - 2015

In total, nuclear power plant licensing, construction, and start-up activities are estimated to require approximately 10 years for completion.

The construction duration for a new nuclear facility is longer than for the other generation alternatives being considered. PEF will continue to monitor the feasibility of the nuclear generation project. Since the approval and construction timeframes for conventional gas combined cycle and/or simple cycle combustion turbine power plants are shorter than the timeframe for nuclear generation, these options will remain viable alternatives for a period of time if conditions warrant reconsideration of continuation with nuclear construction.

1.1.3 PEF Nuclear Project Scope of This Authorization Request:

COLA Phase I Preparation - Additional scope is necessary to complete the COL application development for Levy. This includes, but is not limited to, an alternative blowdown pipeline route, constructing and testing services for various concrete pads (used as engineering backfill), site foundation & sub-grade remediation work, and additional environmental evaluations.

Site Certification Application - Additional work has been identified as necessary to support the SCA submittal in June 2008. Part of this scope includes the preparation of the Environmental Resource Permit (ERP) application package, development of a wetlands mitigation plan, and preparation of any Federal Permits required to support the SCA.

Owner Engineer Support - Owner Engineer support is needed to support ongoing EPC negotiations and site-specific engineering, as well as other potential licensing and engineering work that requires special technical expertise or supplements NPD resources.

Limited Work Authorization - The LWA will be developed and submitted concurrent to the NRC concurrent with the Levy COLA - An approved LWA will allow work to begin on specific items defined in the LWA such as installation of a permanent concrete diaphragm wall, roller compacted concrete placement under the nuclear island and installation of foundation pilings for the Annex, Radwaste, and Turbine Buildings.

Price Certainty Update - Price books were developed by the technology vendor to determine and document both nuclear island and site-specific project estimated costs. The price books also provide insight needed for EPC negotiations, and are a key input to the total project cost information update provided in the March 11, 2008 Need Determination filing.

Letter of Intent (LOI) on Long Lead Equipment - In order to maintain the nuclear option available to meet PEF's need in 2016, certain procurement and engineering activities must start in early 2008. Specifically, on March 28, 2008, PEF executed a letter of intent (LOI) with WEC and Shaw. [REDACTED]



Detailed Design of Site Permanent Structures – Identified site specific development and engineering activities not included in the LOI that need to proceed during 3rd & 4th quarters in 2008 to ensure the 2016 COD remains viable. Examples of these activities include clearing, grading, excavation, subsurface preparation, and site building design and permitting.

1.2 Recommendation and High Level Discussion

It is recommended that this BAP Revision 2 be approved for the authorization of initial long lead AP-1000 equipment procurement per the terms of the WEC/SSW LOI, additional COLA funding, and other scope for the items provided in Section 1.1.3 of this BAP Revision and is also documented on the Project Authorization Revision (PAR). An additional authorization request will be prepared upon completion of EPC negotiations pursuant to the new IPP Process.

Based upon current capacity and energy forecasts, PEF has identified that additional generation capacity will be needed in the 2016 to 2018 timeframe to meet the needs of the Company's customers in Florida. The planned nuclear capacity additions of 1092 MW in 2016 for Unit 1 and 1092 MW in 2017 for Unit 2 will meet the needs identified in the 2016 timeframe. To preserve the ability to meet this future generation need with nuclear capacity, PEF must commence the capital funding requested in this BAP at this time. If authorization is not provided, the nuclear generation option will not be available to PEF in the 2016 timeframe. Instead, PEF will be limited to natural gas based generation alternatives to meet the need for generation in that timeframe. Taking into account current environmental requirements for fossil fuel emissions, the potential for green house gas (GHG) regulations, and the federal legislative incentives for new nuclear generation, among other factors, new advanced nuclear generation is the most cost-effective, reasonable alternative to meet this need. At this time, additional advantages supporting the commitment to continue to pursue the nuclear generation option to meet PEF's future generation needs include:

- The need for continued fuel diversity and security
- The need for improved stability of energy prices
- The need for baseload generating capacity
- The need to reduce PEF's dependence on volatile fossil fuel supplies (particularly oil and natural gas)
- The need to reduce GHG and other air emissions, and
- The need to contribute to the long term stability and reliability of our electric grid

1.3 Funding Requirements and Source

This BAP Revision 2 includes funding for specific items necessary to ensure that the nuclear option remains open to PEF in the 2016-2017 timeframe.

Table 1.3-1 lists the funding requirements identified in this BAP revision. The table includes actual cost incurred to date, as well as the projected spend for the remainder of 2008 required to preserve Levy's position in the AP-1000 plant manufacturer's U.S. queue, lock in 2007 price quotes on certain major components, and continue with limited Levy site development activities.

Table 1.3-2 lists the total project cost estimate for Levy 1 and 2 as of February 2008, included with the Need Determination filing submitted March 11, 2008 to FPSC. A new authorization request will be required to further continue with the design, permitting, pre-construction, and construction requirements of the new facility, and will be prepared upon successful completion of EPC negotiations pursuant to the new IPP Process (ACT-SUBS-0080).

Table 1.3-1

<i>Funding Requirements Included in This BAP Revision (Bridge to IPP)</i>	<i>Estimated Amount (\$ M)</i>	<i>Applicable Spending Years</i>
COLA, Technology and Site Selection & Land Exp (includes escalation & contingencies)		2005 - 2012
Letter of Intent (LOI) on Long Lead Equip.		2008
Detailed Design of Site Permanent Structures		2008
AFUDC (on items above)		2005 - 2012
Total		

Table 1.3-2

<i>Total Project Cost Estimate As of February 2008</i>	<i>Estimated Amount (\$ M)</i>	<i>Applicable Spending Years</i>
COLA, Technology and Site Selection and Land Expenses		2005 - 2012
Construction of Westinghouse Shaw Stone & Webster AP1000 Power Block – Units 1 & 2		2008 - 2017
Construction of Site Infrastructure (Facilities, Rail, Cooling Tower, etc)		2008 - 2016
Staffing & Training		2008 - 2017
Project Management		2010 - 2017
Initial Core/Fuel Load		2015 - 2017
Permits, Insurance, Fees, & Taxes		2007 - 2017
Escalation & Contingencies		2007 - 2017
AFUDC		2007 - 2017
<i>Total Project Cost Estimate</i>		

	2007 Project to Date	2008	2009	2010	2011	2012+	Total
Costs (\$ M)							

The previous project authorization did not include a projection for AFUDC. This authorization incorporates an estimate for AFUDC to better reflect the total anticipated cost for the project. This estimate is subject to change based on actual cash flows and the classification of costs as pre-construction versus construction. There is currently some outstanding questions which could impact cash flow and total project AFUDC, however, that total project estimate is consistent with the estimate provided for the Need Determination Filing on March 11, 2008.

1.3.1 Specific Project Cost Items and Clarifications

Transmission Improvements: Transmission costs of \$2.5 billion (excluding AFUDC) for the units are included in the economic analysis presented in this BAP based on project cost estimates provided by Transmission Department in February 2008. These costs reflect full ownership by PEF and support the system requirements for both new units at Levy County. As the transmission design and licensing efforts progress, more detailed cost estimates will be available for further refinement of the economic analysis. It is assumed that transmission work will be completed approximately one year prior to the commercial operation date of the plants.

This BAP represents only the funding requirements necessary for the nuclear generating station, and does not include funding for transmission system upgrades beyond the Levy switchyard.

Non- Capital Expenses: The following items/activities are considered non-capital expenses and are not included in this BAP:

- NuStart Energy Development, LLC related member company fees and associated expenses.
- Other non-capital expenses (e.g., standard attire, relocation, general training, etc.) for PGN personnel

Internal Support Departmental Labor Costs: Internal labor costs (*non-incremental*) for support groups such as Corporate Communications, Regulatory Affairs, System Planning, Accounting, etc., are not included in this BAP. NPD utilizes a Baseload Generation Charging Matrix, a detailed breakdown of work activities by organization which is appropriate to capture capital project costs. Property Plant Accounting, Material Accounting, Regulatory Accounting, and NGG Business Operations will periodically update this listing as appropriate.

REDACTED

1.3.3 Cash Flow Charts:

The chart provided below shows the current estimated costs included in this BAP for a two unit WEC AP-1000 nuclear power generating station in Levy County Florida. The graph shows yearly annual estimates as well as the cumulative total cost of the units (excluding transmission costs). The charts below are consistent with costs supplied for the Mar 11th, 2008 Need Determination filing, but are adjusted for 2008 funding requirements necessary to preserve Levy's position in the AP1000 manufacturer's queue, lock in price quotes on certain major components, and continue with limited Levy site development activities.

Figure 1 – Cash Flow of Current Estimated Total Project Cost (by Year)

(Note: Transmission Costs are NOT Included)

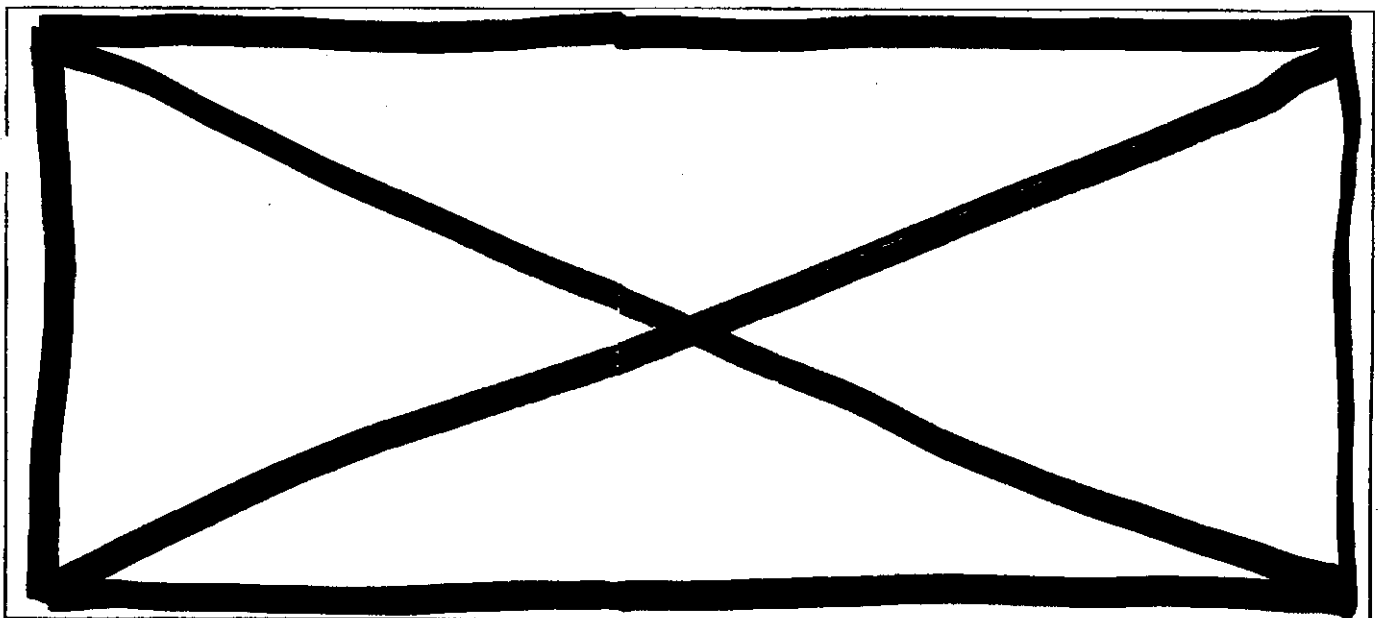
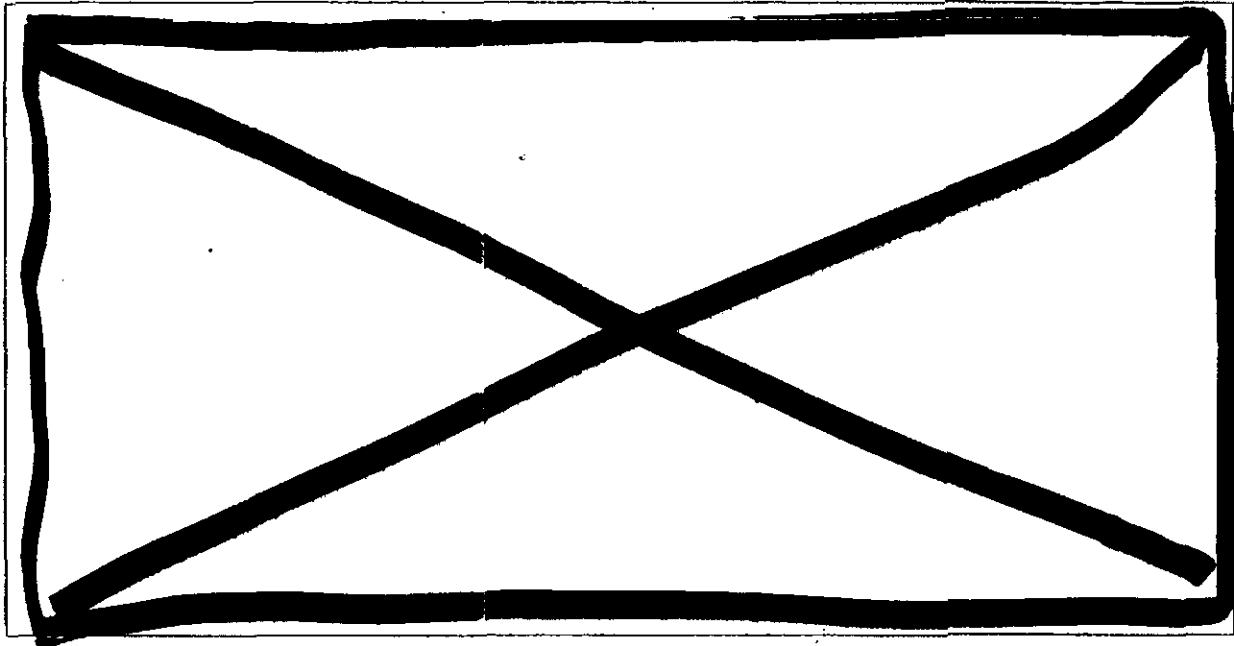


Figure 2 – Cash Flow of Cumulative Estimated Total Project Cost REDACTED

(Note: Transmission Costs are Not Included)



1.4 Project Scope & Schedule Details

1.4.1 Long Lead Equipment and Pre-Construction:

Prior to construction, procurement of large long lead equipment components is a key requirement to secure PEF's position in the queue for nuclear generation plant equipment necessary to complete the new generating units in Florida in the timeframe needed to meet PEF's need.

Based on limitations of industrial forging capacity in the world, particularly with ultra-large metal forgings (~600 tons), these long lead orders must be placed several years prior to construction commencement. The current purchasing assumptions require a significant cash commitment by PEF in 2008 through 2010.



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The long lead equipment items identified by WEC for the project include, but are not limited to

Based on estimates developed in discussions with WEC, the cost of the second nuclear unit is projected to be substantially less on a \$/kW basis than the first unit if the second unit enters commercial service within 12 to 18 months of the first unit. The projected cost savings are based on anticipated efficiencies for concurrent manufacturing of large key components and continuous mobilization for on-site construction of both units. As a result, PEF is planning to procure the long lead equipment items for both nuclear units concurrently to gain these economies of scale and significantly lower the overall cost of the project. Senior Management will review and approve the actual terms and conditions for the funding of long lead equipment items.

1.4.2 Sequence and Schedule - Levy County Site Development

The Integrated Master Plan provides the timeline and the major milestones necessary to engineer, procure, and construct the new nuclear units. It is anticipated that the significant site pre-construction activities will start roughly 1.5 to 2 years before the COL is expected to be issued. Planning activities associated with the new Training Facility is also in progress. Certain non-safety related pre-construction activities may proceed following Florida Department of Environmental Protection and U.S. Army Corps of Engineers approval prior to NRC authorization. These include activities such as clearing, earthwork grading, excavation, subsurface preparations, and on-site module construction. The pre-construction phase also includes site specific engineered items such as the intake, discharge, and cooling towers. Also included in this phase of the project is putting the staffing infrastructure in place to support construction activities for the site. As part of the price certainty work authorization, a Levy Integrated project schedule has been delivered by Westinghouse. The schedule integrates the AP1000 Engineering, Procurement, Construction, and includes Levy site specific activities. NPD is in the process of reviewing the schedule for updating the Integrated Master Plan. (Reference Appendix C for the current Integrated Master Plan).

The planned start of safety related construction is expected to begin after NRC COL issuance. Upon receipt of the COL, which is anticipated in early 2012, safety related construction can begin. This includes "1st concrete", and the modules that make up the Containment Building, Auxiliary Building, Turbine Building, Radwaste Building, and Diesel Generator Building. This starts the nuclear deployment period where the largest financial commitments are expected to be made. It is expected that Senior Management will review and give final approval prior to commencing safety related construction. NPD is in the process of preparing a Limited Work Authorization (LWA) that will be submitted to the NRC at the same time the Levy COLA is submitted. An approved LWA should allow work to begin on specific items defined in the LWA such as installation of a permanent concrete diaphragm wall, roller

compacted concrete placement under the nuclear island and installation of foundation pilings for the Annex, Radwaste, and Turbine Buildings. This LWA work would commence in advance of the COL issuance and allow the excavation and engineered backfill to be in place to support 1st concrete upon COL issuance.

Following the completion of safety related construction, Start-Up activities will commence. These activities include pre-operational testing, nuclear fuel load, and power ascension testing, which leads to commercial operation.

Progress Energy is a member of NuStart Energy Development, LLC, a consortium formed to further develop and license nuclear technologies that will be the "next generation" of nuclear reactors. This project will closely follow the activities of NuStart to promptly adopt lessons learned and industry determined best practices. In addition, PEF is dependent upon certain NuStart deliverables related to first-of-a-kind (FOKE) engineering on the advance reactor technologies that is ultimately necessary to complete the Progress Energy plant deployment in Florida.

1.4.3 Project and Plant Staffing, Training and Security:

Staffing for Design and Construction Management

The Nuclear Projects and Construction Department will have primary responsibility for development of the site and construction and commissioning of the new units. Most of the current activities are being managed in the Nuclear Plant Development area, but plans are being developed to transition primary control to Nuclear Projects and Construction when the project management and support requirements for construction begin to ramp up. Project development and design activities will be performed in several locations, including the WEC and Shaw corporate headquarters, the supplier's locations, the Raleigh Corporate Headquarters, the Crystal River 3 site, and the Levy County site. As the project progresses, it is anticipated that a Florida Project Office will be established.

Staffing and Training for Commercial Operations

The Levy Nuclear Plant Staffing & Training Plan will be developed prior to Commercial Operation. The initial Operating Plant staffing and training plans for the Levy Nuclear Plant were developed within the AP1000 Builders Group (BG) for Plant Operations. The five utility members (Progress Energy, TVA, Duke, SCANA, and Southern) reviewed existing plant staffing plans, INPO ACAD training and accreditation requirements, NRC licensing requirements (10 CFR Parts 52 and 55), and AP1000 design and operation attributes to determine an appropriate plant staff size. Additionally, a phased staffing timeline was created which includes experience needs.

Based on current estimates from the AP 1000 Builders Group, plant staffing requirements for a two unit site would nominally be approximately 700 utility personnel once the plant is in full commercial operation. This staffing estimate does not include nuclear security since each site will be staffed per the site-specific security plan. It also does not include the personnel used for tasks such as housekeeping, painting, pipe coverers, and radwaste handling since each of the 5 utilities in the Builders Group manages these tasks differently.

There are minimal staffing needs for the period 2007 to 2010 to support training program development, site engineering and construction planning, long lead component procurement activities, and licensing actions. Appendix H includes details for the expected staffing requirements during this period. The more significant portion of the staffing build up will be in the 2010 to 2016 time period. The staffing timeline reflects training and qualification of personnel required to support the major milestones and plant commercial operations which are currently projected for June 2016 for Unit 1 and June 2017 for Unit 2.

Training programs for the Levy Nuclear Plant are required to be in place and accredited prior to training commencing in 2011. Both INPO and the NRC are using the current training programs as guides and expectations for the new plants' programs. The BG in conjunction with NEI and INPO has developed a template for simulator development, Operations Training program development and implementation, and Technical Training program development and implementation. These templates show the first Operator license class starting in January 2011 for the Levy Nuclear Plant.

Plant Security Requirements

Site-specific security plans are being developed to address the construction timeframe and the operations timeframe.

Section 2 - Strategic Fit

Based upon current capacity and energy forecasts, PEF has identified through its integrated resource planning that additional generation capacity will be needed in the 2016 to 2018 timeframe and beyond to meet the needs of the Company's customers in Florida. The objectives of the Company's integrated resource planning approach are to:

- Maintain a diverse supply-side portfolio to help manage risk of fuel price volatility and minimize the potential for energy supply interruptions in Florida
- Establish a strong and reliable generation fleet to insure cost-effective energy supplies to support a strong and growing Florida economy
- Develop and support cost-effective and reliable renewable energy resources to meet demand
- Continue to support and pursue opportunities to increase energy conservation and demand side management programs
- Continue PEF's responsible environmental stewardship.

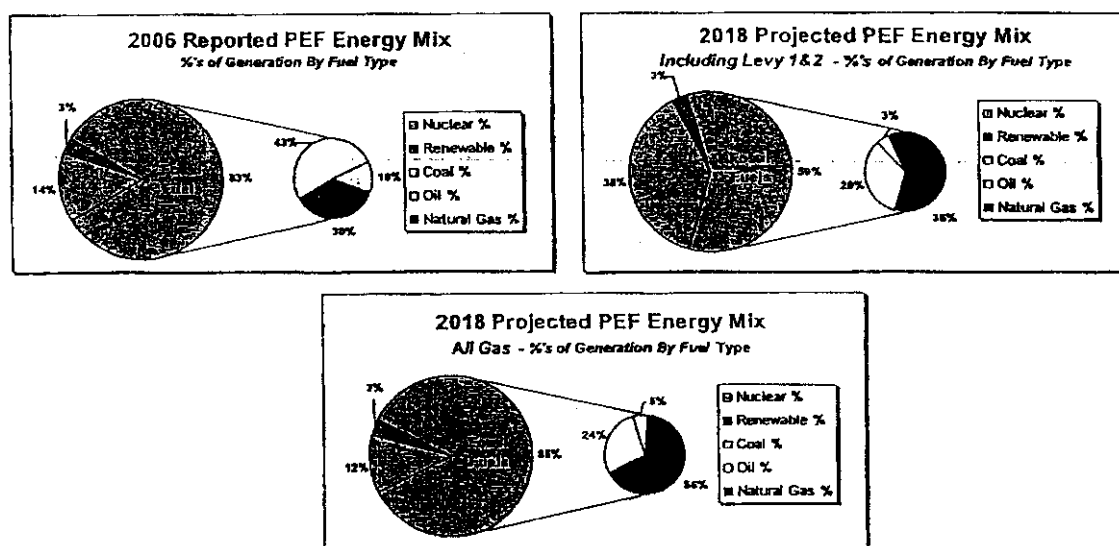
By 2025, current PEF projections show significant growth in participation in conservation, efficiency and demand side management programs. An additional 4,500 MW's of new generation capacity, however, is still needed to meet forecasted growth. This is based on the 2008 Ten Year Site Plan load forecast and Demand Side Management projections included in that study. The planned nuclear capacity additions of 1117 MW (nominal) in 2016 for Unit 1 and 1117 MW (nominal) in 2017 for Unit 2 will meet the needs identified in the 2016 timeframe and beyond. New nuclear generation is an integral element of PEF's plan to meet the objectives of its integrated resource planning approach. New advanced nuclear generation appears to be the most cost-effective, reasonable alternative taking into account:

- The need for continued fuel diversity and security
- The need for improved stability of energy prices
- The need for baseload generating capacity
- The need to reduce PEF's dependence on volatile fuel supplies (particularly oil and natural gas)
- The need to reduce GHG and other air emissions
- The need to contribute to the long term stability and reliability of our electric grid.

PEF's Energy Mix:

The PEF Energy Mix Charts below portray the actual reported sources of energy in PEF's resource portfolio in 2006 versus the projected mix in 2018, with and without new nuclear generation. In the case with new nuclear generation in 2016 and 2017, natural gas utilization for energy production is projected to increase from 30% in 2006 to roughly 36% of PEF's energy mix in 2018. In a scenario without new nuclear generation in 2016 and 2017, the natural gas component in PEF's energy mix increases from roughly 30% in 2006 to over 55% by 2018, exposing PEF and its customers to considerably more energy price volatility and potentially higher costs related to regulated CO₂ emissions.

Chart 2-1 Analysis of PEF's Energy Mix



2.1 Potential for Joint Ownership:

At present, PEF has a retail need for the entire output of both units. The reliability need for the entire output may be particularly acute if PEF were to retire the Crystal River Unit 1 and 2 coal-fired plants within the planning horizon, which is currently being reviewed by the Company, or if renewable energy resources (~270 MW) currently under contract or development do not materialize. Co-ownership has, however, several potential benefits to PEF and its customers, including spreading the cost risk to non-PEF customers, reducing PEF's and /or Progress Energy's legal risk and if CR 1 & 2 continue operation, and avoiding too much large baseload addition to the system centralized in one area. Given these potential benefits, PEF continues to negotiate with potential joint owners, including municipal electric utilities, electric co-operatives, and other IOU's.

Monitoring Project Cost-Effectiveness:

PEF will continue to review the Project's feasibility on an ongoing basis to determine whether it remains reasonable and prudent for the Company to continue with the project. Should any of the key risks materialize to a degree considered to be significant by the Company, and/or new risks or information come to light that, when evaluated against the benefits that the nuclear project offers, suggests a different course of action in the Company's deliberate, business judgment, a decision can be made to discontinue the project. Contracts and purchase orders will be developed to the extent reasonably possible with appropriate cancellation clauses and/or other exit strategies to support a decision, if made at some point in the future, to discontinue the project.

Section 3 - Key Risk Analysis

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3.1 Market Risk

Price Risk:

A key risk factor in the ultimate decision to construct a new nuclear plant is the final cost to build the plant and the relative economics and viability of other generating and non-generating resource alternatives. The economics of generation resource selection are driven by the costs of key commodity prices (gas, coal and uranium), known and emerging costs for environmental compliance, emergence of new conservation and renewable technologies and resources and the feasibility and viability of those technologies and resources, and the availability of production tax credits for nuclear generation. A key driver which is common to all generating resource technologies (on a relative basis) is the cost of fabrication and construction materials and labor in the future. The sensitivity analysis in the Economic Analysis section provides more information on how these key price risks affect the economics of nuclear versus other generation supply alternatives. Hardware, engineering and construction duration will impart higher levels of price risk until Design Finalization is completed which is projected to be phased in over the next two years (2009). The NGG Project Team will finalize an exit strategy for long lead equipment if a decision is made, at some point in the future, to discontinue construction of the nuclear plant. The team will also develop a strategy to monitor key indices to track prices for critical resources such as concrete, steel, land, and labor cost and availability.

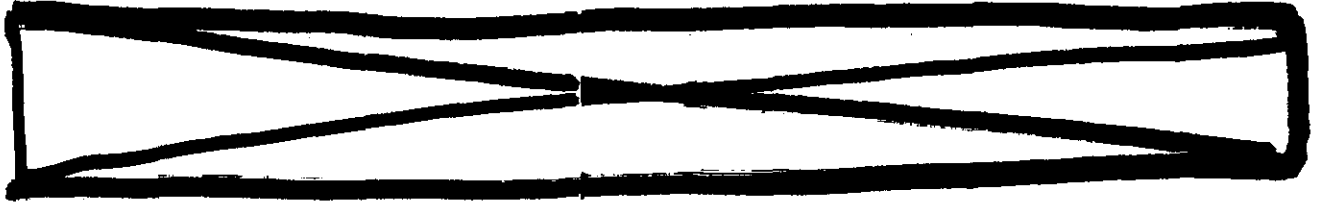
Interest Rate Risk:

Because the project will span nearly a decade, the Company is susceptible to an increase in interest rates, which could increase the project's overall cost. PEF and our Treasury Department will take reasonable steps to mitigate these risks to the extent possible. In addition, under the FPSC's recently approved rule on nuclear cost recovery, PEF will seek to collect AFUDC for the project on an annual basis. Interest rate risk will be analyzed again as a part of the business case requesting construction funding.

Hedges:

Before embarking on the construction program, PEF will determine if hedging of any key commodities that drive the cost of the project, including uranium, would be prudent and reasonably available. The first phase of project work includes the development of an overall strategy for hedging key commodities, which will be reviewed by the Treasury, Risk & Transaction MBR Subcommittee, and the PEF LINC. One strategy to hedge pricing has been approved. A Letter of Intent dated March 28, 2008 authorized supply chain, Quality Assurance, project management, and engineering services as necessary to negotiate and establish manufacturing agreements for a limited amount of equipment associated with the AP1000 reactor power islands. [REDACTED]

REDACTED



3.2 Credit Risk (Summarization of Credit Review)

Non-Performance:

The majority of the requested funds are for WEC and Shaw to provide services to PEF to design and construct a two unit WEC AP 1000 nuclear power generating station at a site selected in Levy County. The scope includes items identified in Section 1.1 of the BAP. All contracts will have provisions for, among other things, termination and suspension for non-performance.

Default:

In the case of non-performance termination or default, PEF would re-evaluate the cost-effectiveness of continuing with the project with, for example, another engineering and construction firm, undertaking the work.

3.3 Business Risk

Economy:

A significant economic downturn or regulatory changes in Florida could result in a deferral of the need to build new generation. System Planning will continue to monitor and analyze PEF's resource portfolio needs based on ongoing estimates of load growth and usage patterns as well as the state of development and availability of alternative generating and non-generating technologies. However, proceeding at this time with site engineering, supply chain and procurement activities is essential to provide PEF with the flexibility to continue to develop the option to build a nuclear plant when it is needed.

Weather:

Inclement weather could impact construction. PEF is experienced with large construction projects in Florida and will effectively manage project construction activities as it has in the past.

Environment:

Additional environmental regulations are most likely to impact current and future fossil based generation in an unfavorable way, and therefore improve the relative economics of nuclear versus gas or coal. See the discussion of the carbon emissions cost sensitivity in the Economic Analysis Details.

Other:

In addition to the business risks listed above, the following risks also apply, and must be monitored and managed to the extent possible as part of this project, and which could warrant terminating the project:

- Disallowance of costs by the Florida Public Service Commission (PSC)
- Federal actions regarding the ultimate disposal of used nuclear fuel
- Ability to timely obtain all necessary permits, including land use comprehensive plan amendments and local zoning variances
- Ability to obtain financing on favorable terms
- Ability to site and construct necessary associated transmission facilities in a timely and cost-effective manner
- Delays associated with any project litigation, license or other conditions imposed by the NRC or other regulatory agencies that adversely impact the project
- Supply chain congestion for large forgings with a single major supplier
- Equipment and wall type module fabrication off-site in advance of the start of safety-related construction
- Shortfall in NuStart / DOE funding for Design Finalization activities
- ITAAC Process --- "Operating plant" turnover with ITAAC completion results requires an early need for operators and maintenance craft
- Shortage of trained and skilled craftsmen in the construction workforce.
- Significant commodity price increases.
- Significant operational problems at existing nuclear facilities, which have the potential to impact public support for new nuclear power projects.
- Changes in state and federal executive administrations

3.4 Operational Risk

Reliability - The modeled results assume that the units perform at expected availability factors.

3.5 Regulatory Risks

Regulatory risks exist in any project of this magnitude. Some of the significant risks include:

- Increase in NRC Fees. Part 170 fees are those for licensee-specific services such as license renewal, license amendments, new plants, and force-on-force exercises. Based on analysis of actual 2006 rates and 2007 rates, the hourly rate for part 170 services for 2007 has increased approximately 18%.
- Potential delays resulting from litigation in the NRC COL process, the FPSC Need Determination proceeding, the DEP Site Certification process and Local Comprehensive Plan Amendment proceedings.
- Delays in obtaining necessary permits and right-of-way acquisition for the associated transmission facilities.
- Potential challenges or delays in development and implementation of the new cost recovery process for nuclear generation projects with the FPSC.

Section 4 - Key Assumptions

Item	Assumption	Owner
WACC	PEF – 8.1%	Treasury
Tax Rates	PEF – 38.58%	Treasury
Capital and Operating Costs Estimates for the Levy County Plant	See Economic Analysis Section, and Appendix A	New Nuclear Plant Development Section
Costs Estimates for New Gas Fired Generation Technology Options	See Economic Analysis Section, and Appendix A	Plant Construction Department
Operating Costs Assumed	See Economic Analysis Section, and Appendix A	Plant Construction Department
Nuclear Fuel Projections	See Economic Analysis Section, and Appendix A	Nuclear Fuel Management
Fossil Fuel and Additive Cost Projections	See Economic Analysis Section, and Appendix A	Regulated Fuels
Environmental Compliance Cost Projections	See Economic Analysis Section, and Appendix A	Regulated Fuels for SO ₂ , NO _x , and Hg Strategic Planning and External Relations for CO ₂
Economic Analysis Horizon	60 Years.	System Planning

Section 5 - Project Alternatives Analysis

5.1 Alternatives Considered and Basis of Selection

The economic assessment of generation alternatives being considered was performed using an economic scenario analysis model named "Strategist®".

To establish a detailed baseline in Strategist®, PEF incorporates its specific fuel forecasts, demand and energy forecasts (including effects of conservation and load management), emissions allowance cost forecasts, and corporate capital cost assumptions into the model. PEF also provides the model with estimates of capital costs, spending curves, fixed and variable O&M, and generation capacity and performance characteristics for each of the resource additions being considered. Within the model, PEF's existing generation resources are incorporated to ensure an accurate economic portrayal of portfolio performance over time. From the operations simulation and optimizations performed, revenue requirements forecast is developed for each portfolio under consideration. These results are then compared to establish relative economic performance and general cost-effectiveness for each scenario.

The approach to the analysis and a summary of the results of the analysis are presented in the Need Determination Study which is attached as Appendix B to this document. In addition, the following key summary points illustrate how System Planning used Strategist® to create the specific optimal alternative portfolios in this study:

- In this analysis, the generation resource mix was established to be the same in all cases up through the 2012 timeframe based on the resource mix in the Company's optimum planning base case. These assumptions include the completion of the Bartow Repowering Project and the CR 3 Uprate Projects, in addition to other plant and system enhancements.
- With the PEF planning baseline through 2012, Strategist® was employed to develop, assess and compare viable resource portfolio options to meet planning reserves from 2008 through 2066, the end of the Study Period. PEF's planning reserve obligation is to meet a 20% reserve margin for the firm seasonal peak loads projected across the forecast horizon.
- The Strategist® analysis portfolio was performed over a 60 year horizon to capture the long term effects of the large nuclear generating plants operating over the majority of their projected operating life.
- In order to construct the resource portfolios for evaluation, Strategist® was used to develop optimized resource plans supporting Full Ownership of Levy 1&2, 80% Ownership of Levy 1&2 and an All Gas Reference Case. These resource plans are summarized in Appendix C.

The All Gas (Reference) Plan:

The All Gas Reference Plan was developed and has been used as a reference point for analysis in all of the evaluations to represent a scenario where solid fueled baseload plants (e.g. nuclear and coal) are not viable generation alternatives. Gas fired generation presents several underlying issues which detract from its desirability for satisfying future baseload generation needs, including, but not limited to:

- Gas fired combined cycle plants typically run most economically in an intermediate range due to the relative price of natural gas versus other fuels such as coal and nuclear. If, over the course of time, baseload energy is not introduced into the generating fleet, the natural gas fired plants are pressed more and more into baseload service, putting more demand on the natural gas supply infrastructure in Florida and creating even greater potential reliability issues if supplies are curtailed or interrupted.
- It is clear, based on most projections of generating resource additions in Florida, that natural gas fueled intermediate and peaking units are still going to be built to meet ever-increasing needs. This is demonstrated in PEF's resource plans for additions before baseload additions being proposed and in the plans of other Florida utilities.
- Prudent planning dictates an optimum blend of baseload, intermediate, peaking and DSM resources to most effectively meet the Company's and the State's needs. Further, as has been echoed in state and federal proceedings, it is essential that steps be taken to address energy supply and economic security through fuel diversity to present the widest range of secure supply alternatives and to help mitigate volatility in energy prices. It is also essential that the diverse new supplies of energy be developed to encompass the environmental needs and concerns of society that are rapidly evolving.
- Over time, the natural gas supplies in Florida are going to continue to tighten, causing more pressure on both the commodity and transportation costs and logistics. While potential relief is projected through the addition of multiple proposed LNG terminal and distribution locations, over time this will present another significant and growing opportunity for dependency on foreign suppliers and fuel market dynamics.
- These issues, and others, are discussed in more detail in the Need Determination Study, attached as Appendix B to this document.

Note on Coal Plants:

It should be noted that during the course of System Planning's development of updated alternatives and economic analysis, the FPSC denied FP&L's Need Petition for the Glades Coal Plant, which was a proposed 1,960 MW pulverized coal plant with ultra-super critical boilers and state of the art emission controls for NO_x, SO₂, mercury and particulates.

The consortium pursuing the 800 MW pulverized coal plant in Taylor County withdrew their need petition in light of these developments in the Florida approval process. Tampa Electric submitted a Need Petition for their proposed Polk 6 IGCC unit on 7/20/07, subsequently withdrew their petition on 10/4/07, and have since embarked on an RFP for natural gas fired generation. Thus, although "Coal" has been addressed in previous PEF comparative studies, it has not been addressed in this study because it is unlikely that PEF could license a new coal plant in Florida until further certainty develops with regard to options to mitigate climate change concerns with coal.

Transmission Cost Attributes:

Each of the generation alternatives studied would have a significant impact on the electrical transmission grid. Fully developed, cost effective baseload generation sites for large baseload plants or power parks for several smaller intermediate plants like the Hines Energy Complex site, require significant parcels of land, substantial buffers, often rail, truck and potentially barge access, and significant water requirements. As a result of these substantial requirements, there are very limited site locations in Florida that would properly support operating plant sites of this magnitude and these sites tend to be in remote, rural areas, like PEF's proposed Levy County site. The cost of transmission supporting the two units at Levy County was attributed to those plants in the study.

The cost of electrical transmission facilities for the natural gas generation alternatives was modeled with a projected range of cost of \$100 to 200 Million for combined cycle plants and \$25 to \$40 Million for simple cycle peaking units, depending on the unit position in the construction cycle. These costs are represented as current year (2007) and would escalate appropriately over time. Over a long modeling time horizon like that used in this analysis, it is not possible to individually assess the transmission cost impacts for each of the potential unit additions. In the future, as each generation unit addition is assessed prior to construction commitment, these estimates will be refined. Since substantial new natural gas transmission facilities will also be required to support the projected needs in Florida, additional fixed gas transportation cost is included in the projected fixed O&M estimates for each of the combined cycle units.

Key Modeling Assumptions:

Appendix A to this report includes tables and charts listing the key assumptions used in the economic analysis. These include the capital, operating cost and performance projections for all generation options; transmission costs estimates, forecasted fuel prices and forecasts for potential costs of greenhouse gas emissions (primarily CO₂). The detailed cost, schedule and performance estimates for new nuclear generation were provided to System Planning by the Nuclear Plant Section for the purpose of the economic evaluations performed. The cost, schedule and performance estimates for the natural gas based technology alternatives were developed by the Project Development Group in Power Operations, with assistance from System Planning and consulting support from Burns and McDonnell Engineering. The forecasts for fuel were provided by the Regulated Fuels and the forecasts for potential costs of CO₂ were developed with the assistance of External Relations and Strategic Planning.

Other Key Assumptions:

- Assumptions related to Strategist® modeling – Emissions costs (SO₂, NO_x, ammonia, and limestone, and CO₂) were included in dispatch decisions.
- Assumptions related to Air Emissions Compliance – Analysis was based on the environmental compliance strategy current at the time of the study.
- The cost of the second nuclear unit is projected to be substantially lower on a \$/kW basis than the first unit if the second unit enters commercial service within 12 to 18 months of the first unit. This is based on projected cost efficiencies for concurrent manufacturing of large key components and a continuous mobilization for on-site construction of both units. If the gap between units increased beyond 12 months to 18 months, it is believed that construction demobilization would be required which, given the projected demand for nuclear construction specialties, could cause significant inefficiencies and cost increases.
- Joint ownership scenarios were evaluated based on PEF ownership of 874 MW (roughly 80%) of the full 1,092 MW output of each unit. This initial value was selected for inquiry and guidance in the analysis and does not represent a specific goal or planned objective. Further assessments will be performed to support discussions with potential joint owners in the future.
- Transmission costs for potential joint owners were assumed to be to be covered under current and future FERC OAT tariff rates. As such, the cost of transmission was fully attributed to the PEF ownership percentage of the plant in each scenario studied. As need dictates, this may be studied further under different assumptions in the future.
- In this long range Strategist® modeling study, load growth was projected through the first 30 years of the study period. Over the course of the full 60 year study period, operating expenses continue to follow their respective forecast assumptions and capacity is added to meet the specified reserve margin requirements
- Gas prices for generic CT/CC including zone basis differentials. Fixed gas transportation for generic CC's and CT's is included in Strategist® separately (Strategist uses an input for \$1.25/mmBtu for FGT fixed transportation escalating with inflation.

5.2 Consequences of Non- Authorization and Deferral

If this project is not authorized, the nuclear generation option will not be available to PEF in the 2016 timeframe. In addition, given the number of companies that have announced plans to construct nuclear plants in the 2016 to 2020 horizon and the limited production capabilities of large component manufacturers, it is likely that the nuclear option would be unavailable until early in the 2020 decade, at the earliest. Instead, the company would be limited to pursue coal (pulverized or IGCC) and/or natural gas as the only options for large scale baseload generation. Based on the Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) changes in SO_x and NO_x limits in the 2015 timeframe, the company's options would be limited. Potential future green house gas (GHG) emissions regulations would likely limit or even eliminate future baseload alternatives if nuclear is not available as an option. Uncertainty surrounding all of these issues led to the Florida Public Service Commission's (FPSC) June 5, 2007 decision to deny Florida Power & Light's request for approval of their 1,960 MW Glades supercritical pulverized coal plant, effectively removing pulverized coal (supercritical and ultra supercritical) as a viable baseload option in Florida in this timeframe. The same concerns and uncertainties prompted Tampa Electric and the utility consortium that was developing the Taylor County coal plant to withdraw their need petition from the FPSC in early 2007.

Additionally, under the Energy Policy Act of 2005 (EPACT), incentives for new nuclear plants – such as DOE Loan Guarantees, DOE Standby Support (a type of risk insurance), and IRS Production Tax Credits – will only be available to PEF if PEF's nuclear generation is in the first wave of new nuclear plants in the industry. Therefore, these benefits will not be available if the Company does not authorize the project. Key milestones to be eligible for EPACT Tax Credits include:

- Submit a letter of intent to the NRC before 1/1/2007 (complete)
- COLA for a facility is filed with the NRC on or before the later of 12/31/2008
- Construction on the facility begins before 1/1/2014
- Plant In-Service by 1/1/2021 to be eligible for tax credits. Allocation is \$0.018/kWh for the first eight years of facilities operation. The credit is limited to the first 6000 MW's of nuclear generation.

There are also key incentives related to loan guarantees for innovative energy technologies and the Price Anderson Act is extended 20 years for nuclear liability protection.

Section 6 - Economic Analysis

6.1 Detailed Discussion of Results

The economic analysis that supports this recommendation was completed by the System Planning and Operations Department in February 2008 in support of PEF's Petition for the Determination of Need for Levy Units 1 and 2. The details of the results of this analysis are presented in Appendix A entitled the "Levy Nuclear Need Economic Analysis Update Report (3/8/08) and in the "Need Determination Study" attached as Appendix B.

A few key notes and observations on the analysis performed:

The detailed system simulations were performed with Strategist® over a 60 year study period from present day to a point roughly 50 years beyond the new nuclear generation additions in 2016 and 2017. As a result, the study period extended through 2066.

The Company considers both financial and non-financial factors and incorporates information gathered from the both the base Strategist® runs and the sensitivity analyses performed for guidance.

Fuel prices are escalated through the entire study period.

The CPVRR analysis assumed that the recovery of the investment for each of the various baseload generation resources would begin once the unit is placed in service. With early cost recovery for nuclear generation the pattern of the revenue requirements would be different; however the present value of the revenue requirements being addressed in the alternatives would be roughly the same.

6.2 Scenario Analysis

The scenario analysis results are included in the referenced appendices, as noted.

Favorable Impacts:

Factors favorable to nuclear economics include:

- Lower (relative) costs for nuclear construction
- Award of production tax credits
- Significant climate change legislation - addition of carbon tax or other requirement that increases the cost of coal, IGCC and gas.
- Increased natural gas prices

- Lower costs for transmission for nuclear generation would improve the economics of all nuclear alternatives versus the All Gas Reference Plan.

Unfavorable Impacts:

Factors unfavorable to nuclear economics include:

- Increased (relative) costs for nuclear construction
- Limited climate change legislation - No carbon tax/ low carbon tax
- Lower natural gas prices
- Higher costs for transmission for baseload units would negatively impact the economics of all nuclear alternatives versus the All Gas Reference Plan.

6.3 Summary of Financial Indicators

The tables below summarize the relative economics of each of the resource plan scenarios versus the All Gas Reference Plan. The results are presented and discussed in detail in the Updated Results Report (Appendix A) and the Need Determination Study (Appendix B).

Table 6.3.1

Table 6.3-1 Economic Results for 100% Ownership

Levy 1&2 Nuclear Economic Benefits Assessment
Mid Reference Fuel and Fuel Sensitivities - Full Ownership
Comparison of Nuclear Expansion vs All Gas Reference Case
Base Year Cumulative PV Benefits (\$2007 in Millions)

<i>Base Capital Reference Case</i>	<i>Low Fuel Reference</i>	<i>Mid Fuel Reference</i>	<i>High Fuel Reference</i>
<i>No CO₂</i>	<i>(\$6,416)</i>	<i>(\$2,888)</i>	<i>\$2,635</i>
<i>Bingaman Specter CO₂ Case</i>	<i>(\$3,834)</i>	<i>(\$343)</i>	<i>\$5,212</i>
<i>EPA No CCS CO₂ Case</i>	<i>(\$2,684)</i>	<i>\$793</i>	<i>\$6,318</i>
<i>MIT Mid Range CO₂ Case</i>	<i>\$85</i>	<i>\$3,614</i>	<i>\$9,077</i>
<i>Lieberman Warner CO₂ Case</i>	<i>\$2,930</i>	<i>\$6,380</i>	<i>\$11,892</i>

Table 6.3-2 Economic Results for 80% Ownership

Levy 1&2 Nuclear Economic Benefits Assessment
Mid Reference Fuel and Fuel Sensitivities - 80% Ownership
Comparison of Nuclear Expansion vs All Gas Reference Case
Base Year Cumulative PV Benefits (\$2007 in Millions)

<i>Base Capital Reference Case</i>	<i>Low Fuel Reference</i>	<i>Mid Fuel Reference</i>	<i>High Fuel Reference</i>
<i>No CO₂</i>	<i>(\$5,566)</i>	<i>(\$2,725)</i>	<i>\$1,732</i>
<i>Bingaman Specter CO₂ Case</i>	<i>(\$3,530)</i>	<i>(\$733)</i>	<i>\$3,756</i>
<i>EPA No CCS CO₂ Case</i>	<i>(\$2,619)</i>	<i>\$171</i>	<i>\$4,631</i>
<i>MIT Mid Range CO₂ Case</i>	<i>(\$448)</i>	<i>\$2,403</i>	<i>\$6,790</i>
<i>Lieberman Warner CO₂ Case</i>	<i>\$1,799</i>	<i>\$4,594</i>	<i>\$9,018</i>

6.4 Modeling Tool Used/ Description of Changes/ Approval

- 1) Strategist[®] was used to evaluate the CPVRR for each Scenario.
- 2) System Planning Excel based models for reporting and additional sensitivities on the CPVRR calculations.

6.5 Sensitivity Analysis

Sensitivity results are presented and discussed in detail in the Updated Results Report (Appendix A) and the Need Determination Study (Appendix B). Sensitivities relating to fuel prices, CO2 emissions costs and capital cost were all addressed.

Production Tax Credit Sensitivity

The Energy Policy Act of 2005 included provisions for production tax credits for the first 6000 MW of new nuclear power plants to be built. These credits would be valued at \$.018 per Kwh of output for the first eight years of operation and would be capped at \$125 million annually for the pool of participants. These values were not included in the initial presentation of economic results, but are discussed in the attached study as additional potential benefits. (Appendix B).

6.6 Operational Analysis

Not Applicable

6.7 Regulatory Impact Analysis

PEF has an obligation to ensure that adequate electrical generation capacity is installed in a timely manner to meet customer demand while maintaining necessary reserve margins. Based upon current information, forecasts, and detailed system planning it appears that baseload capacity is needed in the 2016 – 2019 timeframe in the Florida service territory to meet the reliability and economic needs of the Company and its customers.

~~The various generation technologies evaluated to meet these needs have different total~~ development timeline requirements with nuclear being the longest at roughly 10 years. Natural gas technologies including combined cycle and simple cycle units have the shortest development timelines. In addition to generating units lead times, the transmission design and construction timelines to support system additions can take as long or longer to complete than the plant site development and construction.

At this time, nuclear appears favorable when compared with other generation technology options, as already discussed. Various analytical models and industry information presented in this document support this conclusion. This is particularly supported by advances in the reactor technology design that simplify the plant (i.e., reduce the number of components) and by use of a modular construction approach to add additional certainty to the construction process.

In order to best serve its customers, PEF needs to invest capital funds to continue the nuclear licensing process, move forward with limited detailed engineering and design and initiate the procurement process for long lead materials, and continue pursuing the state and federal permitting and approvals required. These continued efforts will help ensure that development of new nuclear facilities at the Levy County Site will be viable to meet PEF's needs in the 2016 timeframe and beyond.

Update on FPSC Rule 25-6.0423 for Nuclear Cost Recovery

Historically, the long construction period, high cost, and long gap between nuclear construction expenditures and prudence determinations subjected utilities building nuclear plants to extraordinarily high risks. On April 8, 2007 FPSC Rule 25-6.0423 took effect to establish a new Regulatory framework through which costs associated with new Nuclear Power Plants will be recovered by regulated IOU's in Florida. The rule was amended effective February 3, 2008 to include IGCC plants. Listed below are several key aspects which, among others, allow PEF

to manage the risk associated with new nuclear plant construction to be more in-line with the risk level of current ongoing operations:

- Provision for annual determinations of prudence with regard to expenditures once the Determination of Need is granted. Once a cost has been deemed prudent it is not subject to further scrutiny (except in cases of fraud, perjury or intentional withholding of key information). This aspect is critical in reducing the risk associated with new nuclear plants to a level more comparable to the risk of ongoing operations.
- Provision for recovery of some capital and all carrying costs as construction is performed. This aspect increases cash flow, serves to attract lower financing, and reduces the long-term impact on customer rates.
- Provision allowing recovery of past expenditures and current obligations associated with the nuclear plant if for some reason the Utility elects not to complete the plant. These costs will be recovered over 5 years or the period, over which they were incurred, whichever is longer.
- Establishment of an Annual Regulatory Filing Timeline:
 - March 1 – True-Up Filing for previous years
 - April 30 – Annual Report w/ budgeted and actual costs as compared to the estimated in-service costs
 - May 1 – True-Up and Projection for Current Year
 - May 1 – Projected Costs for Subsequent Years
 - May 1 – Detailed Analysis of the long-term feasibility of completing the nuclear plant
 - October 1 – Hearing and determination of prudence and reasonableness

As the nuclear generation project continues forward, PEF will continue to monitor and will be obligated to demonstrate the prudence of pursuing nuclear generation as opposed to other viable options to meet the reliability and economic needs of the Company's customers. Progress Energy has also established a Regulatory Assurance group to assist with the oversight requirements of this ongoing review process to ensure that proper consideration and documentation is maintained. At each of the Company's future decision points, the Company will carefully consider any of the key risks that materialize to a degree considered significant by the Company, and/or any new risks or information that come to light which, when evaluated against the benefits the nuclear generation project offers, suggests a course of action to proceed or not proceed further with the project in the Company's deliberate, business judgment.

6.8 Market Analysis

Customer Analysis

NA

Competitor Analysis

NA

6.9 Contracting and Procurement Summary

Work is currently underway to negotiate the terms and scope of Engineering, Procurement and Construction (EPC) contract with WEC and Shaw for the project. The EPC contract will incorporate an exit strategy for long lead equipment if a decision is made, at some point in the future, to discontinue construction of the nuclear plant. The team will also develop a strategy to monitor key indices to track prices for critical resources such as concrete, steel, land, and labor cost and availability. As the final EPC contract is developed, risk will be assessed and managed through careful application of either fixed price or time and materials terms to each of the significant areas of contract scope. WEC and Shaw delivered an updated total project cost estimates to PEF in February 2008. A strategy will also be defined during the first phase of site specific project design to establish the most effective way to contract for the site specific work.

6.10 Non-Financial Considerations / Intangibles / Un-quantified Financial Considerations, Others

In addition to the results of the economic analysis, there are other relevant considerations in supporting this BAP Revision 2. As system requirements grow, fuel supply markets evolve and existing facilities age and require maintenance and enhancements, Progress Energy needs to take deliberate steps to maintain a diverse generation portfolio so it doesn't become too dependent on a particular generation fuel type or mode of transportation. If diversity is not maintained, customer rates can be unduly subjected to volatile changes as costs for a particular fuel type or fuel market segment change dramatically with market conditions. The State of Florida has considered the issues of fuel diversity and security at length, both in the Legislature and at the Public Service Commission. The Power Plant Siting Act and many aspects of the Commission rules on Need Petition review and cost recovery have been amended to reflect these changes and encourage development of diversity, and more specifically, nuclear generation.

Promulgation of the Clear Air interstate Rules (CAIR) and the Clean Air Mercury Rule (CAMR) added considerable limitations on both existing and potential new fossil generation resource in Florida. Substantial additional cost and complexity will be associated with potential new carbon emissions restrictions being considered to achieve significant reductions in greenhouse gas emissions. While these factors are very complex and difficult to precisely quantify, it remains clear that a nuclear generation option, which is not affected by CAIR, CAMR and/or GHG limits should remain a viable option.

The Energy Policy Act of 2005 provides specific financial incentives for development of advanced new nuclear plants that include loan guarantees, standby support (a type of risk insurance) and production tax credits. These incentives are expected to be only available for the 1st wave of new nuclear plants constructed in the US. While the financial values of these incentives are not the principle basis for choosing nuclear generation, they are nonetheless relevant in the final decision of new baseload generation deployment, and contribute favorably to a nuclear decision. While an attempt has been made to quantify only the potential production tax credit benefits, there are uncertainties relating to the number of nuclear projects that come to fruition within the proscribed timeframe and become eligible for these tax credits. The number of projects completed will affect the amount of credits each participant will ultimately be eligible for.

6.11 Integration and Project Performance Assessment Plan

6.11.1 Organizational Requirements and Integration Issues

This section details the roles and responsibilities of the New Nuclear Development Organization and the numerous supporting organizations that will provide institutional coordination and support for this project.

Organization	Roles, Responsibilities and Impacts
Nuclear Generation Group:	
New Nuclear Plant Development Organization	Primary responsible organization for siting and COL development / licensing activities, engineering activities, and to support procurement activities related to purchasing long lead equipment.
Nuclear Engineering & Services Department (NESD)	Engineering support for Fire Protection, PRA, Nuclear Fuels, and Procurement
Nuclear Projects & Construction Department	Primary responsible organization for constructing the plant site
Performance Evaluation Section and Regulatory Affairs Section (PERAS)	NRC Regulatory affairs and QA support
Nuclear Security	Nuclear specific security concerns, security plans, and design basis threat (DBT) support
HNP, RNP, BNP , and CR3 Departments	Support specialized areas technical reviews
Progress Energy Florida	
Energy Delivery	Community relations and public education support

Organization	Roles, Responsibilities and Impacts
Transmission Planning and Operations	Transmission system planning, System Integration, Design and Construction of System Additions, Regulatory Support for Siting Generation and Transmission, Continued Economic Analytical Support
Operations Business Services	Budget and Cost management support
Service Company:	
Accounting	Property Unit Accounting support, Regulatory Accounting Support
Tax	EPACT production tax credit regulatory support and financial analysis. Sales and Use Tax Analysis, Property Tax Analysis
Treasury & Risk Management	Financial analysis support
Corporate Services	Contracting, purchasing, including land acquisitions
Environmental Services	Siting and Environmental Report development support
Legal	Management of Regulatory Licensing and Certification Activities, Contract reviews
State Public Affairs & Economic Development	Regulatory support and community support
Human Resources	Recruiting support for new organization
IT&T	IT and telecom services for new organization
Communications	Communication support with employees, community and media.
Project Assurance	Project Assurance Plan (Prudency)
Audit Services	Process compliance
Levy Integrated Nuclear Committee (LINC)	Coordinate the planning and execution of LNP by ensuring effective integration of project management functions and decisions necessary to the success of the project. The committee will serve as the single point for management oversight of all phases of the project.

6.12 Wrap up Conclusions and Recommendations

It is recommended that this BAP Revision 2 be approved for the authorization of updated COLA funding requirements and for the items shown above that bridge additional known scope items identified through the end of 2008. An additional authorization request will be prepared upon completion of EPC negotiations and pursuant to the new IPP Process.

Appendix A - Levy Nuclear Need Economic Analysis Update

Levy Nuclear Need Economic Analysis Update Report

**PEF System Planning and Regulatory Performance
3/8/08 Information Update**

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**Appendix A to Business Analysis
Package Dated 4/8/08**

System Planning Results Update

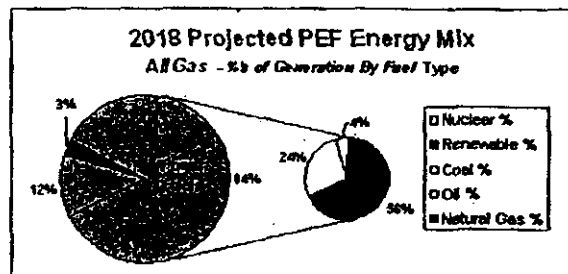
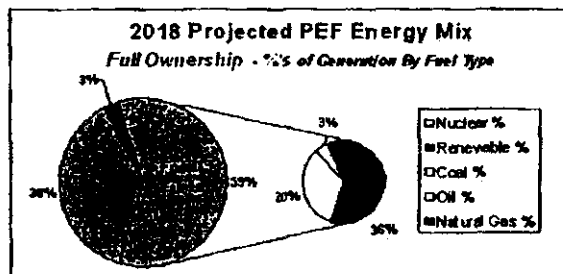
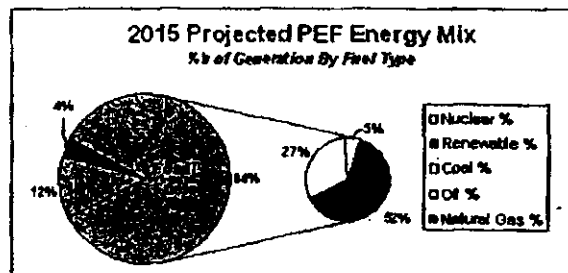
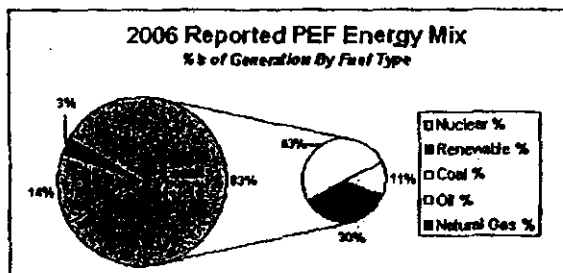
Analysis Results - Basis for the Levy Need

- **Resource Planning Baseline**
 - 2008 Draft Demand and Energy Forecast
 - November '07 GFF Fuel Forecast
 - Current Baseline for Resource Plan to 2012
- **Fuel Diversity Impacts – Energy Mix**
- **Key Assumptions and Updates**
 - Feb '08 CapEx Updates for Nuclear
 - Feb '08 CapEx Update for Baseload Transmission
 - Dec '07 CapEx Updates for Fossil Resources
 - Decisions on Appropriate Financial Parameters
- **Strategist® Results 2/21/08**



3/8/08 Results Review
Updated PEF System Energy Mix

The Energy Mix Analysis is based on the energy by fuel type from PEF's Generation combined with the fuels attributed to PEF's purchased power contracts ...



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3/2/08 Information Update



Strategist® 31 Year Optimization Results
Optimized Resource Plans Selected for Economic Analysis

	Levy Need Analysis Nuclear Plan Full Ownership Case	Levy Need Analysis Nuclear Plan 80% Joint Ownership Case	Levy Need Analysis All Gas Reference Case
2007 to 2012	PEF Baseline Assumptions CC 4x1 1,100 MW (June '13)	PEF Baseline Assumptions CC 4x1 1,100 MW (June '13)	PEF Baseline Assumptions CC 4x1 1,100 MW (June '13)
2013	141 MW Susquehanna Steam Retirement (June '14)	141 MW Susquehanna Steam Retirement (June '14)	141 MW Susquehanna Steam Retirement (June '14)
2014			
2015	100% Levy Unit 1 - 1,085 MW (June '16) 100 MW Peaker Retirements (June '16)	80% Levy Unit 1 - 1,085 MW (June '16) 100 MW Peaker Retirements (June '16)	Generic 2x1 CC Generic Simple Cycle CT 100 MW Peaker Retirements (June '16)
2017	100% Levy Unit 2 - 1,085 MW (June '17)	80% Levy Unit 2 - 868 MW (June '17)	Generic 2x1 CC
2018			
2019			
2020			Generic 2x1 CC
2021			
2022		Generic Simple Cycle CT	
2023		Generic Simple Cycle CT (2)	Generic 2x1 CC
2024	Generic Simple Cycle CT (2)	Generic Simple Cycle CT	
2025	Generic Simple Cycle CT	Generic 2x1 CC	Generic 2x1 CC
2026	Generic Simple Cycle CT (2)		
2027	Generic Simple Cycle CT	Generic 2x1 CC	Generic 2x1 CC
2028	Generic 2x1 CC		
2029		Generic Simple Cycle CT	Generic Simple Cycle CT
2030	Generic 2x1 CC	Generic 2x1 CC	Generic Simple Cycle CT
2031			Generic 2x1 CC
2032	Generic Simple Cycle CT (2)	Generic 2x1 CC	Generic Simple Cycle CT
2033	Generic 2x1 CC	Generic Simple Cycle CT	Generic 2x1 CC
2034	Generic 2x1 CC	Generic 2x1 CC	
2035		Generic Simple Cycle CT	Generic 2x1 CC
2036	Generic 2x1 CC	Generic 2x1 CC	Generic 2x1 CC
2037	Generic 2x1 CC	Generic 2x1 CC	Generic 2x1 CC

NOTES:

- 20% Reserve Margin with Draft 2008 TYSP Demand and Energy Forecast
- All Non-Renewable Contracts Expire
- Plans Selected from 31 Yr Optimization for Expansion Into 60 Year Plans

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3/8/08 Information Update



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Current Resource Plan Parameters
Resource Baseline – Resources and Reserves

GENERATION ADDITIONS	Summer Full Ownership Case									Winter Full Ownership Case				
	2013	2014	2015	2016	2017	2018	2019	2020	2021	16/17	17/18	18/19	19/20	20/21
Unit Retirement/Deaths	(129)			(196)						(251)				
Scenario Combined Cycle	1,159													
Scenario Nuclear														
Reserve Margin	28.8%	25.4%	23.8%	21.5%	21.4%	21.4%	21.4%	21.4%	21.4%	22.5%	22.7%	21.1%	21.0%	20.8%
MW Above/Below 20%	912	571	321	583	1,448	1,236	992	761	543	286	1,096	819	123	728
Unit Retirement/Deaths	(129)			(196)						(146)				
Scenario Combined Cycle	1,159									1,279				
Scenario Nuclear				1,092	1,092									
Reserve Margin	28.8%	25.4%	23.8%	25.3%	23.2%	21.2%	20.9%	20.8%	20.8%	22.5%	22.7%	21.1%	21.0%	20.8%
MW Above/Below 20%	912	571	321	583	356	134	(199)	(331)	(545)	(308)	(878)	(948)	(1,274)	(1,456)
Unit Retirement/Deaths	(129)			(196)						(146)				
Scenario Combined Cycle	1,159									1,279				
Scenario Nuclear				1,092	1,092									
Reserve Margin	28.8%	25.4%	23.8%	25.3%	23.2%	21.2%	20.9%	20.8%	20.8%	22.5%	22.7%	21.1%	21.0%	20.8%
MW Above/Below 20%	912	571	321	583	1,448	1,236	992	761	543	286	1,096	819	123	728

- 20% Reserve Margin
- 2008 TYSP Demand and Energy Forecast
- All Non-Renewable Contracts Expire
- 2013 4x1 CC
- 2016 Summer Need 509 MW

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3/8/08 Information Update



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Strategist® CapEx for Nuclear Resources
Cost Estimate Updates Used in the Modeling

REDACTED

Capital Cost Estimate for Strategist Modeling**Levy County Units 1 and 2 (\$000's)**

	Unit 1	Unit 2	Current Total
Land			
COLA Development and Approval			
AP1000 Overnight Costs			
Initial Core Fuel			
Owner's Cost - PGN Construction Mgmt			
Owner's Cost - Site Perm Structures/Facilities			
Owner's Costs - Permanent Staffing & Training			
Owner's Costs - Permits, Fees, Insurance, Taxes, Misc.			
Contingencies (Owner's Costs)			
Unit Overnight Total Cost	5,617,297	3,686,282	9,303,579
Project Escalation @ 3%	883,980	655,388	1,539,367
Escalated Construction Cost (Before AFUDC)	6,501,276	4,341,670	10,842,946
Estimated Project AFUDC	1,814,733	1,432,029	3,246,762
LNP Unit Total	8,316,010	5,773,698	14,089,708
Winter Capacity Rating (MW)	1,120	1,120	2,240
Summer Capacity Rating (MW)	1,092	1,092	2,184
Estimated Overnight Cost - Winter Basis (\$/kW)	5,015	3,291	4,153
Estimated Overnight Cost - Summer Basis (\$/kW)	5,144	3,376	4,260
Estimated In-Service Cost - Winter Basis (\$/kW)	7,425	5,155	6,290
Estimated In-Service Cost - Summer Basis (\$/kW)	7,615	5,287	6,451

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3/8/08 Information Update



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Strategist® CapEx for Baseload Transmission
*Cost Estimate Updates Used in the Modeling***2/1/08 Transmission Project Cost Update**

Baseload Transmission High Level Project Estimate (Escalated In-Service Millions)

	2008	2009	2010	2011	2012	2013	2014	2015	2/1/2008
Site Selection	14	-	-	-	-	-	-	-	14
Pre-construction	33	28	102	28	52	24	4	-	270
Construction	5	86	177	248	360	268	180	25	1,351
Land	31	256	263	126	89	20	13	13	812
Project Total	83	370	542	403	501	313	197	38	2,447

Other Key Transmission Assumptions

- Land Cost Not Depreciated (Approx. \$800 M In-Service Cost)
- Assumed 100% of Transmission Cost for Full and Joint Ownership
- Adjusted the Property Tax Insurance Rates for Transmission Assets

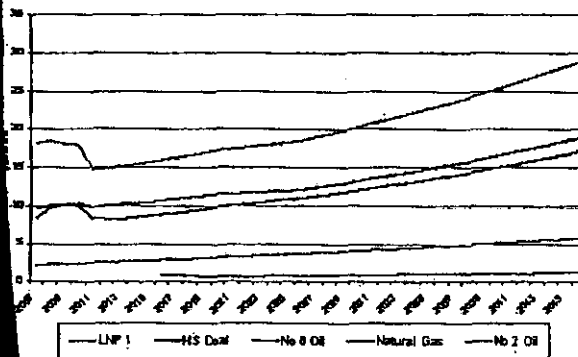
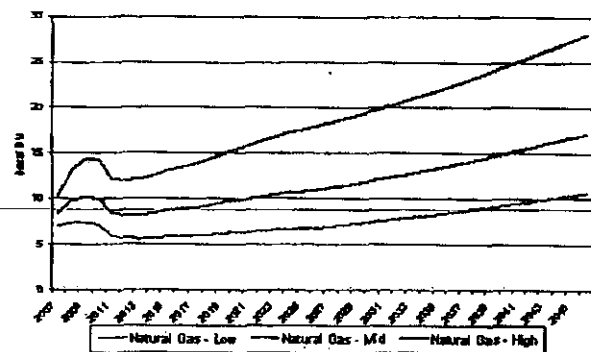
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Strategist® Economic Assessment*Key assumptions Used in the Modeling***Fuel Forecasts ... Based on the November 2007 GFF ...****Figure xx LNP Need Fuel Forecast**
Reference Mid Level Forecast**LNP Need Fuel Forecast**
Fuel Forecast Sensitivity for Natural Gas (\$/Bbl) (\$/Btu)

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3/8/08 Information Update



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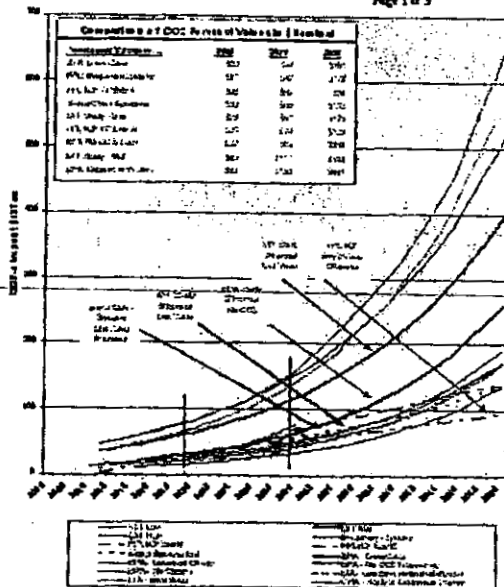
Strategist® Analysis Results

Results Overview and Charts

CO₂ is a Key Driver In the Nuclear Analysis ...

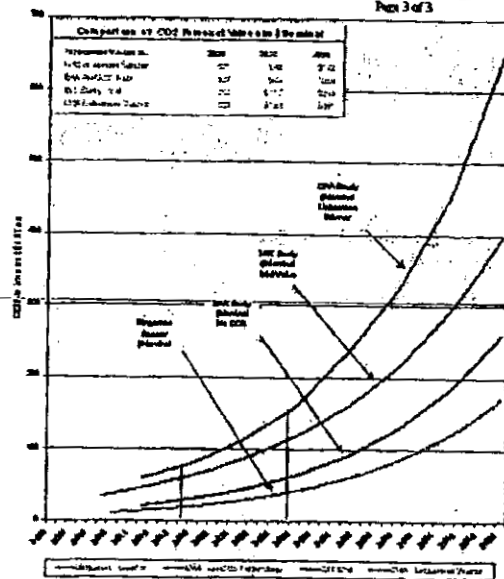
CO₂-e Forecasts Provided from Public Sources
Presented in GtTon and Equivalent (GtNominal)

Progress Energy Florida, Inc.
Docket No. _____
Witness: Kennedy
Exhibit No. _____ (IMC-3)
Page 1 of 3



CO₂-e Forecasts Provided from Public Sources
Presented in \$/Tonne Equivalent (\$/Norrnat)

Rogers Energy Florida, Inc.
Dodge No. _____
Witness: Kennedy
Sheet No. _____ (TBOG-3)
Page 3 of 3



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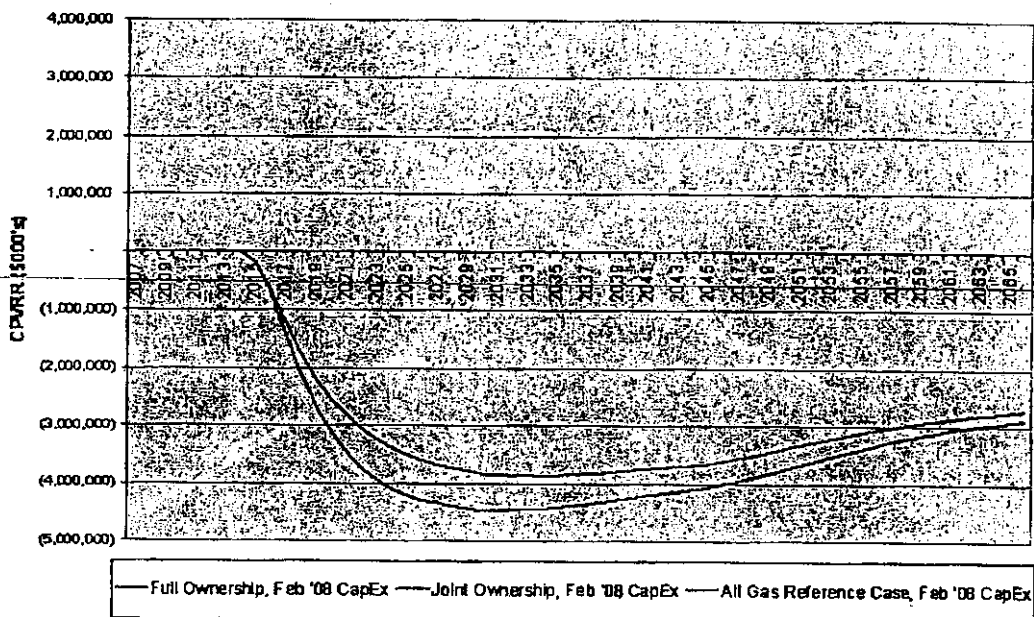
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Strategist® Analysis Results

Results Overview and Charts

Levy Economic Analysis Revised with CapEx Updates ...

- February '08 Westinghouse/Shaw Plant Update
- February '08 Baseload Transmission Cost Update and Joint Ownership Assumption
- Initial Assessment – This Chart based on Mid Reference Fuel, No CO₂ Impact



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3/8/08 Information Update



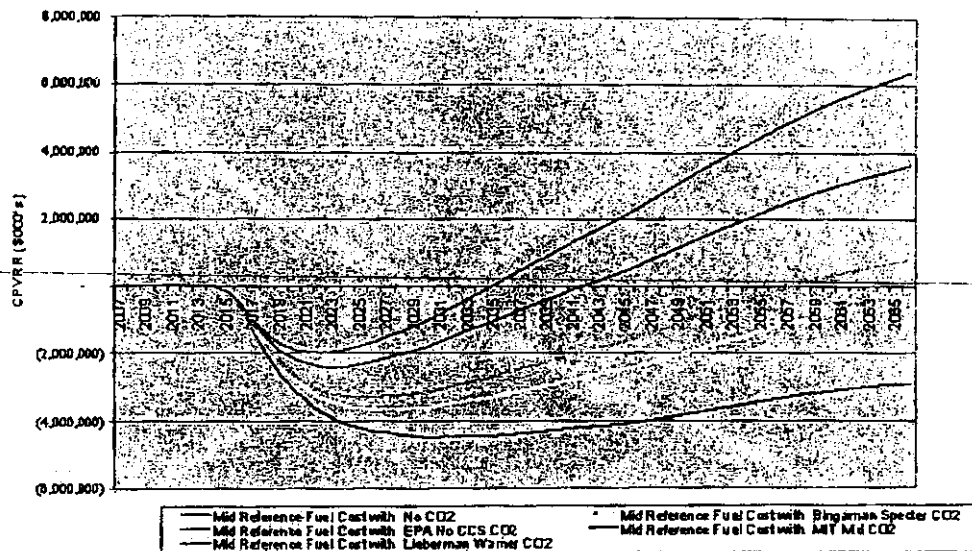
Progress Energy

Strategist® Analysis Results

Results Overview and Charts

Full Ownership Mid Reference Fuel with CO₂ Sensitivities ...

Levy Economic Analysis - Cumulative PV of Revenue Requirements
LNP Full Ownership Mid Reference Fuel, CO₂ Sensitivities
Levy Need Results Update 2/21/09



Note: 2066 CPVRR values are used in the following tables ...

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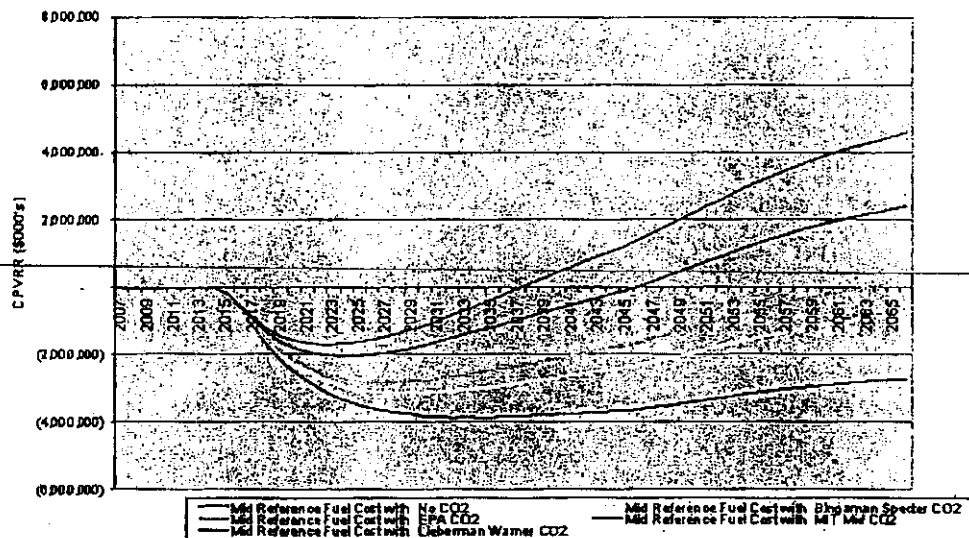
3/8/08 Information Update



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Strategist® Analysis Results**Results Overview and Charts****80% Joint Ownership Mid Reference Fuel with CO₂ Sensitivities ...**

Levy Economic Analysis - Cumulative PV of Revenue Requirements
LNP 80% Joint Ownership Mid Reference Fuel, CO₂ Sensitivities
Levy Need Results Update 2/21/08



Note: 2066 CPVRR values are used in the following tables ...

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Progress Energy

Strategist® Analysis Results

Results Overview and Charts

Full Ownership – Full Sensitivities Summary ...

Levy 1&2 Nuclear Economic Benefits Assessment
Mid Reference Fuel and Fuel Sensitivities – Full Ownership
Comparison of Nuclear Expansion vs All Gas Reference Case
Base Year Cumulative PI Benefits (\$2007 in Millions)

Base Capital Reference Case	Low Fuel Reference	Mid Fuel Reference	High Fuel Reference
No CO ₂	(\$6,416)	(\$2,888)	\$2,636
Bingaman Specter CO ₂ Case	(\$3,834)	(\$343)	\$5,212
EPA No CCS CO ₂ Case	(\$2,684)	\$793	\$6,318
MIT Mid Range CO ₂ Case	\$85	\$3,614	\$9,077
Lieberman Warner CO ₂ Case	\$2,930	\$6,380	\$11,892

Capital Sensitivities Reference Case	LNP CapEx (5%)	Mid Fuel Reference	LNP CapEx 5%	LNP CapEx 15%	LNP CapEx 25%
No CO ₂	(\$2,365)	(\$2,888)	(\$3,400)	(\$4,434)	(\$6,469)
Bingaman Specter CO ₂ Case	\$109	(\$343)	(\$326)	(\$1,948)	(\$2,595)
EPA No CCS CO ₂ Case	\$1,207	\$793	\$172	(\$862)	(\$1,897)
MIT Mid Range CO ₂ Case	\$3,975	\$3,614	\$2,940	\$1,906	\$871
Lieberman Warner CO ₂ Case	\$6,674	\$6,380	\$5,640	\$4,605	\$3,571

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Strategist® Analysis Results

Results Overview and Charts

80% Joint Ownership Full Sensitivities Summary ...

Levy 1&2 Nuclear Economic Benefits Assessment
Mid Reference Fuel and Fuel Sensitivities - 80% Ownership
Comparison of Nuclear Expansion vs All Gas Reference Case
Base Year Cumulative PV Benefits (\$2007 in Millions)

Base Capital Reference Case	Low Fuel Reference	Mid Fuel Reference	High Fuel Reference
No CO ₂	(\$5,668)	(\$2,725)	\$1,732
Biogann Specter CO ₂ Case	(\$3,530)	(\$733)	\$3,756
EPA No CCS CO ₂ Case	(\$2,619)	\$171	\$4,631
MIT Mid Range CO ₂ Case	(\$448)	\$2,403	\$6,790
Lieberman Warner CO ₂ Case	\$1,799	\$4,594	\$8,018

Capital Sensitivities Reference Case	LNP CapEx (5%)	Mid Fuel Reference	LNP CapEx 5%	LNP CapEx 15%	LNP CapEx 25%
No CO ₂	(\$2,284)	(\$2,725)	(\$3,154)	(\$4,023)	(\$4,892)
Biogann Specter CO ₂ Case	(\$364)	(\$733)	(\$1,214)	(\$2,103)	(\$2,972)
EPA No CCS CO ₂ Case	\$502	\$171	(\$367)	(\$1,236)	(\$2,106)
MIT Mid Range CO ₂ Case	\$2,681	\$2,403	\$1,812	\$942	\$73
Lieberman Warner CO ₂ Case	\$4,895	\$4,594	\$3,916	\$3,067	\$2,147

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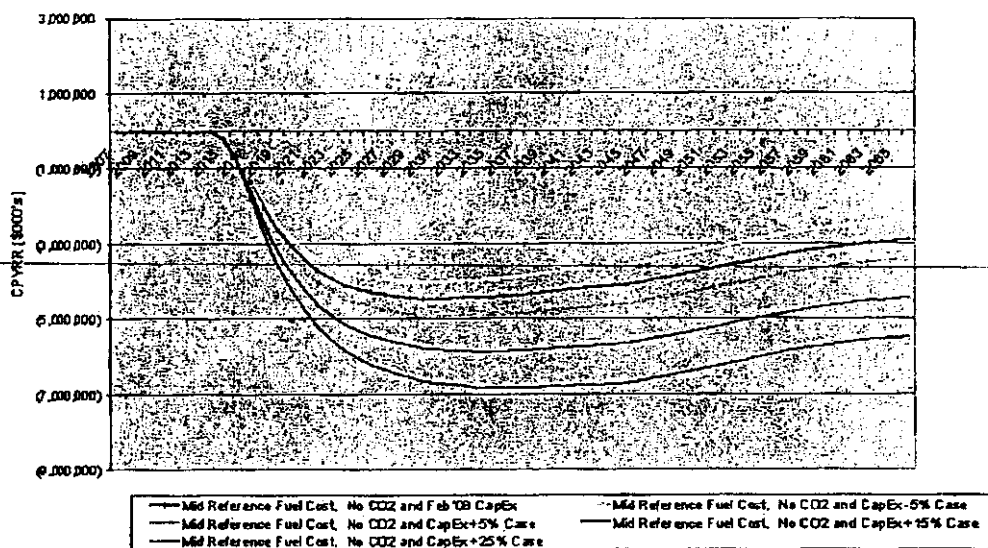
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Strategist® Analysis Results

Results Overview and Charts

Full Ownership CapEx Sensitivity Based on No CO₂ Case ...

Levy Economic Analysis - Cumulative PV of Revenue Requirements
LNP Full Ownership - Mid Reference Fuel, NO CO₂, CapEx Sensitivities
Levy Need Results Update 2/21/08



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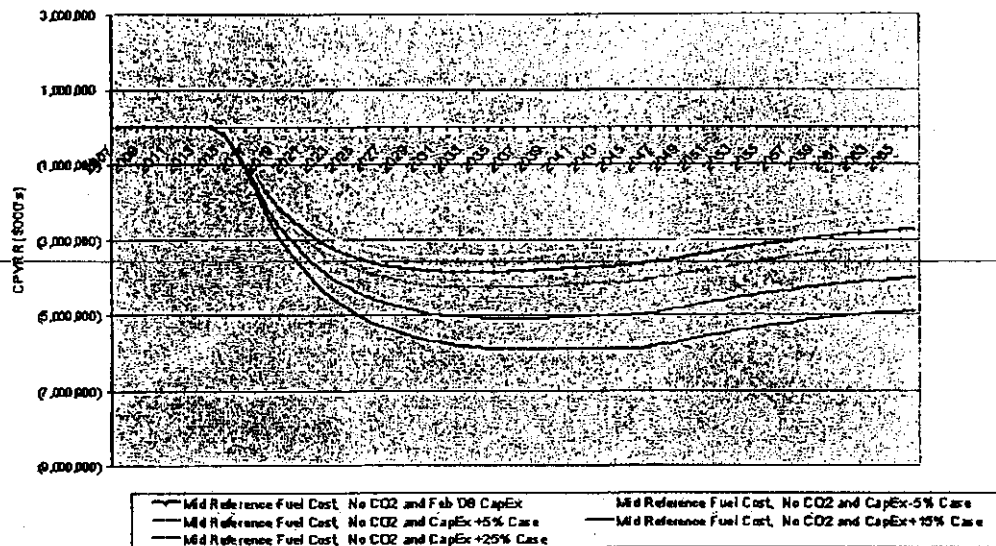
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Strategist® Analysis Results

Results Overview and Charts

80% Joint Ownership CapEx Sensitivity Based on No CO₂ Case ...

Levy Economic Analysis - Cumulative PV of Revenue Requirements
LNP 80% Ownership - Mid Reference Fuel, NO CO₂, CapEx Sensitivities
Levy Need Results Update 2/21/08



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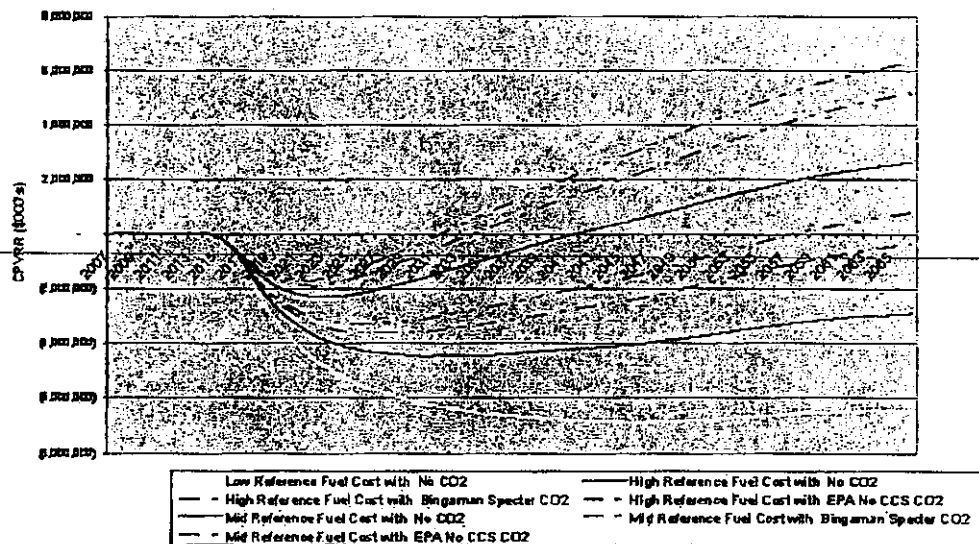
PEF-LEVY-0056

Strategist® Analysis Results

Results Overview and Charts

Full Ownership - Sensitivities with Fuels and CO2 Combined ...

Levy Economic Analysis - Cumulative PV of Revenue Requirements
LNP Full Ownership Fuel Sensitivities with CO2 Ranges
Levy Need Results Update 2/21/08



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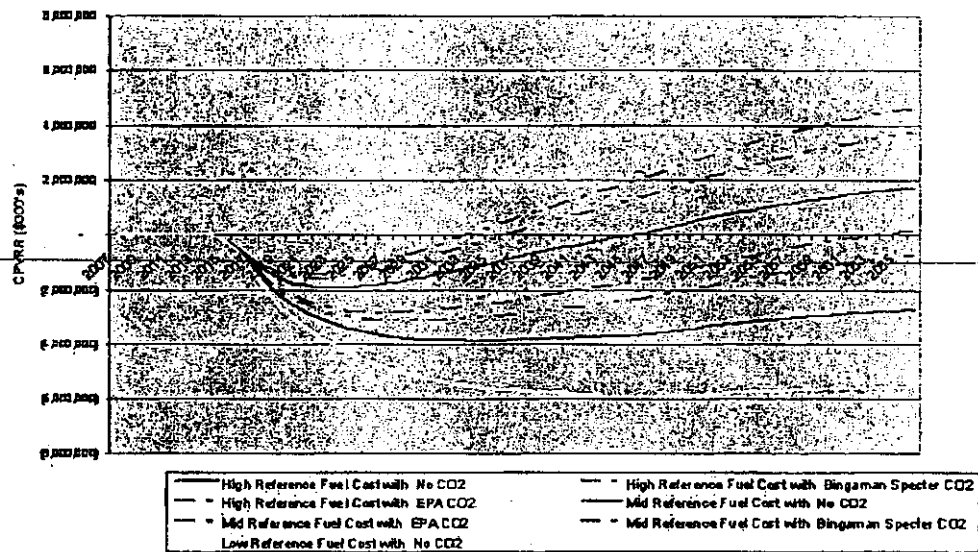
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Strategist® Analysis Results**Results Overview and Charts****80% Joint Ownership - Sensitivities with Fuels and CO2 Combined ...**

Levy Economic Analysis - Cumulative PV of Revenue Requirements
LNP 80% Joint Ownership NO CO2 Case, Fuel Sensitivities
Levy Need Results Update 2/21/08



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PEF-LEVY-0058

***System Planning Results Update
Analysis Results - Basis for the Levy Need***

Appendix

Tables and Charts – Key Assumptions

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Strategist® Economic Assessment**Key assumptions Used in the Modeling****Operating Cost Estimates for Levy Units 1&2 – Full Ownership Basis ...****Operating Cost Estimate for Strategist Modeling
Levy County Units 1 and 2**

	Unit 1	Unit 2
Fixed O&M (\$000/yr)	58,000	40,600
Fixed O&M (\$/kW-yr) Summer Basis	51.79	36.25
Fixed O&M (\$/kW-yr) Winter Basis	53.11	37.18
Basis - \$2007, Escalating Annually at 2.25%		
Variable O&M (\$/MWh)	1.82	1.82
Basis - \$2007, Escalating Annually at 2.25%		
Back End Costs (mill/kWh) for Federal Spent Fuel Disposal Fees	1.00	1.00
Basis - \$2007, Remains Constant		
Decommissioning and Dismantlement (D&D) Funding (\$000/yr)	18,638	18,638
Decommissioning and Dismantlement (D&D) Funding (\$/kW-yr) Summer Basis	16.64	16.64
Decommissioning and Dismantlement (D&D) Funding (\$/kW-yr) Winter Basis	17.07	17.07
Basis - \$2007, Remains Constant		
Annualized Capital Replacement (\$000/yr)	10,000	10,000
Annualized Capital Replacement (\$/kW-yr) Summer Basis	8.93	8.93
Annualized Capital Replacement (\$/kW-yr) Winter Basis	9.16	9.16
Basis - \$2007, Escalating Annually at 2.25%, Starting 10 yrs After COD		
Winter Capacity Rating (MW)	1,120	1,120
Summer Capacity Rating (MW)	1,092	1,092

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Strategist® Economic Assessment**Key assumptions Used in the Modeling****Planning Baseline Assumptions for PEF's Resources 2008-2017 ...**

PLANNED AND PROSPECTIVE GENERATING FACILITY ADDITIONS AND CHANGES

AS OF JANUARY 1, 2008 THROUGH DECEMBER 31, 2017

PLANT NAME	UNIT	LOCATION	UNIT	FUEL	CONST. START	COMPL. IN-SERVICE	EXPECTED RETIREMENT	GEN. MAX. NAMEPLATE	NET CAPABILITY	
									SUMMER	WINTER
	N.D.	(COUNTY)	TYPE	PRI. ALT.	M.O./YR	M.O./YR	M.O./YR	KW	MW	MW
TIGER BAY	1	POLK	CC			5/2008			10	10
CRYSTAL RIVER	5	CITRUS	ST			5/2009			(30)	(30)
CRYSTAL RIVER	5	CITRUS	ST			5/2009			14	14
BARTOW	1-3	PINELLAS	ST				6/2009		(444)	(464)
BARTOW	4	PINELLAS	CC	N6 DFO	01/2007	6/2009			1,159	1,279
CRYSTAL RIVER	3	CITRUS	NP			12/2009			40	40
CRYSTAL RIVER	4	CITRUS	ST			4/2010			(30)	(30)
ANCLOTE	2	PASCO	ST			5/2010			10	10
CRYSTAL RIVER	4	CITRUS	ST			5/2010			14	14
ANCLOTE	1	PASCO	ST			5/2011			10	10
CRYSTAL RIVER	3	CITRUS	NP			12/2011			140	140
CRYSTAL RIVER	1	CITRUS	ST			3/2012			7	7
SUWANNEE RIVER	1-3	SUWANNEE	ST				6/2013		(129)	(149)
SUWANNEE RIVER	4	SUWANNEE	CC	N6 DFO	12/2010	6/2013			1,159	1,279
RIO PINAR	21	ORANGE	CT				6/2016		(12)	(16)
TURNER	21-22	VOLUSIA	CT				6/2016		(22)	(32)
AVON PARK	21-22	HIGHLANDS	CT				6/2016		(49)	(70)
HIGGINS	21-24	PINELLAS	CT				6/2016		(113)	(133)
LEVY	1	LEVY	NP	NUC --	01/2010	6/2016			1,022	1,120
LEVY	2	LEVY	NP	NUC --	01/2011	6/2017			1,022	1,120

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Strategist® Economic Assessment**Key assumptions Used in the Modeling****Cost Estimates for Generic Natural Gas Fired 2x1 Combined Cycle Units ...****Generic 2x1 Combined Cycle Plants**

Reference CDD: 2011

	1st Unit	2nd Unit
Unit Overnight Total Estimate (\$2007)	560,251	458,470
Estimated Project Escalation	56,896	46,560
Escalated Construction Cost (Before & FUDC)	617,147	505,030
Adjusted Model Plant Cost Input (\$2007)	575,659	471,078
Estimated Transmission Cost (\$2007)	100,000	200,000
Winter Capacity Rating (MW)	620	620
Summer Capacity Rating (MW)	570	570
Estimated Overnight Cost - Winter Basis (\$/kW)	904	739
Estimated Overnight Cost - Summer Basis (\$/kW)	983	804
Strategist Base Year CapEx Input (\$/kW Winter)	1,090	1,082
Fixed O&M (\$/kW/yr)	3,993	527
Fixed O&M (\$/MW/yr) Winter Basis Basis - \$2007, Escalating Annually at 2.25%	6.44	0.85
Variable O&M (\$/MWh) Basis - \$2007, Escalating Annually at 2.25%	3.81	3.81
Gas Pipeline Reservation Charges (\$/kW/yr) Basis - \$2007, Remains Constant	31,676	31,676
Mature Forced Outage Rate	6.36%	6.36%
Planned Outage Rate	12.77%	12.77%
Minimum Capacity (MW)	179	179
Average Heat Rate at Maximum (Btu/kWh)	8,918	8,918
Average Heat Rate at Minimum (Btu/kWh)	7,660	7,660

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Strategist® Economic Assessment**Key assumptions Used in the Modeling****Cost Estimates for Generic Natural Gas Fired 4x1 Combined Cycle Units ...**

Generic 4x1 Combined Cycle Plants	1st Unit
Reference COD: 2011	
Unit Overnight Total Estimate (\$2007)	809,106
Estimated Project Escalation	82,205
Escalated Construction Cost (Before AFUDC)	891,311
Adjusted Model Plant Cost Input (\$2007)	783,664
Estimated Transmission Cost (\$2007)	200,000
Winter Capacity Rating (MW)	1,279
Summer Capacity Rating (MW)	1,159
Estimated Overnight Cost - Winter Basis (\$/kW)	633
Estimated Overnight Cost - Summer Basis (\$/kW)	698
Strategist Base Year CapEx Input (\$/kW/Year)	769
Fixed O&M (\$/kW/yr)	4,796
Fixed O&M (\$/kW/yr) Winter Basis	3.75
Basis - \$2897, Escalating Annually at 2.25%	
Variable O&M (\$/MWh)	2.68
Basis - \$2897, Escalating Annually at 2.25%	
Gas Pipeline Reservation Charges (\$/kW/yr)	73,085
Basis - \$2897, Remains Constant	
Maximum Forced Outage Rate	4.60%
Planned Outage Rate	7.00%
Minimum Capacity (MW)	145
Average Heat Rate at Maximum (Btu/kWh)	7,200
Average Heat Rate at Minimum (Btu/kWh)	8,300

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Strategist® Economic Assessment**Key assumptions Used in the Modeling****Cost Estimates for Generic Natural Gas Fired Simple Cycle CT's ...**

Generic Simple Cycle Peaking Plants	1st Unit	2nd Unit
Reference COD: 2008		
Unit Overnight Total Estimate (\$2007)	93,460	84,508
Estimated Project Escalation	-	-
Escalated Construction Cost (Before AFUDC)	93,460	84,508
Adjusted Model Plant Cost Input (\$2007)	93,460	84,508
Estimated Transmission Cost (\$2007)	40,000	25,000
Winter Capacity Rating (MW)	201	201
Summer Capacity Rating (MW)	175	175
Estimated Overnight Cost - Winter Basis (\$/kW)	465	420
Estimated Overnight Cost - Summer Basis (\$/kW)	534	483
Strategist Base Year CapEx Input (\$/kW Winter)	664	545
Fixed O&M (\$/kW/yr)	1,463	251
Fixed O&M (\$/kW/yr) Winter Basis	7.28	1.25
Basis - \$2867, Escalating Annually at 2.25%		
Variable O&M (\$/MWh)	10.24	10.24
Basis - \$2867, Escalating Annually at 2.25%		
Gas Pipeline Reservation Charges (\$/kW/yr)	10,700	10,700
Basis - \$2867, Remains Constant		
Actual Forced Outage Rate	2.95%	2.95%
Planned Outage Rate	3.97%	3.97%
Minimum Capacity (MW)	115	115
Average Heat Rate at Maximum (Btu/kWh)	10,350	10,350
Average Heat Rate at Minimum (Btu/kWh)	12,160	12,180

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Strategist® Economic Assessment**Key assumptions Used in the Modeling****Key PEF Financial Assumptions Used in the Analysis ...****Levy Nuclear Need Filing**
*Financial and Economic Assumptions***1. PEF Capitalization Ratios and Projected Cost of Capital**

Component	Ratio	Cost
Debt	45%	5.9%
Preferred	0%	na
Equity	55%	11.75%

2. Projected Discount Rate: 8.053%**3. Projected AFUDC Rate 2.848%****4. Tax Assumptions**

a) Composite Effective Income Tax Rate 38.575%

b) Combined Cycle Book Life 25 Years
Combined Cycle Tax Depreciation Life 20 Yearsc) Simple Cycle CT Book Life 20 Years
Simple Cycle CT Tax Depreciation Life 15 Yearsd) Nuclear Generation Book Life 40 Years
Nuclear Generation Tax Depreciation Life 15 Yearse) Transmission Book Life 40 Years
Transmission Tax Depreciation Life 15 Years**5. General Inflation Rate 2.25%****6. General Escalation Rate 3.0%**

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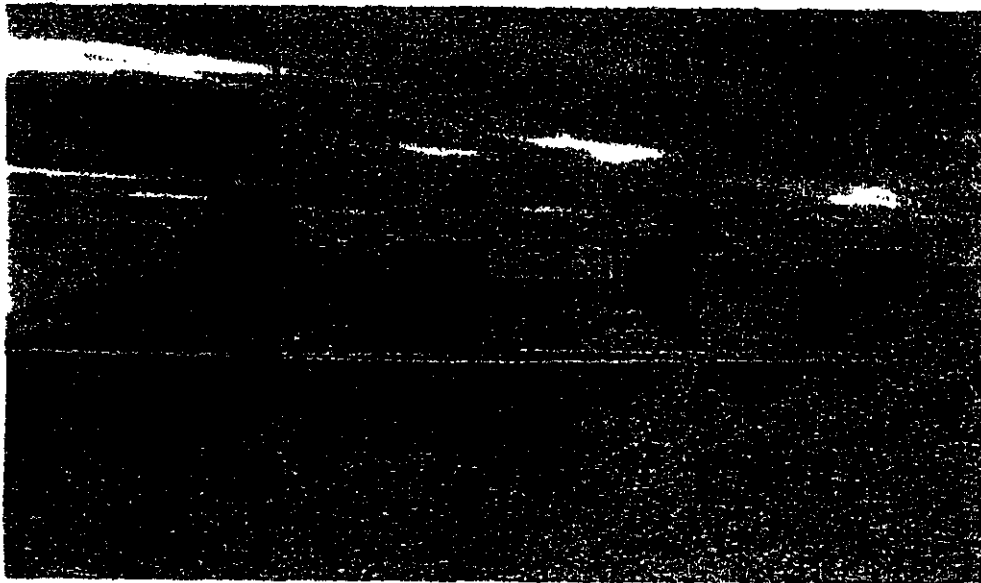
PEF-LEVY-0065

Appendix B - Levy Nuclear Need Economic Analysis Update

Progress Energy Florida
Petition for Need - Levy 1 & 2
Docket No. _____
Exhibit No. _____ (JBC-1)

Need Determination Study

**IN SUPPORT OF PROGRESS ENERGY FLORIDA, INC.'S
PETITION FOR DETERMINATION OF NEED
FOR LEVY UNITS 1 AND 2 NUCLEAR POWER PLANTS**



Progress Energy

Additionally, PEF and its customers will face greater exposure to (1) existing CAIR and future mercury and other fossil emission regulatory costs applicable to alternative, fossil fuel generation resources and (2) potential GHG regulation at a potentially greater cost to PEF and its customers from those same alternative fossil fuel generation resources.

Finally, a denial of or delay in the need determination for Levy Units 1 and 2 may have an impact on the Company's evaluation of nuclear generation as a potential future generation resource. A delay in approval of these units inevitably means higher costs if the Company proceeds with them but even more than that, the Company may lose its current place in the queue for the material and equipment necessary to place nuclear generation units in commercial operation in the time frame contemplated for Levy Units 1 and 2. The result may be a delay up to a decade or more beyond 2016 and 2017 before new nuclear generation can be added to the Company's generation system.

There is considerable interest and thus demand in future nuclear generation in the United States and around the world but there are limited resources available to supply the material and equipment necessary to develop all planned future nuclear generation units. A utility with nuclear generation plans must therefore reserve and preserve its place in line for the necessary material and equipment. A denial of PEF's need determination for Levy Units 1 and 2, or a delay in that need determination, may therefore displace PEF from being in position to place these units in operation in the time frame currently contemplated. This may delay new nuclear generation units for PEF up to or for more than a decade beyond 2016 and 2017.

THE NEED STUDY

IN SUPPORT OF PROGRESS ENERGY FLORIDA, INC.'S PETITION FOR DETERMINATION OF NEED FOR LEVY UNITS 1 AND 2 NUCLEAR POWER PLANTS

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- Appendix C. FPSC Order No. PSC-06-1018-TRF-EG and Order No. PSC-07-0017-CO-EG in Docket No. 060647
- Appendix D. PSC Approval of Progress Energy Florida's Demand-Side Management Plan
- Appendix E. Representative Westinghouse AP 1000 Cutaway Schematic
- Appendix F. FPSC Order No. PSC-99-2507-S-EU in Docket No. 981890-EU
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THE NEED STUDY

IN SUPPORT OF PROGRESS ENERGY FLORIDA, INC.'S PETITION FOR DETERMINATION OF NEED FOR LEVY UNITS 1 AND 2 NUCLEAR POWER PLANTS

I. EXECUTIVE SUMMARY

Progress Energy Florida, Inc. ("PEF" or the "Company") plans to add 1,092 megawatts ("MW") of electrical generating resources to its system in the summer of 2016, and 1,092 MW of electrical generating resources to its system in the summer of 2017, in order to continue to provide reliable, adequate, cost-effective, environmentally beneficial, and diverse fuel service to its customers. The most cost-effective way for PEF to meet this need, taking into account the need to improve fuel diversity, reduce Florida's dependence on fuel oil and natural gas, reduce current and potentially future air emission compliance costs, and contribute to the long-term stability and reliability of the electric grid, is to construct two state-of-the-art, advanced passive light water nuclear power plants in Levy County, Florida. These units are called Levy Unit 1 and Levy Unit 2.

The Company selected Levy Units 1 and 2 to meet its generation capacity needs in the period 2016 to 2019 and beyond after carefully evaluating planning options through the Company's on-going Integrated Resource Planning ("IRP") process. PEF examined key planning forecasts and assumptions, including forecasts of customer growth, energy consumption, and peak demand, to determine the Company's future capacity needs. Through this process the Company identified a need for additional capacity beginning in the summer of 2016 to (1) maintain system reliability and integrity and continue to satisfy the Company's 20

Progress Energy Florida
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percent Reserve Margin commitment, (2) continue to provide adequate electricity at a reasonable cost, and (3) ensure appropriate fuel diversity and reduce PEF's and the State of Florida's dependence on fuel oil and natural gas.

After identifying a need for capacity beginning in the summer of 2016, the Company analyzed a wide range of demand-side and supply-side alternatives to address this need. Last year, the Company expanded significantly its already robust demand-side management ("DSM") plan to obtain additional peak load demand and energy efficiency reductions in load and estimated that these new, aggressive load reduction targets would be met in the timeframe that additional capacity is needed. Even with the revised DSM Plan, however, PEF still needs additional supply-side reserves in the 2016 to 2019 timeframe and beyond. To address this need for supply-side generation, the Company evaluated conventional, advanced, and renewable generation resources. The Company increased its renewable generation resources beyond its already utility leading commitments in Florida with additional energy crop and waste-wood purchase power contracts. Such additional renewable generation resources, however, are insufficient to meet customer capacity and energy needs without the addition of other generation resources to PEF's system. After carefully evaluating conventional, advanced fossil fuel generation resources, and in particular, natural-gas fired generation, against the addition of nuclear generation resources, PEF selected Levy Units 1 and 2 to meet its generation capacity and energy needs.

Levy Units 1 and 2 are expected to be state-of-the-art, advanced passive light water nuclear power plants. They will be highly efficient, base load generation units fueled by the most stable and lowest cost fuel available to the Company for energy generation. Levy Units 1 and 2 offer a number of benefits that PEF cannot obtain with other generation alternatives.

They will provide the Company with needed, new advanced technology, base load generation. They will provide the Company the opportunity to take advantage of economies of scale and other cost efficiencies by bringing successive nuclear units on line, resulting in lower cost nuclear generation than could otherwise be obtained if the units were not consecutively placed in operation. Energy generation from Levy Units 1 and 2 also will produce no sulfur dioxide ("SO₂"), nitrogen oxide ("NO_x"), mercury, or greenhouse gas emissions ("GHG") such as carbon dioxide ("CO₂"), thus, they offer a clean source of electric power. Finally, Levy Units 1 and 2 will increase fuel diversity on PEF's system and in the State of Florida and reduce reliance on fossil fuels, including fuels from foreign sources. For all of these reasons, the Company ultimately determined that Levy Units 1 and 2 were superior to all other supply-side generation alternatives to meet the Company's need in 2016 to 2019 and beyond.

The Company is concurrently filing its petition for determination of need with the Florida Public Service Commission ("PSC" or the "Commission") for approval to proceed with Levy Units 1 and 2 pursuant to Sections 403.519(4), Fla. Stats. and Rules 25-22.080-081, F.A.C. This Need Study is being submitted in support of PEF's petition for a determination of need.

II. INTRODUCTION

A. PURPOSE AND OVERVIEW OF THE NEED STUDY.

This introduction provides background information on PEF and its generation, transmission and distribution facilities, as well as the purchased power contracts, including the contracts for renewable generation, and demand-side management programs. This introduction will further provide an overview of past growth in Florida and the reasons both

customer and load growth can be expected during the period of time addressed in the Company's need petition and Need Study.

The next section of the Need Study provides a description of the proposed Levy Units, Levy Unit 1 and Levy Unit 2. The non-binding cost estimates for Levy Units 1 and 2 are discussed, and the transmission requirements, fuel supply, fuel diversity and reliability, and environmental considerations are also explained. – -

The following section describes PEF's need for resources and the identification of the type of resources needed. The section starts with a discussion of the Company's reliability criteria and the criteria for nuclear generation under recent federal and state legislation and state regulation. This provides the framework for the Company's evaluation of nuclear generation as a potential supply-side generation alternative to meet its future needs. Using this framework, the Company explains why Levy Units 1 and 2 meet the Company's need for additional generation and led to the Company's decision to seek a need determination from the Commission for Levy Units 1 and 2.

Next, the Company explains why Levy Units 1 and 2 are the most cost-effective source of power taking into account the need to improve the balance of fuel diversity, reduce Florida's dependence on fuel oil and natural gas, reduce current and future (and future potential) air emission compliance costs, and contribute to the long-term stability and reliability of the electric grid, as required by Section 403.519(4)(b), Fla. Stats. The Company further explains, consistent with the legislative requirements, how Levy Units 1 and 2 provide needed base load capacity and how they improve fuel diversity and reduce Florida's dependence on fuel oil and natural gas.

The Company will further explain in the next section of the Need Study the adverse consequences if Levy Units 1 and 2 are not added in the time period that is planned.

Next, the Company will provide a summary of discussions with other electric utilities regarding ownership of a portion of Levy Unit 1, Levy Unit 2, or both units by such electric utilities, as required by Rule 25-22.081(2), F.A.C.

The final section of the Need Study, the Conclusion, summarizes the entire document and provides a summary of the grounds for the need for Levy Units 1 and 2.

B. DESCRIPTION OF THE COMPANY.

PEF is an investor-owned public utility, regulated by the PSC, and it is a wholly owned subsidiary of Progress Energy, Inc. PEF has an obligation to provide electric service to approximately 1.7 million customers in its service area. PEF's service area covers approximately 20,000 square miles, encompassing the cities of St. Petersburg and Clearwater, the densely populated areas surrounding Orlando, Ocala, and Tallahassee, and approximately 350 communities. More than five (5) million people live in PEF's service area. This service area is visually depicted on the map in Appendix A to the Need Study. PEF further serves about 21 Florida municipalities, utilities, and power agencies in the State of Florida with wholesale power.

C. EXISTING FACILITIES.

PEF currently owns and operates a diverse mix of supply-side resources, consisting of generation from nuclear, coal, oil, and gas, along with purchases from other utilities and purchases from cogenerators and renewable fuel generators. The existing generation capacity,

shown in Table 1 to the Need Study (based on summer ratings), includes one 769 MW nuclear steam unit, Crystal River Unit 3 ("CR3"), using PEF's 91.5% ownership percentage of CR3. By the end of 2011, through planned power uprates at CR3, this unit will increase to 934 MW, again using PEF's ownership percentage of the unit. The other current, existing generating units on PEF's system include five combined cycle units with a total summer capacity of 2,134 MW, twelve (12) fossil steam units totaling 3,889 MW in summer capacity, and 2,501 MW of summer capacity in 47 combustion turbine units. PEF's existing summer net generating capability is 9,293 MW and its existing winter net generating capability is 10,285 MW.

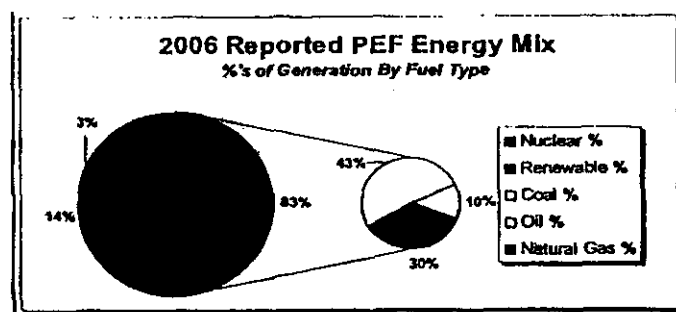
Table 1: PEF Existing Generating Facilities

PROGRESS ENERGY FLORIDA, INC.		
TOTAL CAPACITY RESOURCES OF POWER PLANTS AND PURCHASED POWER CONTRACTS		
AS OF DECEMBER 31, 2007		
PLANTS	NUMBER OF UNITS	SUMMER NET GENERABLE CAPABILITY (MW)
Nuclear Steam		
Crystal River	1	769 (1)
Total Nuclear Steam	1	769
Fossil Steam		
Crystal River	4	2,319
Avonlea	1	1,890
Bartow	3	444
Brevard River	2	123
Total Fossil Steam	12	3,889
Combined Cycle		
West Energy Complex	4	1,920
Titan Bay	1	205
Total Combined Cycle	5	2,134
Combustion Turbine		
Battery	10	642
Intercession City	14	964 (2)
Bayboro	4	178
Burton	4	179
Sarasota	3	157
Turkey	9	144
Higgins	6	113
Avon Park	2	99
University of Florida	1	46
Sea Place	1	12
Total Combustion Turbine	47	2,501
Total Units	65	9,293
Total Net Generating Capability		9,293
(1) Adjusted for sale of approximately 8.7% of total capacity		
(2) Includes 145 MW owned by Georgia Power Company (Duke/GE)		
Purchased Power		
Qualifying Facility Contracts	16	802
Various Contract Agreements	1	284
Independent Power Producers	2	626
TOTAL CAPACITY RESOURCES		11,815

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Together with PEF's purchased power discussed below, PEF's generation capacity is fueled by nuclear fuel, natural gas, coal, oil, and renewable fuels. Currently, these fuel sources account for the following percentages of PEF's energy generation: Nuclear -- fourteen (14) percent; Natural Gas -- thirty (30) percent; Coal -- forty three (43) percent, Oil -- eleven (11) percent; and Renewable Fuels -- three (3) percent. This fuel resource mix of PEF's energy generation is graphically depicted in Figure 1 in this Need Study. PEF currently operates the most diverse mix of power plants in Florida to meet the electrical power needs of its customers.

Figure 1: PEF's Current Energy Generation Mix (2006 Reported Basis)



D. PURCHASED POWER.

PEF currently purchases 1,922 MW of summer capacity from cogeneration and renewable fuel generation facilities, two investor-owned utilities, and two independent power producers. Fuel sources for the cogeneration and renewable fuel generation facilities include

natural gas (with waste heat used to generate steam for other productive uses), wood waste, and municipal solid waste. A listing of the Company's qualifying facility purchased power contracts is provided in Table 2 to the Need Study. Altogether, the cogeneration and renewable fuel generation account for about three (3) percent of PEF's current generation resources, providing additional diversity in fuel supply.

Table 2: PEF Existing Qualifying Facility Purchase Power Contracts

PROGRESS ENERGY FLORIDA PURCHASED POWER CONTRACTS AS OF DECEMBER 31, 2007	
<i>Qualifying Facility Contracts</i> <i>Facility Name</i>	<i>Firm Capacity</i> <i>(MW)</i>
Cargill	15.0
Dade County Resource Recovery	43.0
El Dorado	114.2
Lake Cogen	110.0
Lake County Resource Recovery	12.8
LFC Jefferson	8.5
LFC Madison	8.5
Mulberry	79.2
Orange Cogen (CFR-Biogen)	74.0
Orlando Cogen	79.2
Pasco Cogen	109.0
Pasco County Resource Recovery	23.0
Pinellas County Resource Recovery 1	40.0
Pinellas County Resource Recovery 2	14.8
Ridge Generating Station	39.6
Royster	30.8
Total QF Purchases	801.6 MW

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E. DEMAND-SIDE MANAGEMENT.

The Florida Energy Efficiency and Conservation Act ("FEECA") was enacted in 1980 to reduce the growth rate of weather-sensitive peak demand, reduce the growth rate of electrical power consumption, and reduce the consumption of expensive resources such as petroleum fuels. FEECA directed the Commission to adopt rules requiring utilities to implement cost-effective conservation and DSM programs. In 1980, the Commission adopted Rules 25-17.001 through 25-17.015, F.A.C, implementing FEECA, which the Commission revised in 1993 to establish numeric DSM goals for summer and winter demand and annual energy sales. The Commission now reviews DSM goals for each utility at least once every five years and sets numeric goals which extend ten years into the future.

PEF's current DSM goals were approved on August 9, 2004 in FPSC Order No. PSC-04-0769-PAA-EG, issued in Docket No. 040031-EG, with the Consummating Order No. 04-0852-CO-EG issued on September 1, 2004. Copies of both orders are included in Appendix B to the Need Study. The goals set for PEF were slightly below its previous DSM goals because more stringent energy codes, particularly on residential air conditioning systems, and decreased participation in certain, existing DSM programs due to saturation reflected reduced DSM goals. PEF met or exceeded these DSM goals through the end of 2006.

In 2006, after continuous research and development of additional or revised DSM programs, PEF petitioned the Commission to expand its DSM Plan consistent with the Commission's regulatory guidelines for DSM programs. PEF analyzed over 200 possible measures before filing a revised DSM Plan that included thirty-nine (39) additional DSM measures and two additional residential programs. On January 5, 2007, the Commission issued PAA Order No. PSC-06-1018-TRF-EG, approving PEF's expanded DSM Plan in

Docket No. 060647, which will serve to increase the demand and energy savings available through PEF's DSM Plan. Consummating Order No. PSC-07-0017-CO-EG was later issued making PAA Order No. PSC-06-1018-TRF-EG effective. Both orders are included in Appendix C to the Need Study.

As a result, PEF's current DSM Plan includes sixteen (16) individual programs, including seven (7) residential programs, seven (7) commercial or industrial programs, a qualifying facilities (cogeneration and small power producer) program, and a research and development program. These changes result in over 100 measures available to PEF customers under PEF's expanded DSM Plan. PEF expects to reduce the need for an additional 527 winter MW ("WMW") of peak demand load from direct load control and 418 WMW from energy efficiency, for a total of 945 WMW load reduction. When this expected MW reduction from PEF's expanded DSM programs is added to the existing programs, the total MW load reduction is over 2,400 MW. A copy of PEF's current, Commission-approved DSM Plan is included in Appendix D to the Need Study.

PEF has been a leader in DSM and implementing energy efficiency programs in the State of Florida since 1981 when FEECA became effective. PEF has consistently met or exceeded the DSM goals set for it by the Commission. For example, for the most recent completed reporting period (2006), PEF exceeded its cumulative residential DSM reduction goals as well as all commercial and industrial Commission-established goals by more than fifteen (15) percent. Likewise, at the end of 2006, approximately 389,000 customers participated in PEF's DSM programs and contributed about 750,000 kW of winter peak-shaving capacity for use during peak periods. Over the more than two decades that PEF has implemented its energy efficiency and peak load reduction programs, PEF's DSM programs

have saved PEF's customers ten (10) billion kilowatt hours, and they have resulted in a total demand reduction of over 1,500 MW. The success of PEF's DSM programs has avoided the need for three new 500 MW electrical power plants. Further, PEF's DSM programs have avoided substantial emissions into the air that would have otherwise occurred had the equivalent power been generated by fossil fuel generation. PEF's DSM programs avoided, for example, over 7,500,000 tons of carbon dioxide ("CO₂"). By using the Commission-approved cost-effective methodology, these beneficial impacts for customers have been achieved without penalizing customers not participating in DSM programs.

PEF is ranked third in the nation for load management peak demand reduction with a reduction of 17 percent of peak load, and PEF is ranked fourth in the nation for energy efficiency mega-watt hour ("MWh") saved, for utilities with 1.5M customers or higher, based on the Department of Energy's 2006 data. PEF ranks third in the nation for energy efficiency MWh saved at \$18.63 per MWh, roughly 100 percent more efficient than California utilities' costs. PEF's consistent efforts to identify and implement cost-effective peak load reduction and energy efficiency measures have placed PEF well ahead of other utilities in the country relative to the number of customers PEF serves.

F. COMMITTED RESOURCES.

The Company has one committed capacity addition prior to the planned in-service dates for Levy Units 1 and 2. This is the re-powering of the Bartow steam generation units with natural gas-fired combined cycle units, which is under construction and planned for commercial operation in 2009. In addition, because of the significant length of time necessary to site, permit, design, construct, and put into operation a nuclear generation unit,

estimated at ten (10) years, there are additional, planned generation units ahead of Levy Units 1 and 2 in the current generation resource plan. This plan is a slight variation from the 2007 Ten Year Site Plan, taking into account additional information and additional analysis since that plan was filed with the Commission. These are (1) planned uprates totaling 180 MW (about 162 MW for the Company's customers under the joint ownership agreement), at the Company's existing nuclear unit, CR3; and (2) a natural-gas fired, combined cycle unit in 2013. The plan including the current planned additions, however, may be subject to further change over time with the on-going analysis of additional information or changes in regulatory, environmental, or economic conditions.

G. RETIREMENTS.

PEF uses maintenance programs to keep its generating units in the best operating condition that is economically reasonable and practicable. These maintenance programs have allowed the Company to operate some of its units longer than their thirty- (30) to forty- (40) year expected lives. The Suwannee facility, however, is over fifty (50) years old and is nearing the end of its operational life. The current Company generation resource plan, therefore, reflects the retirement of the three Suwannee River oil-fired steam generation units by 2013, the year the Company currently plans to add a natural gas-fired, combined cycle unit to meet the Company's resource commitment for its customers. The planned Suwannee River facility retirement, however, may be reviewed again through the Company's planning process and is subject to change based on future load requirements, the timing of replacement generation, and available supply alternatives.

In addition to the Suwannee facility planned retirement, the Company is also retiring Bartow Units 1, 2 and 3, which, together, total 464 MW of oil-fired steam generation, as part of the Company's planned re-powering project at the Bartow facility. This re-powering conversion project will result in a net increase of 815 MW at the Bartow facility once the re-powering project is complete.

Other generation unit retirements are contemplated at the time of the planned commercial operation of Levy Unit 1 in 2016. These are some of the Company's oldest peaking generation units. They are Avon Park peaking units 1 and 2, Rio Pinar peaking unit 1, Turner peaking units 1 and 2, and Higgins peaking units 1, 2, 3, and 4. These peaking unit retirements total 196 MW (summer). As with the planned retirement of the Suwannee River facility, these peaking retirements may be reviewed again and the current planned retirement of the peaking units is subject to change based on changes in future load requirements, economic conditions, and operational considerations.

The current generation resource plan also recognizes anticipated de-rates at the Company's coal-fired, steam generation units, Crystal River Unit 4 and Crystal River Unit 5, as a result of the installation of flue-gas desulfurization ("FGD"), or scrubbers, on the units. When the units are scrubbed they will require additional electrical power to run the scrubbers which will mean less power for customers or, in effect, a de-rate of the units. For both units these de-rates will total about 60 MW (or about 30 MW each).

H. TRANSMISSION AND DISTRIBUTION FACILITIES.

The Company is part of a nationwide interconnected power network that enables interconnected utilities to exchange power. PEF's transmission system includes

approximately 5,000 circuit miles of transmission lines. The Company's distribution system includes approximately 18,000 circuit miles of overhead distribution conductors and approximately 13,000 miles of underground cable.

III. DESCRIPTION OF LEVY UNITS 1 AND 2

Levy Units 1 and 2 are expected to be state-of-the-art, advanced passive light water nuclear power plants. They will have a beneficial heat rate, high availability operating nearly year-round, and they will be an emission-free source of electrical power. Upon construction and operation, they will add new, advanced generation technology to PEF's fleet of generation facilities, providing the Company and its customers with base load generation from the lowest cost, most stable fuel source available. This section outlines the technical characteristics and benefits of these proposed new nuclear facilities.

A. THE LEVY COUNTY SITE

The preferred site selected for Levy Units 1 and 2 is in Levy County, Florida and consists of approximately 3,100 acres. It is about ten miles north of the Company's Crystal River Energy Complex, and eight miles inland from the Gulf of Mexico on the west coast of Florida. Levy Units 1 and 2 will draw their cooling water makeup from and discharge the blowdown to the Gulf. Levy Units 1 and 2, together with the necessary associated site facilities, will occupy approximately ten (10) percent of the 3,100 acre site and the remaining acreage will be preserved as an exclusionary boundary around the developed plant site and a buffer preserve. In addition, PEF purchased an additional 2,100 acre tract contiguous with the southern boundary of the Levy site that secures access to a water supply for the site as well as

transmission exits from the Levy site itself. The property for many years has been used for silviculture so it is not pristine land.

The Levy County location was chosen based on an assessment following the Electric Power Research Institute ("EPRI") Siting Guide. The EPRI Siting Guide is widely accepted in the electric utility industry for evaluating new nuclear power plant sites. The Company also followed applicable NRC regulations and guidance in reviewing and evaluating potential sites. To this end, the Company retained two nationally recognized environmental consulting firms to assist in the site evaluation process.

The EPRI Siting Guide, as adopted and applied by PEF, provided four steps in the site selection process. First, PEF identified "regions of interest," which were initially subjected to exclusionary considerations, resulting in the identification of "potential sites." Second, PEF further analyzed the "potential sites" against avoidance considerations, reducing that list to a smaller number of "candidate sites." Third, PEF performed a suitability evaluation of specific criteria on the "candidate sites" and then determined the highest ranked "alternative sites" best suited for a nuclear plant. Finally, PEF evaluated the "alternative sites" against various strategic considerations to determine the "preferred site."

PEF analyzed potential sites within PEF's 35 county service territory, plus counties bordering PEF's service territory. Within that area, PEF identified 20 potential sites. PEF reviewed each site through successive layers of analysis including, among other screening measures, health and safety criteria, population density restrictions, geotechnical and seismological suitability, water supply and rail/barge access, wetlands impact, important species and habitats, and high-level transmission system impacts. The screening resulted in a short list of eight candidate sites.

Continued screening evaluation of the candidate sites included an increased level of detail associated with water management, population profiles, reconnaissance level information, which resulted in the identification of five alternative sites in Levy, Dixie, Putnam, Highlands, and Citrus Counties. PEF then completed on-site analyses (environmental and geotechnical drilling) at the Levy, Dixie, Putnam, and Highlands sites. Based on the on-site analyses, the prior screening analyses, and based on weighing strategic and transmission considerations, PEF ultimately concluded that the Levy County site presented the best overall site, and therefore was the preferred site for potential new nuclear generating facilities.

The current Levy County site rated the highest for several reasons. First, the Levy County site had access to an adequate water supply. Second, the site is at a relatively high elevation, which provides additional protection from wind damage and flooding. Third, unlike a number of other sites considered, the Levy site has more favorable geotechnical qualities, which are critical to siting a nuclear power plant. This determination was made after months of on-site geotechnical analysis that included multiple soil borings, geophysical logging, and detailed examination of soil and rock core samples. Fourth, although the Crystal River Energy Complex site has many favorable qualities, adding new nuclear generating capacity to the Crystal River Energy Complex at this time would result in a significant concentration of PEF's generating assets in one geographical location. This increases the likelihood of a significant generation loss from a single event and a potential large scale impact on the PEF system.

Finally, the Levy site ranked the highest from a transmission deliverability perspective. PEF retained Navigant Consulting, a well-respected international engineering

firm, to analyze the potential transmission upgrades necessary for each alternative site and the estimated costs associated with each alternative site. Both the Levy and Crystal River sites scored the best due to lower estimated direct connect and upgrade costs. Levy, however, offered a significant advantage by not co-locating transmission lines in the same corridor with the Crystal River Energy Complex, thereby avoiding loss from a single event and a resulting large scale impact on the PEF system. Considering the collective results of all these reviews and analyses, PEF selected the Levy site as the preferred location for new reactor technology deployment in Florida.

PEF's assessment of the Levy County site addressed whether any threatened and endangered species or archeological and cultural resources would be adversely impacted by the development of the site for nuclear generation units and related facilities. No significant issues were identified in PEF's evaluations of the property.

The proximity of the Levy County site to the Company's existing nuclear plant provides opportunities for efficiencies in shared support functions. The two Levy units will be located on a Greenfield site so site and transmission infrastructure must be constructed along with the buildings necessary for the power units. The site will include cooling towers, intake and discharge structures, containment buildings, auxiliary buildings, turbine buildings, diesel generators, warehouses, related site work and infrastructure, including roads, transmission lines, and a transmission switchyard. The Company will submit a Site Certification Application ("SCA") to the Florida Department of Environmental Protection ("DEP") for the entire site, including plants and associated facilities for the units.

B. THE NUCLEAR DESIGN FOR LEVY UNITS 1 AND 2

The Westinghouse Advanced Passive ("AP") 1000 light water nuclear reactor design was initially selected and is being considered for Levy Units 1 and 2. Westinghouse is the nuclear industry leader with nearly fifty (50) percent of the world's current nuclear plants based on Westinghouse technology. The expected summer and winter capacity ratings of the Westinghouse AP1000 Levy Units 1 and 2 are 1,092 MW and 1,120 MW, respectively. The nominal 1,100 MW capacity class unit represents the most cost-effective, efficient capacity design selected by Westinghouse for this generation of nuclear power. The Westinghouse AP1000 reactor design is among the safest nuclear power plant designs available in the worldwide commercial market place. It has also received Design Certification from the Nuclear Regulatory Commission ("NRC"). A representative picture of two Westinghouse AP100 nuclear reactors is included on the cover page of the Need Study. A representative cutaway scheme of a Westinghouse AP1000 nuclear reactor is included in Appendix E.

C. PROJECTED, NON-BINDING COST ESTIMATE FOR LEVY UNITS 1 AND 2

1. CAPITAL COSTS.

The Company is necessarily working with preliminary, non-binding cost estimates from its vendors that do not fully reflect all site-specific cost adjustments. PEF has been in negotiations with Westinghouse and its construction partner, Shaw Stone & Webster (collectively referred to as the "Consortium"), for more than a year on pricing and the terms and conditions of an Engineering, Procurement, and Construction ("EPC") contract. Although the Consortium has provided PEF with site specific pricing for the project, Engineering, Procurement, and Construction ("EPC") contract negotiations continue. PEF

expects that a portion of the power plant costs will be based on firm prices. Even with these firm prices, however, the total cost will still represent a non-binding cost estimate that is subject to change over the course of time leading up to commercial operation of Levy Units 1 and 2.

The current, non-binding, project cost for Levy Units 1 and 2 is estimated to be \$9,303 M (in 2007 dollars), excluding transmission facilities. With escalation and an estimated \$3,245M for Allowance for Funds Used During Construction ("AFUDC"), the total, non-binding cost estimate of the facility is \$14,090M (in service costs). The current, non-binding cost estimate for Levy Units 1 and 2, excluding transmission facility costs, is set forth in Table 3 below. This cost estimate includes all land acquisition, site development, major equipment, construction including labor and materials, training and staffing, start-up and testing, and initial fuel core load costs.

Table 3: Capital Cost Estimate

Capital Cost Estimate for Strategist Modeling

Levy County Units 1 and 2 (\$000's)	Unit 1	Unit 2	Current Total
Unit Overnight Total Cost	5,617,297	3,686,282	9,303,579
Project Escalation @ 3%	863,960	655,368	1,539,367
Escalated Construction Cost (Before AFUDC)	6,501,276	4,341,670	10,842,946
Estimated Project AFUDC	1,814,733	1,432,029	3,246,762
LNP Unit Total	8,316,010	5,773,698	14,089,708
Winter Capacity Rating (MW)	1,120	1,120	2,240
Summer Capacity Rating (MW)	1,092	1,092	2,184
Estimated Overnight Cost - Winter Basis (\$/kW)	5,015	3,291	4,153
Estimated Overnight Cost - Summer Basis (\$/kW)	5,144	3,376	4,260
Estimated In-Service Cost - Winter Basis (\$/kW)	7,425	5,155	6,290
Estimated In-Service Cost - Summer Basis (\$/kW)	7,615	5,287	6,451

2. OPERATION AND MAINTENANCE ("O&M") COSTS.

The estimated operating and maintenance costs for the new nuclear units are summarized below in Table 4. The estimated incremental annual fixed operation and maintenance ("O&M") expense for Levy Unit 1 is \$51.79/kW-yr (Summer Basis, \$2007) and the estimated non-maintenance variable O&M is \$1.82/MWh (Summer Basis \$2007). The largest fixed costs are wages and wage-related overheads for the permanent plant staff, as well as expenses for unplanned equipment maintenance. Approximately 800 full-time employees are expected to be employed to staff the operations at Levy Unit 1 and Levy Unit 2. Another 1,000 to 2,000 indirect jobs will be generated by operation of the nuclear generation units. Variable O&M costs, which vary as a function of plant generation, include consumables, chemicals, lubricants, water, and major maintenance costs such as planned equipment inspections and overhauls.

Table 4: Operating Cost Estimates

Operating Cost Estimate for Strategist Modeling Levy County Units 1 and 2

	Unit 1	Unit 2
Fixed O&M (\$/kW-yr) Summer Basis Basis - \$2007, Escalating Annually at 2.25%	51.79	36.25
Variable O&M (\$/MWh) Basis - \$2007, Escalating Annually at 2.25%	1.82	1.82
Back End Costs (mill/kWh) for Federal Spent Fuel Disposal Fees Basis - \$2007, Remains Constant	1.00	1.00
Decommissioning and Dismantlement (D&D) Funding (\$/kW-yr) Summer Basis Basis - \$2007, Remains Constant	16.64	16.64
Annualized Capital Replacement (\$/kW-yr) Summer Basis Basis - \$2007, Escalating Annually at 2.25%, Starting 10 yrs After COD	8.93	8.93
Winter Capacity Rating (MW)	1,120	1,120
Summer Capacity Rating (MW)	1,092	1,092

3. PROJECTED COST SAVINGS.

Substantial cost savings in the form of a reduced price are expected for the second nuclear unit if the second unit is constructed within twelve (12) to eighteen (18) months of the first nuclear unit. The projected price reduction yielding cost savings to PEF and its customers results from expected efficiencies for concurrent manufacturing of key components and continuous mobilization for on-site construction of both units. Additional efficiencies in engineering and construction are expected from experience gained from the construction of one unit to the next. These economies of scale and engineering and construction efficiencies significantly lower the overall cost for Levy Units 1 and 2 with the resulting cost savings benefiting PEF and its customers. The expected cost of the second nuclear unit, Levy Unit 2, is \$3,376/ kW (summer basis, \$2007), which is significantly less than the cost of Levy Unit 1 on a per-kW (summer) cost basis at \$5,144/kW. Similarly, the estimated fixed O&M cost for Levy Unit 2, \$36.25/kW-yr (\$2007), is lower than the estimated fixed O&M cost for Levy Unit 1 by \$15.54/kW-yr (\$2007). These cost savings from the concurrent design and construction of Levy Units 1 and 2 and the operation and maintenance synergies of a dual unit site are substantial and present a significant economic benefit to PEF's customers.

D. PROJECTED PERFORMANCE FOR LEVY UNITS 1 AND 2.

Levy Units 1 and 2 will be highly efficient, base load nuclear power plants with expected low forced outage and planned outage rates. The projected annual capacity factor would average roughly 90 percent over time, dependant on the outage cycles as they are ultimately integrated into fleet maintenance cycles. Essentially, these units are designed and expected to operate year-round. The average net operating heat rate for the units is expected

to be 9,715 BTU/kWh. Processed uranium will be the fuel for the two units. Nuclear fuel is currently the most stable and lowest cost fuel available to the Company for energy generation. Levy Units 1 and 2 will therefore provide needed capacity and energy in a reliable, low-fuel cost manner.

E. FUEL SUPPLY

Nuclear power generation uses the lowest cost fuel source (uranium used in processed nuclear fuel) currently available to the Company. Processed uranium fuel is an abundant and stable fuel source relative to other fuels. As a result, adding additional nuclear generation to PEF's future generation system results in more stable energy prices relative to other (fossil fuel) generation resources. Further, additional nuclear power generation reduces PEF's dependence on volatile fossil fuel supplies, particularly oil and natural gas, from typically foreign fuel supply sources. Without Levy Units 1 and 2, natural gas and oil will comprise 61 percent, and all fossil fuel sources will comprise 85 percent of PEF's energy mix on its system by 2018. Nuclear fuel will account for only 12 percent of the energy generated. With Levy Units 1 and 2, however, nuclear generation contributes 38 percent of the total system energy by 2018, reducing PEF's dependence on fossil fuel generation sources, including natural gas and oil. This additional nuclear generation, therefore, will improve PEF's fuel diversity and fuel supply security.

F. ENVIRONMENTAL CONSIDERATIONS

Nuclear power is a clean source of electric power generation. Electric power generation from nuclear fuel produces no SO₂, NO_x, GHG, or other emissions. In light of the

current environmental requirements, including the Environmental Protection Agency (“EPA”) and DEP Clean Air Interstate Rule (“CAIR”) and current and expected mercury regulation affecting fossil fuel generation, and potential new legislative and regulatory limitations on GHG emissions, nuclear energy appears to be a more economically viable future generation alternative to fossil fuel (oil, gas, or coal) electric power generation.

G. TRANSMISSION REQUIREMENTS

Additional transmission system upgrades will be necessary to accommodate the large new base load units on PEF’s system and to reliably deliver power from the site through PEF’s transmission and distribution systems. At this time, the Company estimates that these transmission upgrades will include the construction of new 500kV and/or 230kV lines and new substations. An initial non-binding in-service cost estimate for transmission facilities to support both Levy Units 1 and 2 is in the range of \$2,450M excluding AFUDC. More detailed cost estimates will be available as the transmission design and licensing efforts progress. Current schedule estimates call for the transmission work to be completed approximately one year prior to commercial operation of the units.

IV. RESOURCE NEED AND IDENTIFICATION

A. RELIABILITY CRITERIA

Utilities require a margin of generating capacity above the firm demands of their customers in order to provide reliable service. At any given time during the year, some generation plants will be out of service and unavailable due to forced outages or to repair failed equipment. Generating systems also requires periodic scheduled outages to perform

planned maintenance and, in the case of nuclear plants, replenish fuel. Adequate reserves must be available to provide for this unavailable capacity and for higher than projected peak demand due to forecast uncertainty and abnormal weather. In addition, some capacity must be available for operating reserves to maintain the balance between supply and demand on a moment-to-moment basis.

PEF plans its resources in a manner consistent with utility industry planning practices, utilizing dual reliability criteria: a minimum Reserve Margin planning criterion and a maximum Loss of Load Probability (LOLP) criterion. The Reserve Margin planning criterion is deterministic and measures PEF's ability to meet its forecasted seasonal peak load with firm capacity. PEF's current minimum Reserve Margin commitment is twenty (20) percent, based upon the Commission-approved joint proposal from the investor-owned utilities in Florida to increase their minimum Reserve Margin levels to at least twenty (20) percent by the summer of 2004 and maintain a twenty (20) percent Reserve Margin thereafter. See Order No. PSC-99-2507-S-EU, in Docket No. 981890-EU, included in Appendix E to this Need Study. LOLP is a probabilistic criterion that measures the probability that a utility will be unable to meet its load throughout the year. LOLP studies take into account potential unit failures, unit maintenance, and assistance from other utilities. A standard probabilistic reliability threshold commonly used in the electric utility industry, and the criterion employed by PEF, is a maximum of one day in ten years loss of load probability.

PEF has based its resource planning on the use of dual reliability criteria since the early 1990's, a practice that has been accepted by the PSC. By using both a Reserve Margin and LOLP planning criteria, PEF's overall system is designed to have sufficient capacity for peak load conditions, and the generating units are selected to provide reliable service under all

expected load conditions. PEF has found that resource additions are typically triggered to meet Reserve Margin thresholds before LOLP becomes a factor, and that is the case with respect to Levy Units 1 and 2 in the summer period of 2016 to 2017 too. Therefore, PEF did not consider LOLP a meaningful reliability analysis in this case because the Reserve Margin analysis had already identified a need in the 2016 time frame.

B. LEGISLATION, EXECUTIVE ORDERS, AND REGULATION SUPPORTING AND ESTABLISHING CRITERIA FOR ADVANCED NUCLEAR GENERATION FACILITIES

Federal Legislation.

The Energy Policy Act of 2005 (EPACT) established the first comprehensive federal energy legislation in over a decade. Among EPACT's goals was the diversification of America's energy supply to reduce reliance on foreign sources of energy, in particular fossil fuels. EPACT considered the diversification of America's energy supply a matter of national security in the event of growing world-wide competition for fossil fuel resources to support the global increase in energy consumption. Among the key strategies for the diversification of America's energy supply under EPACT was encouraging the expansion of nuclear energy in a safe and secure manner.

The United States has not licensed a new nuclear plant in over thirty (30) years. Nuclear power, however, is the only mature technology with significant potential to supply large amounts of power without emissions of pollutants or carbon dioxide and other greenhouse gases (GHG). Nuclear power further does not rely on foreign fossil fuels and therefore provides the opportunity to reduce the country's dependence on foreign fossil fuel resources for energy. EPACT, accordingly, contained important provisions to encourage the development of new nuclear power generation in the United States.

EPACT provided several incentives for new nuclear power generation plants. EPACT authorized the Department of Energy ("DOE") to provide up to two billion dollars in standby support agreements, which is a type of federal risk insurance for utility companies building the next six nuclear power plants. The standby support agreements provided coverage for losses occasioned by delays associated with regulatory reviews by the Nuclear Regulatory Commission ("NRC"), among other covered events. This incentive reduced the level of uncertainty associated with licensing new nuclear power plants in the United States.

Similarly, EPACT authorized the DOE to provide loan guarantees for the development of new nuclear generation. The intent was that the DOE loan guarantees might help to mitigate some degree of the risk involved in developing and operating new nuclear power generators. Additionally, EPACT provided a financial incentive to develop nuclear generation in the form of production tax credits. The production tax credit is \$0.018/kWh for the first eight years of the nuclear facility's commercial operation, if the nuclear generation facility meets certain eligibility requirements and deadlines and is in service by January 1, 2021.

With EPACT, and subsequent executive orders and DOE actions, the Congress and Executive Branch of the United States Government have expressed their view that the development of new nuclear generation plants in the United States is central to meeting the future energy needs of the country and therefore the economic well-being and security interests of its citizens. This national policy, and the underlying incentives behind it, was included in the Company's Resource Planning process to address the future capacity and energy needs of the Company's customers.

Florida Executive Order No. 05-241 and the Florida Energy Plan.

EPACT was followed in Florida first by Executive Order Number 05-241 issued on November 10, 2005. The Order was subsequent to the catastrophic hurricane seasons in 2004 and 2005, which underscored Florida's vulnerability to fuel supply disruptions and reminded all Floridians of their reliance on fossil fuels, including a dependence on natural gas, to generate electricity. The Governor's Executive Order, among other things, required the Secretary of DEP to develop a comprehensive energy plan. Among the topics to be addressed in the State's energy plan were Florida's current and projected generating capacity and infrastructure needs for nuclear power and the diversification of Florida's electric power supply.

DEP issued Florida's Energy Plan on January 17, 2006. The Florida Energy Plan recognized that Florida is the fourth most populous state in the country, ranks third nationally in total energy consumption, and continues to grow, adding nearly 1,000 new residents a day. The Plan further acknowledges that Florida relies on fossil fuels for 86 percent of Florida's total generating capacity, that less than 10 percent of its generating capacity is derived from cleaner nuclear fuel and renewable fuels, and that no new nuclear plants have entered commercial service in Florida since 1983. The Plan also recognized Florida's vulnerability to energy supply disruptions and increases in natural gas and oil prices during the hurricane seasons of 2004 and 2005. The Plan explained that 95 percent of daily oil production and 88 percent of daily gas production was shut down when Hurricane Katrina hit in 2005. Five months later, a quarter of the oil production and nearly twenty percent of the gas production remained shut down, and full recovery was not expected for nearly a year. The resulting

impact was continued upward pressure on natural gas and oil prices to the detriment of Florida consumers.

Among the recommendations in the Florida Energy Plan was the diversification of Florida's fuel sources and the increase in fuel supply reliability. To this end, DEP recommended as part of the Florida Energy Plan, legislation in the 2006 regular Legislative session to, among other things, amend the Power Plant Siting Act to reduce regulatory barriers and streamline permitting and amend the need determination provision of the Florida Energy Efficiency and Conservation Act ("FEECA") to require the Commission to consider fuel diversity and fuel reliability as factors when determining the need for new electric generation plants.

DEP also recommended as part of the Florida Energy Plan that the Florida legislature establish an energy council to provide energy policy advice to the Governor, Speaker of the House, and the President of the Senate. The goal was to provide state government with ideals and solutions from knowledgeable individuals to address energy needs and concerns.

The Florida Renewable Energy Technologies and Energy Efficiency Act of 2006.

The Florida Legislature did take up energy legislation in 2006 and passed the Florida Renewable Energy Technologies and Energy Efficiency Act of 2006 ("2006 Florida Energy Act"). This Act became effective on June 19, 2006. Among the provisions of this legislation was the creation of the Florida Energy Commission with the directive to develop recommendations for legislation to establish a state energy policy that was based on the guiding principles of reliability, efficiency, affordability, and diversity.

In other relevant parts, the 2006 Florida Energy Act amended the statutory provision requiring utility Ten Year Site Plans to include a requirement that fuel diversity be

considered. Additionally, the need determination provision was amended, requiring the consideration of fuel diversity and reliability in need determinations for all future generation plants, including nuclear generation plants.

With respect to nuclear generation plants in particular, the Florida legislature included specific need determination provisions that, among other things, (1) required the Commission to determine need based not only on electric system reliability and integrity but also fuel diversity, the need for base load generation, and the need for adequate electricity at a reasonable cost; and (2) required the Commission to consider the cost-effectiveness of nuclear power generation taking into account the need to improve the balance of fuel diversity, reduce Florida's dependence on fuel oil and natural gas, reduce air emission compliance costs, and contribute to the long-term stability and reliability of the electric grid.

Finally, the 2006 Florida legislation further established provisions for cost recovery for the siting, design, licensing, and construction of nuclear power plants. This legislation directed the Commission to implement rules related to nuclear power plant cost recovery, for example, the recovery of preconstruction costs and carrying costs through the capacity cost recovery clause and the allowance in base rates of the annual revenue requirements associated with the nuclear power plant when that plant is placed in commercial service. Consistent with this legislative directive, the Commission subsequently enacted the nuclear power plant cost recovery rule to implement the 2006 Florida legislation.

The apparent goal of the Florida Energy Plan and subsequent 2006 Florida legislation and Commission regulation implementing that legislation was to encourage the development of nuclear generation in Florida. The Commission Staff agreed in its recommendation regarding the Commission implementation of the nuclear cost recovery rule as directed by the

Florida legislature, explaining that the “clear intent of the 2006 Florida Legislation is to promote new nuclear generation in Florida by providing Florida utilities the incentives to overcome these obstacles [including federal regulatory review, the “extremely long” permitting and construction period, and public perception]; the Legislature was clearly concerned that without these incentives, Florida utilities will continue to build natural gas and coal fired generation to meet Florida’s growing energy needs.” Staff Recommendation dated February 1, 2007, Docket No. 060508-EL.

Even more than EPACT, the Florida executive and legislative action has influenced the Company’s Resource Planning process. In particular, as directed by the Florida legislation, fuel diversity is given more prominence in the Company’s assessment of the need for electric system reliability and integrity. Further, as directed by the Florida legislature, the Company increased its focus on renewable energy sources and technologies in addition to conservation measures as a means of offsetting the need for additional, conventional generation resources to meet customer demand for energy. Finally, in determining the cost-effectiveness of future nuclear power generation, the Company has specifically taken into account (1) the need to improve the balance of fuel diversity, (2) the need to reduce Florida’s dependence on fuel oil and natural gas, (3) the need to reduce current and potentially future air emission compliance costs, and (4) the contribution of nuclear generation to the long-term stability and reliability of the electric grid, as directed by the Florida Legislature in the 2006 Florida Energy Act. The 2006 Florida Energy Act, therefore, established a new utility paradigm for its integrated resource planning and resulting need determinations involving potential nuclear power generation, one that required electric utilities like the Company to move beyond the traditional reliability and economic analyses by placing emphasis on the fuel

diversity, environmental, and fuel supply reliability benefits nuclear power generation provides.

2007 Executive Orders.

In 2007, the Governor of Florida issued a series of executive orders that impacted the Company's Resource Planning process. These executive orders, Nos. 07-126, 07-127, and 07-128, addressed growing concerns over global warming and the potential impact on Florida's environment and economy. Executive Order No. 07-126 addressed immediate actions the Florida State Government could take to reduce GHG emissions. In Executive Order No. 07-128, the Governor noted that "more than 70 percent of Florida's electricity is generated by fossil fuels which contribute to the state's carbon emissions." The Governor then established the Governor's "Action Team on Energy and Climate Change" to, among other things, develop strategies "to diversify Florida's electric generation fuels to reduce greenhouse gas emissions and protect Florida's consumers from fuel price volatility."

Executive Order No. 07-127, "establishing immediate actions to reduce GHG emissions within Florida," among other aspects, set GHG emission reduction targets for the utility sector and directed DEP to develop rules to achieve those targets. These GHG emission reduction targets are extremely aggressive, representing some of the deepest GHG emission reductions proposed for electric utilities in the country. They include, by 2017, emissions not greater than year 2000 utility sector emissions; by 2025, emissions not greater than year 1990 utility sector emissions; and by 2050, emissions not greater than 20 percent of year 1990 utility sector emissions (i.e., 80 percent reduction of 1990 emissions by 2050).

The Executive Orders focused on the development of additional renewable energy sources as a means of reducing GHG emissions. Nuclear generation, however, emits no GHG

and can be developed in large blocks of capacity and energy, far exceeding the capacity capabilities of current renewable energy resources. Realistically, then, any attempt to meet the aggressive GHG emission reduction targets set by the Governor for the utility sector in Florida must include the development of additional nuclear capacity and energy generation.

Florida Energy Commission.

The Florida Energy Commission ("FEC") was charged by the Florida Legislature with developing recommendations for legislation to establish a state energy policy. The FEC issued its report and recommendations to the Florida Legislature on December 31, 2007.

In its report, the FEC noted that Florida is the third largest state in the country, it leads all other states in growth, and it ranks third in total energy consumption. Florida differed from other states in that residential customers accounted for a majority of the electric energy purchased, followed by commercial customers, with industrial customers accounting only for ten (10) percent of the electric energy purchased. High residential demand, the FEC noted, was further driven by Florida's hot and humid weather, which was another factor that distinguishes Florida from other states.

The FEC also noted that Florida was unique in that the state was a peninsula with no fossil-based natural resources and vastly different renewable energy resource potential from other states. The FEC explained that Florida's unique geography and lack of native resources renders the state vulnerable to energy-supply disruptions such as hurricanes. The FEC also expressed its concern about Florida's increasing dependence on natural gas for electricity, explaining that excessive reliance on a single fuel leaves Floridians subject to price-volatility and supply-interruption risks.

With this (and other) background, the FEC developed and provided to the Florida Legislature eighty-five (85) recommendations. Among those that were relevant to PEF's current Resource Planning process were recommendations addressing the challenges of global climate change and recommendations for strengthening Florida's energy supply and delivery infrastructure. In making these recommendations, the FEC recognized that the "availability and cost of fuel will never be the same" and that Florida needs fuel diversity, renewable energy, and greenhouse gas reduction targets. To achieve these goals the FEC in particular noted "the need to maintain a diverse portfolio of generation technologies with special attention to nuclear power."

The FEC's recommendation with respect to GHG emission-reduction targets calls for the Florida Legislature to adopt the targets set by Executive Order No. 07-127, with only minor modifications. The FEC GHG emission-reduction targets require reductions in GHG emissions to year 2000 emission levels by the year 2020, to 1990 levels by 2030, and to 80 percent below 1990 levels by 2050. These GHG emission-reduction targets are slightly more lenient than the targets set by Executive Order No. 07-127 but still, in the words of the FEC, they are "ambitious."

In addition, the FEC recommended that the Florida Legislature direct DEP to create a GHG registry and inventory that would identify the sources and amounts of GHG emissions and track future emissions and reductions in GHG emissions. Under this recommendation, electric utilities would be required to report their GHG sources and GHG emission levels to DEP. Further, the FEC recommended that the Florida Legislature direct DEP and the PSC to establish a "ranking" for all potential electrical generation methods using quantifiable results that determined how state greenhouse gas emission goals could be achieved.

PEF cannot know at this point whether any, some, or all of the FEC's recommendations to the Florida Legislature will be adopted as submitted by the Florida Legislature and approved by the Governor. That GHG emissions will be addressed and regulated in some form in the future, however, seems clear. As a result, the potential for GHG emission regulation and the resulting economic impact are factors in the Company's Resource Planning process even though the ultimate, actual regulation and economic impacts remain uncertain.

The FEC also considered nuclear power a key aspect of its recommendations regarding the state's energy supply and delivery infrastructure. The FEC recognized that "even with significant energy efficiency growth, renewable energy resources, and distributed generation, major investments in conventional generating plants will be required." This additional investment in generation must include, according to the FEC, nuclear power. The FEC specifically "endorse[d] the expanded use of nuclear power as a base load generation source." The FEC recommended to the Florida Legislature that it endorse and encourage nuclear fuel as a base load generation source. The FEC explained that "[n]uclear power's lower generating cost, significant contribution to the reduction of greenhouse gases, and obvious positive impact on reducing imported fossil fuels, makes it a very desirable option for future generation." Indeed, the FEC believed that its target deadlines for reduction in GHG emissions were acceptable in part because they would "allow enough time to add more nuclear generation to Florida's mix."

C. INTEGRATED RESOURCE PLANNING (“IRP”) PROCESS

1. IRP OVERVIEW

The Resource Planning Process used by PEF incorporates sophisticated resource optimization computer models to evaluate future generation alternatives and cost-effective demand-side resources on a consistent and integrated basis. An integrated planning process is designed to identify optimal supply-side plans that fully reflect the impact of all cost-effective demand-side management on system peak load and total energy consumption. The Resource Planning process combines existing and new generation resources, cost-effective DSM programs, purchased power contracts, including contracts for renewable fuel generation, and interruptible load in a portfolio that will provide reliable electric service at a reasonable overall cost to PEF's customers. The planning process takes into account the need to improve the balance of fuel diversity, reduce Florida's dependence on fuel oil and natural gas, comply with operating limits under current regulations, reduce air emission compliance costs, and contribute to the long-term stability and reliability of the electric grid.

The Resource Planning process begins with the development of a forecast of system load growth. This forecast draws on the collection of certain input data, such as population growth, fuel prices, interest and inflation rates. Economic and demographic assumptions that impact future energy sales and customer demand are developed from this data. Base forecasts reflecting PEF's view of the most likely future scenarios for such key factors as fuel prices and interest rates are developed, along with sensitivity forecasts that reflect alternative future scenarios. The computer models used in the Resource Planning process are then brought up to date with that data, along with updated information on the operating parameters and

maintenance schedules for PEF's existing generating units, to provide the basis for further analysis in the Resource Planning process.

PEF takes into account its future supply of capacity from purchased power contracts and existing and committed generation units that will be available during the period at issue. PEF evaluates the relationship of demand and supply against the Company's reliability criteria to determine if additional capacity is needed during the period at issue in the analysis.

If a need for additional capacity is identified, PEF examines alternative generation expansion scenarios. Supply-side resources are screened to determine those that are the most cost-effective, given the statutory and planning criteria. The Company identifies a wide range of options from various industry sources and PEF's experience, and pre-screens those that do not warrant more detailed economic analysis. Screening criteria include costs, fuel sources and availability, technological maturity, fuel diversity and reliability, environmental impacts, current and future emission costs and impacts, and overall resource feasibility within the Company's system.

The next step of the planning process involves an economic evaluation of generation alternatives in a computer model called Strategist, a resource optimization program from New Energy Associates. The primary output of Strategist is a Cumulative Present Value Revenue Requirements ("CPVRR") comparison of potential resource plan combinations that will satisfy PEF's reliability requirements. The supply-side resource plans are typically evaluated based on cost performance over both the initial planning period (10 years) and a traditional thirty (30)-year study period. The cost performance of these resource plans are studied utilizing the Company's reference assumptions and across a range of sensitivities deemed appropriate for evaluating the decisions being considered. Resource plan alternatives with

the lowest CPVRR's over the study period (based on the reference assumptions), will be further assessed with regard to cost performance in sensitivity scenarios and other considerations as the Company develops a recommendation for a preferred generation plan.

For purposes of evaluating the possible addition of nuclear generation to PEF's system, however, the traditional 30-year study period was insufficient to fully and meaningfully evaluate the costs and benefits of additional nuclear generation power plants. Given the long lead time necessary to site, permit, license, design and construct nuclear power plants, which can be ten (10) years, a 30-year study period will capture only twenty (20) years of commercial operation of the nuclear units in the evaluation. The expected commercial operation period for new nuclear power units like Levy Units 1 and 2, however, is sixty (60) years, which represents the initial forty (40)-year license and an expected twenty (20)-year license extension. To more fully evaluate the costs and benefits of additional nuclear units on PEF's system, and to capture the interplay with both existing and potential new resources over an extended period, the Company extended the study period in the Strategist scenario analysis model to 60 years. The results of these modeling studies were developed as comparisons of CPVRR between the various resource plan options to encompass the cumulative long term effects of generating unit technologies and efficiencies, fuel utilization, initial and ongoing operating costs, environmental performance and other factors.

An equally important part of the Resource Planning process is the planning and development of a group of cost-effective DSM programs. PEF performs its DSM cost-effectiveness evaluations using the Differential Cost-Effectiveness ("DCE") module (formerly known as DSVIEW) of Strategist, which is an accepted and widely used module in the electric utility industry. The DCE module is specifically designed to evaluate DSM

alternatives against a generation resource plan and compute benefit-cost ratios for each of the three Commission-approved cost-effectiveness tests: the Rate Impact Measure ("RIM"), the Total Resource Cost ("TRC"), and the Participant Tests.

The DCE module calculates the capacity and production cost impacts of a DSM program for the DSM Program period by performing a production cost simulation with and without the DSM program. The modeling includes all DSM costs and benefits, including program administrative expenses, incentive payments, participant costs, lost revenue, and more, as required to develop and report results for the three cost-effectiveness tests. Deferred capacity benefits are determined by multiplying the \$/kW cost of each deferred generation unit by the amount of capacity that can be reduced by the DSM programs over the DSM Program period in order to ensure that reliability of the system matches the generation scenarios being evaluated. Each generation scenario in the DCE module does not include the DSM programs. Production cost savings are calculated as the difference in production cost results between the "with-DSM" and "without-DSM" program cases. Those DSM programs that prove to be cost-effective are selected for further development. The result is that the DSM programs offered to PEF customers reduce the rates for all PEF's customers, both DSM program participants and non-participants.

Using the same model (Strategist) to evaluate both supply-side and demand-side alternatives ensures consistent data and methods are being applied across the board. Strategist's resource plan allows DSM programs to compete against one or more deferrable generation units that can vary by type and timing. Also, individual DSM programs can be combined together within Strategist to create a DSM bundle large enough to be evaluated against multiple generation units. Finally, the ability of Strategist to perform a production

cost simulation of the system with and without the DSM program provides the best available methodology for estimating fuel and operation and maintenance ("O&M") cost savings.

In arriving at its current DSM Plan, PEF analyzed over 200 possible DSM measures, and selected from those measures two new programs and thirty-nine (39) new measures. In Docket No. 060647-EG, PEF requested approval of an expanded DSM Plan that comprised seven (7) residential programs, seven (7) commercial and industrial programs, a qualifying facilities program, and a research and development program, all of which included the two new proposed programs and thirty-nine (39) new measures. The projected cost, performance, viability, and cost-effectiveness of the DSM programs to meet PEF's specific DSM goals were evaluated by the Commission in this docket. The PSC approved PEF's DSM plan in Consummating Order No. PSC-07-0017-CO-EG making Order No. PSC-06-1018-TRF-EG effective and final.

With the recent changes to PEF's DSM Plan, PEF's total DSM Plan offerings include sixteen (16) programs and over one hundred (100) measures, providing comprehensive DSM services for PEF's customers. These DSM services are intended to encourage further customer participation and they are expected to cost-effectively reduce the growth rate of weather-sensitive peak demand, reduce and control the growth rate of energy consumption, increase resource conservation, and increase the efficiency of the electric system. Because the DSM programs reduce the peak demand and/or energy consumption, the expected reductions from the DSM programs are factored in as adjustments to the peak demand and energy sales forecasts.

As a result of the Company's revised DSM Plan, the Company expects to achieve even greater total load reduction through the current DSM goal period than previously

expected. For the period beyond 2014, which is the end of the current DSM goal period, PEF has projected that the load reduction in PEF's Commission-approved, amended DSM Plan will continue to increase at a similar continuing growth rate, adjusted over time for higher program saturation rates. However, since many of the measures in the revised DSM Plan were just implemented, so it is too early to tell how effective they will actually be, especially over such a long period of time. PEF's current expectation that these load reduction results will be achieved over this extended period of time is therefore an aggressive application of its DSM Plan consistent with the Company's commitment to energy efficiency and load management as part of the Company's balanced approach to meeting customer needs for reliable, cost-effective electrical power.

In the resource integration step of the Resource Planning process, the Company optimizes its supply-side options, taking into account the impacts of its DSM programs, into a final, integrated optimal plan. In selecting Levy Units 1 and 2 as the supply-side alternatives to meet the Company's capacity need beginning in the 2016 to 2019 timeframe, PEF examined, evaluated, and ultimately rejected other conventional, advanced, and renewable generation resources as potential capacity addition alternatives in this time period. For its initial resource optimization scenarios, the Company narrowed these potential capacity additions to four specific generation technology alternatives: natural gas-fired simple cycle and combined cycle; sub-critical and super-critical pulverized coal; coal gasification combined cycle and advanced light water nuclear (ALWR).

An optimized reference resource plan scenario based exclusively on natural gas-fired simple cycle and combined cycle units was developed (the All Gas Reference Case). While not necessarily the preferred resource planning scenario, the relative capital cost differential

between gas-fired generation and all other evaluated generation options and the substantial, recent Company and industry experience with the technology warranted exploration of a resource plan based on these technologies. In preliminary evaluations, nuclear generation technology proved more cost-effective than pulverized coal and integrated coal gasification when compared with the all natural gas-fired generation case. Due to recent regulatory and utility industry experience with pulverized coal and integrated coal gasification generation options in Florida, there appeared to be significant economic, environmental, regulatory, and political hurdles to the development of future coal-based generation in Florida. As a result, nuclear generation appeared to be a more viable future generation resource alternative to compare with natural gas-fired generation in Florida and was, therefore, selected for further economic evaluation.

The nuclear generation resource option was evaluated against the all natural gas-fired generation resource plan over a 60-year analysis period using the Strategist scenario analysis model. This period was selected, as noted above, because of the long-term operational benefits from nuclear generation given the expected 60-year operational life of nuclear generating units. A number of analyses were run in the model comparing an optimized scenario with nuclear generation (Levy Units 1 and 2) to an optimized all natural gas-fired generation scenario. These analyses included a mid-level fuel forecast scenario with high and low fuel sensitivities. Given the regulatory and political environment in Florida and around the country, these analyses were coupled with forecasts based on existing and potential environmental regulations, including future greenhouse gas (GHG) emission regulations. These analyses ensure that the optimized generation resource plan with Levy Units 1 and 2 does not unduly burden the Company or its customers if the future unfolds in a different way.

If the preferred generation resource plan is judged robust under these analyses, the plan becomes the generation resource expansion plan for the Company.

PEF's present Determination of Need Petition, its April 2007 TYSP and TYSP updates, and its Commission-approved DSM Plan are all consistent with the Company's Resource Planning process, as described in this Need Study and the Company's April 2007 TYSP.

2. LOAD AND ENERGY FORECAST.

a. *Economic and Demographic Assumptions and Forecast Methodologies.*

The Resource Planning process uses many inputs and assumptions that are ultimately taken into account to develop PEF's optimal plan. The inputs and assumptions result from a number of parallel activities which feed into the Resource Planning process. One such activity is energy and demand forecasting. PEF's long-term forecasts of customers, energy sales, and seasonal peak demands are key inputs in the Resource Planning process.

The Company's load and energy forecasts used in the Resource Planning process attempt to capture the long-term trends in customer, energy sales, and peak demand growth typically over the next ten years, and in the case of the need assessment for Levy Units 1 and 2, over an even longer period of time to account for the long lead time for nuclear generation units and their multi-year useful lives. Forecasts are first reported annually for the next ten-year horizon, in this case, 2007 through 2016. Because the forecasts are "long-term," they do not project economic business cycles beyond the first few years of the forecast. Rather, they identify a trend that cuts through the middle of any future business cycle fluctuations, thus reducing the risk that the forecasts will vary widely from actual economic conditions in the

future. The Company updated these forecasts beyond 2016 and 2017, when Levy Units 1 and 2 are planned, to support analysis of economic performance over an extended period of commercial operation. The Company's scenario analysis modeling (utilizing New Energy Associate's Strategist model) encompasses the extended demand and energy forecasts in a manner consistent with standard economic forecasting principles and utility industry practice.

There are a number of assumptions that serve as inputs to the forecasts, such as weather conditions, population growth trends, economic growth trends, and the regulatory environment. The assumptions underlying the energy, peak demand, and sales forecasts used in the Resource Planning process are discussed in detail in the Company's April 2007 Ten Year Site Plan ("TYSP") (see Appendix G, Chapter 2). The assumptions are based not only on the work of experts within PEF but also the research efforts of a number of respected independent sources such as the Bureau of Economic and Business Research ("BEBR") at the University of Florida, and Economy.com, a major national economic forecasting firm. These sources provide relevant information concerning the outlook for the national and Florida economies in general and certain sectors comprising large energy users, such as the phosphate mining industry, in particular. A summary of the assumptions used in PEF's forecasts, as well as additional detail concerning PEF's forecast system inputs and results, is included in the April 2007 TYSP. For purposes of the assessment of the need for 2016 and 2017 and beyond, these forecast inputs and results were updated, using the same sources and techniques used to develop the April 2007 TYSP, but applying them over a longer period of time.

The following table summarizes key economic and demographic assumptions associated with PEF's customer, energy sales, and peak demand forecasts. Table 5 contains a summary of key economic and demographic assumptions like changes in gross Domestic

Product (GDP), Florida employment, Florida Personal Income, service area population, and inflation.

TABLE 5. LONG TERM ECONOMIC & DEMOGRAPHIC SUMMARY

Average Annual Growth Rate

Real GDP	2.3 %
Florida Employment	2.7 %
Florida Personal Income	3.6 %
PEF Service Area Population	1.6 %
Inflation – CPI	2.3 %

PEF uses several models and methodologies in developing its customer energy and demand forecasts. The models incorporate forecasting techniques, such as time-series analysis, econometric regression analysis, and direct contact with customers. All are well accepted and widely used in the electric utility industry. PEF's models incorporate a number of variables listed in Appendix G that are identified based on exhaustive research into determining statistical relationships between every aspect of consumer behavior and its impact on energy consumption. The Company's use of these models and methodologies in the Resource Planning process is described below and in greater detail in the Company's April 2007 TYSP. For purposes of assessment of the need in 2016 and 2017 and beyond, the Company updated the results from the models and methodologies used for the TYSP as discussed and illustrated in the Figures below.

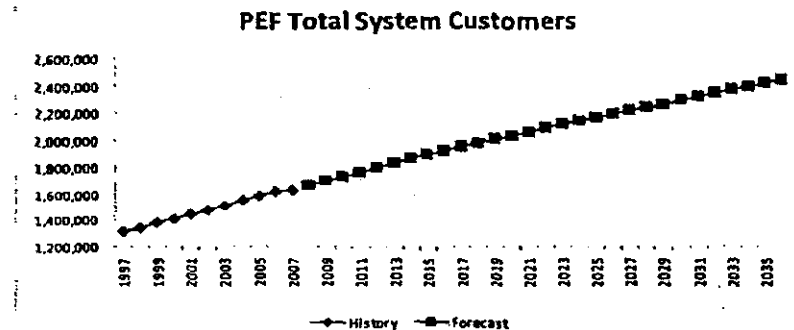
b. Customer Forecasts.

Population projections for each of the twenty-nine (29) Florida counties served by PEF drive the forecasts of residential and commercial customers, who together comprise more than 98 percent of the Company's total customers. Population growth in the service areas translates directly into a greater number of residential electric customers and, as a further

consequence, a greater number of commercial establishments to serve them. PEF relies on the BEBR at the University of Florida for population estimates and projections in its service area. The BEBR relies primarily on a cohort component computer model that uses demographic data to develop high, low, and medium cases for its population projections. The BEBR medium case is used as the basis for PEF's residential and commercial class customer forecasts. Time-series models are then used to project industrial customers, street and highway lighting, and public authority customers, because they follow relatively stable historical growth trends and make up only two percent of PEF's total customers on its system.

PEF updated the models following the April 2007 TYSP, using the same economic modeling techniques and practices, for purposes of assessing the need in 2016 and 2017 and beyond. The extended forecast of the number of PEF's customers is shown in Figure 2. A more complete discussion of the customer forecasts and the methodologies behind them can be found in the April 2007 TYSP. PEF's history and forecast of customer levels for rural and residential, commercial, industrial, street and highway lighting, and other public customers can be found in the April 2007 TYSP (See Appendix E, Chapter 2, Schedules 2.1 and 2.2).

FIGURE 2. Average Number of Customers



Progress Energy Florida
45

c. *Sales Forecasts.*

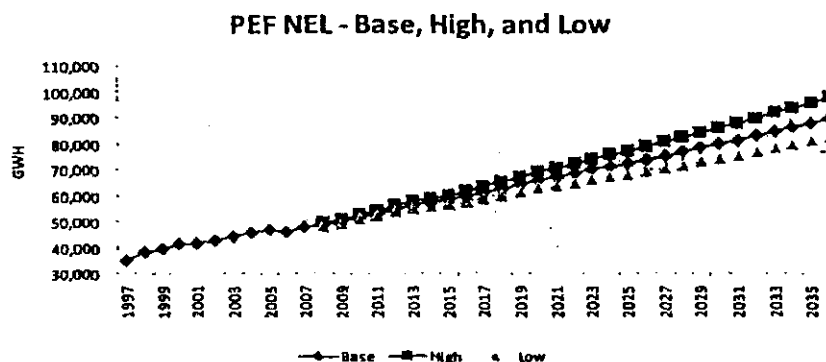
PEF forecasts energy (i.e. megawatt-hour) sales using a class-based econometric modeling approach that incorporates specific research for each customer class. The retail class-based econometric models (e.g. residential, commercial, etc.) are premised on a significant statistical relationship between an explanatory “driver,” or variable, such as weather or income, and electric consumption by customer class. In selecting significant drivers for the models, PEF chooses variables that are statistically proven to affect energy use in a particular customer class over an extended historic period.

Wholesale jurisdictional energy sales are projected on a contract-defined basis rather than a “class” basis. Each contract has specific terms for energy requirements that can vary by type and duration of energy under consideration. For example, PEF contracts to sell wholesale energy on a “stratified” basis. Each strata type — base, intermediate, or peaking — has a different assumption as to the number of hours a purchasing entity will be taking energy under its contract with PEF. By working with contract administrators in PEF’s Regulated Commercial Operations Department, forecasters gain an understanding of the customers’ energy needs through estimates of monthly load factors for each contract.

In support of the Company’s Strategist scenario analysis modeling, the energy sales forecasts were updated and extended following the same methodology that was used in the April 2007 TYSP. The forecast of net energy for load is shown for the base, high, and low cases in Figure 3, below. A more complete discussion of PEF’s energy sales forecasts and the methodology behind them through the initial ten-year planning period, 2007 to 2016, can be found in PEF’s April 2007 TYSP. Specifically, TYSP Schedules 2.1 and 2.2 contain PEF’s history and forecast of energy sales for each customer class, and Schedule 2.3 contains PEF’s

history and forecast of its total number of customers and net energy for load. The extended energy sales forecasts were used in the Strategist model in a manner consistent with engineering and modeling practice in the industry.

Figure 3. Net Energy for Load



d. *Peak Demand Forecasts.*

Seasonal peak hour demand (or load) is the final component in PEF's forecast. PEF separates its peak demand forecast into winter and summer peaks. In each season, PEF disaggregates and projects the following components of total system peak demand: potential firm retail load (excluding the non-firm interruptible demands), interruptible demand, company-use demand, wholesale demand, and dispatchable and non-dispatchable demand-side management (DSM) program capability.

Potential firm retail load refers to the projected retail hourly seasonal peak demand excluding interruptible demands such as interruptible, curtailable, and standby generation service, and before the effect of conservation or load management programs are taken into account. Determining the Company's retail load without the impact of utility-induced

conservation or load control enables PEF to observe and correlate the underlying trend in retail peak demand in the service area to customer levels and coincident weather conditions. The year-to-year variation caused by conservation or the need to activate load control is removed leaving a “clean” historical trend from which to study growth. Potential retail peaks are projected using historical seasonal peak data, regardless of which month the seasonal peak occurred. Coincident weather conditions and retail customer levels drive these forecasts.

The interruptible demand component is developed from historic trends on the Company's interruptible, curtailable, and standby generation tariffs, as well as direct information obtained from PEF's largest customers using the interruptible tariff.

Wholesale demand comprises supplemental, partial, and full requirement service. Supplemental load is based on sales to Seminole Electric Cooperative, Inc. (SECI), PEF's supplemental requirements customer. Demand for partial requirement services is based on contractual terms such as the capacity requirements (MW), type of stratified service requested, and length of term. Peak demand projections for each full requirements municipal customer is performed by trending monthly peaks and energy.

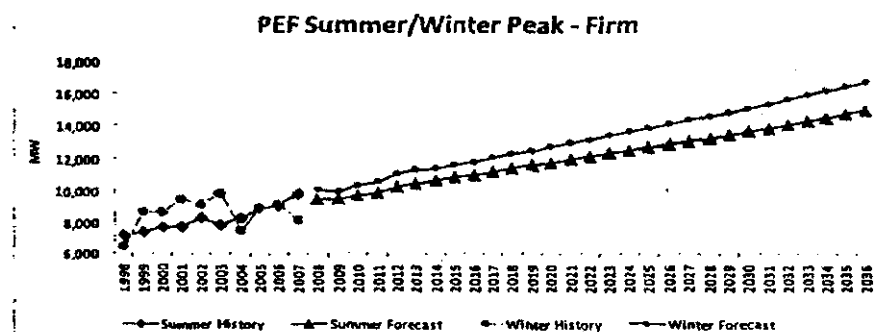
Company-use demand at the time of system peak is estimated using load research metering studies and is assumed to remain stable over the forecast horizon.

Each seasonal peak projection becomes the January (winter) and August (summer) forecast values. The non-seasonal peak months are calculated the same way using data from each specific month. Each of the megawatt demand components described above is a positive value, except for the DSM program capability which is a negative value. DSM program impacts represent a reduction in peak demand; therefore, they are assigned a negative value. DSM program projections are applied to the forecast at levels that at least

achieve the cost-effective goals set by the Commission. Projections of non-dispatchable DSM (e.g. insulation, duct repair, etc.) megawatt impacts are cumulative and are subtracted from the projection of potential firm retail demand. Dispatchable DSM programs (e.g. load management) megawatt reductions reflect direct load control capability at normal peaking temperatures and likewise produce a reduction in total potential retail demand. Total system peak demand, therefore, is calculated as follows: Total System Peak Demand = Retail Demand (including Interruptible Demand) + Wholesale Demand + Company-Used Demand.

The firm summer and winter peak demand forecasts, shown in Figure 4, represent the Total System Peak Demand minus Interruptible Demand and DSM. Figure 4 below illustrates the extended firm summer and winter peak demand forecasts for the planning period in 2016 to 2019 and beyond. To arrive at the firm summer and winter peak demand forecasts over the scenario analysis modeling period, PEF extended the forecasts using standard modeling techniques consistent with engineering practice in the electric utility industry.

Figure 4. Summer and Winter Peak Demand



A more complete discussion of the peak demand forecasts and the methodologies behind them can be found in PEF's April 2007 TYSP (see Appendix G, Chapter 2). The summer peak demand forecasts and winter peak demand forecasts can be found in the April 2007 TYSP (see Appendix G, Schedules 3.1 and 3.2 respectively).

3. OTHER PLANNING ASSUMPTIONS.

The Company's resource planning is a forward looking process that encompasses a complex set of overlapping timelines that require forecasts of key decision factors and implementation lead times. When the Company is evaluating a specific preferred resource option or set of options and has entered into the respective critical decision timeframe for the option(s), it gathers the best information available to support the decisions being contemplated. PEF always seeks to make significant resource selection decisions based on the best information available to the Company at the time. Accordingly, the Company updates key factors and assumptions in the course of evaluating its overall resource plan, in this case, given the potential resource option of additional nuclear generation to meet the Company's need in 2016 to 2019 and beyond. These factors are addressed in the ensuing sections covering fuel prices and economic and financial assumptions.

a. Fuel Price Forecasts.

Fuel forecasts are an integral part of PEF's planning and operations. Relevant fuel prices and their differentials are important economic factors in determining the types of new generation to be added to PEF's system. Additionally, fuel prices are relevant to the determination of the most efficient method of operating existing and proposed generating units on PEF's system in compliance with environmental and system requirements. PEF's

forecasts for natural gas, oil, and coal are addressed here and PEF's nuclear fuel forecast is addressed separately below.

For purposes of the April 2007 TYSP and the TYSP updates, the forecast period is over a ten year period of time. Within this resource planning framework, a short term fuel forecast is typically developed for a three-year period and a long-term forecast is incorporated beyond three years. The Company's fuel price forecast used in this resource planning process is developed using short-term and long-term spot market price projections from industry-recognized sources.

PEF depends on observable market data for near-term fuel price forecasts. In the short term, the coal forecast is based on existing contracts and spot market coal prices and transportation arrangements between PEF and its various suppliers. For the longer term, the prices are based on spot market forecasts reflective of expected market conditions. Fuel oil and natural gas short-term price forecasts are estimated based on current and expected contracts and spot purchase arrangements, as well as near-term commodity future spot prices. Natural gas firm transportation costs used in the forecast were determined primarily by pipeline tariff rates, negotiated term contracts, and estimated rates for future pipeline capacity that will be needed to meet generation growth.

For long-term fuel prices the Company uses two independent, industry experts, PIRA Energy Group ("PIRA") and Global Insight, Inc., as well as its own expertise and experience. In this resource planning process, the long-term extended beyond the typical long-term forecast in the TYSP process because the addition of Levy Units 1 and 2 occurs at the end of the TYSP period and their commercial operation extends more than fifty years beyond the

current TYSP. This required the development of long-term fuel price forecasts over this extended period of time.

To develop this extended fuel forecast PEF first relied on PIRA and Global Insight to provide the Company with an extended forecast of prices for the various fuels that potentially could be used at PEF's existing and future generating plants. Those fuels are natural gas, No. 6 fuel oil, and No. 2 fuel oil. The long-term natural gas transportation costs were estimated based on expected rates for future pipeline capacity that will be needed to meet generation growth. The Company developed its own long-term coal forecast, using existing contracts, market information, and third-party forecasts for comparison purposes.

Long-term forecasts use the PIRA and Global Insight forecasts as a starting point. These forecasting experts rely on fundamental supply and demand analysis to develop their long-term spot oil and gas forecasts. Supply-side factors that are considered include new sources of natural gas and oil, rates of production in existing gas and oil sources, developing technologies for locating and producing gas and oil, and the costs associated with finding, producing and distributing gas and oil from new sources, including liquidified natural gas ("LNG"). Demand-side factors include demand growth in developed and developing economies, demand across various industries and fuel consumer groups in the United States and across the world, and Gross Domestic Product ("GDP") growth rates. These experts also consider geopolitical trends, environmental policies, and generation resources that are expected to be added in the future in developing their long-term fuel forecasts.

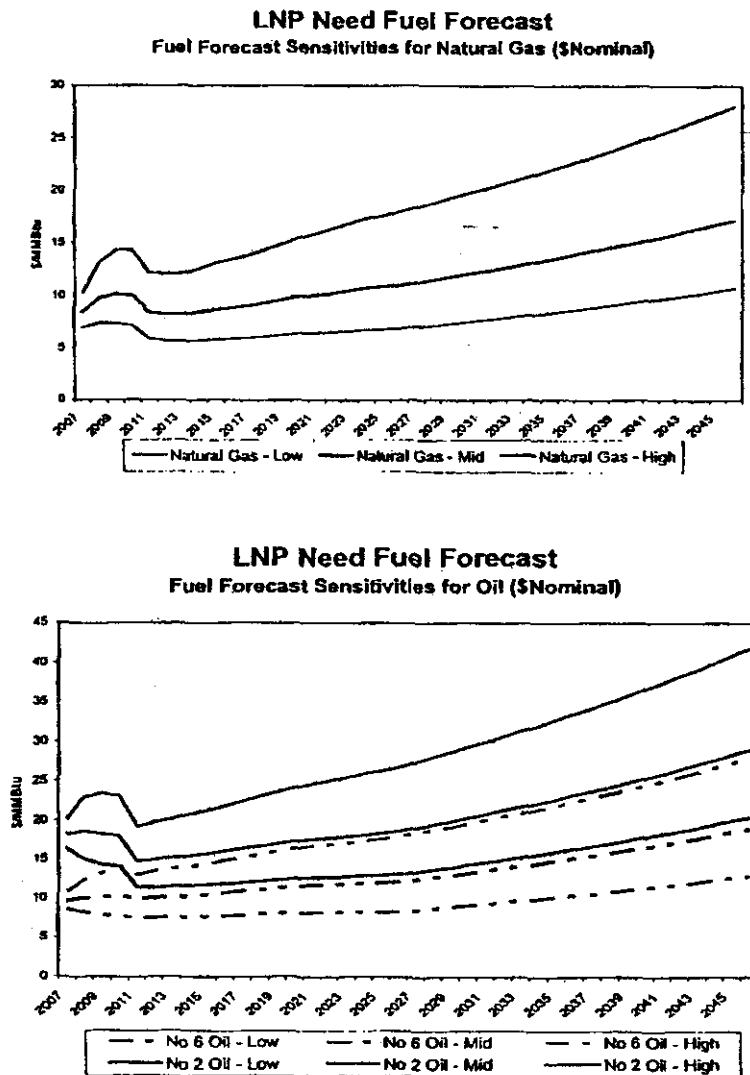
Upon receipt of this long-term pricing information, PEF first develops a forecast that takes the average of the fuel forecasts provided by PIRA and Global Insight. This information is reviewed by PEF employees who are experienced in the natural gas and oil

markets and compared with other electric utility industry and fuel market information that might include NYMEX futures market prices, current contracts, and other, current market data to arrive at a final fuel forecast. The final fuel forecast for oil and gas reflects PEF's best professional judgment of future costs, at the time the forecast is prepared based on all the factors considered.

The Company's mid-level case fuel forecast is considered the most likely scenario, based on the Company's view of the expected, reasonable future fuel costs. The Company, however, also develops a high and low fuel forecast. These high and low fuel forecasts are developed based on a statistical analysis of the mid-level fuel forecast. In this statistical analysis the high fuel forecast represents the 90th percentile and the low fuel forecast represents the 10th percentile on a price distribution curve. This means there is a 90 percent statistical certainty that future fuel prices will be lower than the high forecast and higher than the low fuel forecast. All three fuel forecasts, in the Company's view, represent the reasonable range of future spot fuel costs.

Once a fuel forecast is prepared, it is periodically re-evaluated against the third-party fuel price forecasts, developments, and trends with respect to each fuel type to verify that PEF was and is reasonable in developing its fuel forecasts. This re-evaluation occurred during the evaluation of the generation alternatives to meet the Company's need in 2016 to 2019, in particular the comparison of nuclear generation to natural gas-fired generation over the sixty-year scenario analysis period leading up to the Company's present Need Determination Petition. PEF's current mid-level, high, and low natural gas and fuel oil forecasts are included in Figure 5 below.

Figure 5. Mid-Level, High, and Low Gas and Oil Fuel Price Forecasts



b. *Nuclear Fuel and Nuclear Fuel Forecast.*

There are several component costs to the nuclear fuel utilized in PEF's existing nuclear generation unit, Crystal River Unit 3, and that will be utilized in PEF's proposed new nuclear generation units, Levy Units 1 and 2. Nuclear fuel begins with uranium, which is a common natural mineral found in several places around the world. Raw uranium is mined using various mining techniques and milled near the mine to produce an oxide called U308 or "yellowcake." PEF currently has contracts for uranium mined in the United States, Canada, Australia, Kazakhstan, Uzbekistan, and Namibia.

The U308 is then chemically converted to UF6, which is a gas when heated. Impurities are removed in this process and conversion to a gaseous state is necessary to proceed to the next step which is the enrichment process. The UF6 gas must be enriched because natural uranium contains only 0.711 percent U-235, which is the uranium isotope actually used in nuclear reactors to produce energy. The enrichment process raises the U-235 isotope percentage from 0.711 to a range of approximately 3 to 5 percent U-235.

The next step in the process of taking uranium and turning it into useable nuclear fuel requires changing the enriched UF6 gas to a powder, pressing that powder into pellets, feeding the pellets into tubes with inert elements, sealing them, and then assembling the tubes or "rods" together into fuel assemblies. These fuel assemblies are then shipped to the plant site and inserted in the nuclear reactor. Each step of this process involves a cost and, together with certain fees, all of these costs represent the nuclear fuel cost, converted to a \$/mmBtu cost, to the customer.

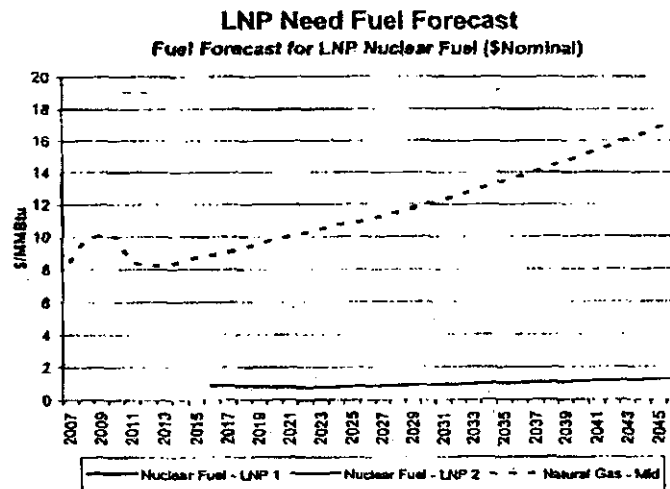
The Company's nuclear fuel forecast is developed by first procuring price forecasts from market consultants who study the supply and demand of the nuclear market worldwide.

The Company then reviews these projections and may make revisions to them based on the Company's knowledge from and experience with recent procurements and existing suppliers. Subsequently, this market cost forecast is input to models of current and expected contract terms to arrive at the Company's expected costs each year for the various components of nuclear fuel used in the reactor, uranium processing and conversion, enrichment, and fabrication services.

The Company's engineers next make projections of the amount of nuclear fuel needed for each operating cycle to obtain a total cost for the nuclear fuel loaded into the core. For the Westinghouse AP-1000 plants planned for Levy Units 1 and 2, detailed projections of the amount of nuclear fuel needed have already been developed by Westinghouse. With the projections of price and total nuclear fuel completed, the nuclear fuel cost to be amortized and charged to the customer is calculated by determining the amount of energy produced by each fuel assembly on an annual basis. An estimated 1 mill per kWh spent fuel disposal fee is added to this calculation to form the basis of the Company's estimated fuel cost for Levy Units 1 and 2.

The Company's nuclear fuel forecast is included in Figure 6 below. The Company's nuclear fuel forecast represents the best estimate of the reasonable, future nuclear fuel costs for Levy Units 1 and 2.

Figure 6. Nuclear Fuel Forecast



c. *Economic and Financial Assumptions.*

PEF's evaluation of its supply-side generation alternatives takes into account those economic and financial factors that affect the determination of the most economic generation expansion plan. PEF prepares and incorporates forecasts for key economic and financial factors such as the general inflation rate, construction cost escalation rate, and interest rates into its Strategist model for the analysis of generation alternatives. These forecasts are based on PEF's annual assessment of regional and national economic factors and represent what PEF anticipates in support of its financial management process.

4. **FUTURE DEMAND-SIDE MANAGEMENT**

Extensive analysis was conducted during the DSM Goals and DSM Plan proceedings (Docket No. 040031-EG and Docket No. 060647-EG, respectively), to assess the projected cost, performance, viability, and cost-effectiveness of a wide range of dispatchable and non-

dispatchable DSM program options. The DCE module of Strategist was used to identify DSM programs subsequently approved by the Commission as cost-effective under the Commission's rules. Based on this analysis, the Company identified a set of DSM programs that were cost-effective and met Commission established goals. These programs were filed with the Commission as part of PEF's DSM Plan in Docket No. 060647-EG (see Appendix C) and were subsequently approved by the Commission in Order No. 06-1018-TRF-EG (see Appendix C).

With the approval of its DSM Plan by the PSC, PEF increased its DSM offerings by two new programs and 39 new measures and now offers customers sixteen individual programs, including seven residential programs, seven commercial/industrial programs, a qualifying facilities (cogeneration and small power production) program, and a research and development program, and over 100 DSM measures. They are described in detail in PEF's DSM Plan previously filed with the PSC.

PEF's DSM programs have successfully met or exceeded the Commission-established DSM goals in the past, and the current Plan anticipates achieving all new future year goals. PEF continues to believe that demand-side resources are an important and cost-effective resource to meet its electricity needs. PEF has aggressively pursued and plans to continue to aggressively pursue the research and development of additional or modified DSM programs to reduce and control the growth rate of energy consumption, increase resource conservation, and increase the efficiency of the Company's electric system consistent with Commission guidelines and cost-effectiveness rules under Rule 25-17.008, F.A.C.

The Commission itself has recognized in its February 2007 annual report on the activities pursuant to FEECA that, in order to obtain cost recovery, PEF must show that each

proposed program is cost-effective not only to the participating customer, but to the general body of ratepayers as well. As the Commission explained, all utilities subject to FEECA, including PEF, must provide a cost-effectiveness analysis of each program using the RIM, TRC, and Participant tests, but that the RIM test, in particular, ensures that all ratepayers benefit from a proposed DSM program, not just the program's participants. This is important because all customers, not just those that participate in the particular DSM program, pay the costs of the DSM programs. As a result, then, it is the RIM test that ensures that rates to all customers are lower than they would have been without the DSM program.

The Company's current proposed conservation goals were developed in accordance with the Commission's rules, and, in particular, the RIM test. As such, they represent the most current projections of PEF's total, most cost-effective, winter and summer peak demand (kW) and annual energy (kWh) savings reasonably achievable through demand-side management. With the additional changes to PEF's DSM programs approved by the Commission in 2006, an additional 527 WMW of peak demand load from direct load control will be reduced along with a 418 WMW reduction due to energy efficiency (a total reduction of 945 WMW), through 2014. When added to the existing programs, this represents a reduction of over 2,400 MW. The potential load reductions from the expanded, Commission-approved DSM plan represent the most that can reasonably be achieved from a maximization of the cost-effective DSM programs available to the Company at this time.

Total DSM resources are shown in Schedules 3.1.1 and 3.2.1 of the April 2007 TYSP (see Appendix G, Chapter 2). The schedules show the historic achievements in reduced demand, as well as the projected future demand savings expected to occur from PEF's Commission-approved DSM programs. This mix of cost-effective DSM resources is reflected

in PEF's Resource Planning process as a reduction in future potential load. While PEF anticipates that the implementation of the Company's DSM programs will significantly increase the penetration of demand-side management in the future, as reflected in the April 2007 TYSP, these DSM measures were just recently implemented and maximize the Company's available cost-effective DSM programs. It is, therefore, still too early to tell how much the expanded DSM program will impact the overall peak load and energy demand in the future.

PEF has, nevertheless, included all of the existing and expanded DSM programs, at their full potential load reduction, in its Resource Planning process. PEF has further assumed that the full potential load reduction of these existing and expanded DSM programs will be maintained beyond 2014 and throughout the analysis period. The Company's resource plan, therefore, is a fully integrated plan that includes both demand-side and supply-side resources.

As the Commission recognized in its February 2007 annual report on FEECA, however, both Florida's population and Florida's energy consumption are expected to continue to grow over the next decade. And, while the Commission acknowledged that Florida's utilities have been successful in meeting the overall objectives of FEECA and DSM programs will continue to play a key role in reducing energy demand and electricity consumption, utilities must still build new generation to satisfy Florida's electrical energy needs.

5. FUTURE RENEWABLE FUEL GENERATION

In January 2003, the Commission issued an assessment of renewable electric generating technologies for Florida, as directed by the Florida Legislature. This assessment

addressed all known and potential renewable energy technologies as defined by the Florida Legislature. The Commission determined that, generally speaking, electricity produced from renewable technologies is usually more expensive than traditional technologies on a production cost basis. The Commission further found that the potential for commercially feasible, new renewable capacity development in Florida was limited, at least relative to Florida's energy capacity needs, in that only an additional 651 MW of renewable fuel generating capacity was expected near term. Most of this estimated, additional renewable fuel generation capacity was expected from municipal solid waste or refuse, wood refuse, or biomass crops. The Commission's assessment has been consistent with PEF's experience developing renewable fuel generation resources in Florida.

The Company has a long-standing practice of adding renewable energy resources to its generation portfolio. In the 1980's, PEF began entering into long-term contracts with cogenerators and municipal solid waste facilities. As early as 1980, for example, PEF entered into an agreement with Pinellas County to purchase energy from its municipal solid waste facility. By the 1990's, PEF had over 800 MW of contracts with qualifying facilities and cogenerators.

PEF has always been and continues to be one of the most successful Florida utilities in securing cogeneration and renewable energy contracts. Today, PEF purchases capacity and energy from municipal solid waste facilities in Lake County (12.75 MW), Metro-Dade County (43 MW), Pasco County (23 MW), and Pinellas County (54.75 MW). PEF also purchases capacity and energy produced by waste heat from Mosaic (15 MW) and capacity and energy produced by waste wood, tires, and landfill gas from Ridge Generating Station (39.6 MW).

PEF is also actively engaged in contracting with electric energy providers that use renewable resources to produce electric energy on a large scale. This includes projects of one MW of generation or more. Examples include the contracts with the Florida Biomass Energy Group (117 MW) and Biomass Gas & Electric (75 MW each under two long-term contracts for a total of 150 MW). Florida Biomass Energy Group plans to build and operate the largest renewable energy plant of its kind in the world. It will be a carbon neutral facility that burns a bio-oil made from a crop they call E-Grass. The Biomass Gas & Electric group will use waste wood products, such as yard trimmings, tree bark, and wood knots from paper mills, that will be gasified to provide renewable fuel for a combined cycle gas plant. At 75 MW for each Biomass Gas & Electric facility, this would make them the largest waste wood biomass projects in the nation.

PEF currently has contracts with five providers for more than 173 MW of renewable energy. In addition, PEF has recently signed three contracts for an additional 267 MW of renewable energy. Table 6 below shows PEF's current existing and pending contracts, their total MW capacity and/or energy production, and the type of renewable fuel that is or will be used by the renewable generation facility.

Table 6. PEF's Renewable Fuel Generation Contracts

Progress Energy Florida Contracted Renewable Capacity Exhibit RDN-1					
Plant Name	Contract Capacity (MW)	Location	Contract Name	Contract In-Service Date	Contract Termination Date
Municipal Solid Waste:					
Dade County Resource Recovery	43	Miami, FL	Dade County	Nov-91	Nov-13
Lake County Resource Recovery	12.75	Okahumpka, FL	Lake County	Jan-95	Jun-14
Pasco County Resource Recovery	23	Hudson, FL	Pasco County	Jan-95	Dec-24
Pinellas County Resource Recovery	54.75	St. Petersburg, FL	Pinellas County	Jan-95	Dec-24
Biomass:					
Ridge Generating Station	39.6	Lakeland, FL	Ridge	Aug-94	Dec-23
Biomass Gas & Electric #1	75	Pending	Biomass Gas & Electric (BG&E)	Jan-11	Dec-30
Biomass Gas & Electric #2	75	Pending	Biomass Gas & Electric (BG&E)	Jun-11	Dec-30
Florida Biomass Energy Group	118.6	Pending	Innovative Energy Group (IEG)	Dec-11	Nov-36
Total Capacity:	439.7				
Capacity as of Jan. 1, 2008:	173.1				
As-Available Energy:					
PCS Phosphate	<1	Perry, FL	As-Available		
SI Group	5	Drifton, FL	As-Available		

In addition to its existing and pending renewable generation contracts, PEF issued a Request for Renewables on July 19, 2007. This Request was designed to invite potential renewable energy developers to open discussions with PEF regarding potential new renewable fuel projects in Florida. The Request is less restrictive than a Request for Renewable Proposals (RFP) in that it is basically a request for information and an indication of PEF's interest in engaging in discussions regarding the potential development of additional renewable generation projects in Florida. PEF received over 55 inquiries about selling renewable energy to PEF. These proposals included wave energy, solar energy, biomass, and biodiesel projects, among others. Many of the responses were merely inquiries, however,

looking for information regarding rate structure, service area, and other information concerning PEF. Some are from developers that do not yet have a commercial technology or the technology is still not cost effective. As a result, these inquiries represent potential renewable generation projects that are clearly not viable, cost-effective generation alternatives by 2016 and 2017. Some potential renewable projects, however, may have promise further in the future and PEF has entered into more substantive discussions with their potential developers.

All renewable generation projects, current, pending and those in the future, are evaluated in accordance with the Commission's rules for Standard Offer Contracts and Negotiated Contracts. Under the Commission rules, the total net present value of the payments to the renewable generation facility developers must be less than the total expected expense of the utility's own generation resources. In the words of the Commission rules implementing both federal and Florida legislation, the renewable resource provider must produce electric energy at a price that is below the utility's avoided cost of new electric utility generation. In this way, the renewable generation resource must be cost-effective when compared to conventional generation resources, such as new coal, natural gas, or oil fired generation.

PEF's pending contracts for renewable generation from biomass fuels were approved because they were equal to or less expensive than alternative, conventional utility generation under this legislative and regulatory standard. All potential renewable generation resources meeting this legislative and regulatory standard have been included in PEF's generation resource plan. This includes over 250 MW from future biomass fueled, renewable generation facilities.

These biomass fueled, renewable generation facilities, however, have not yet been designed, constructed, and achieved commercial operation. There are a number of obstacles to them achieving commercial operation on time and at the contracted for capacity and energy. These obstacles include the ability to secure adequate land for their fuel sources, weather and other environmental impacts that might effect crop or raw material production, financial or logistical constraints or higher than anticipated costs, among others. PEF, of course, stands behind its contractual commitment to these renewable generation facilities, and PEF has accounted for them at their fully committed contractual capacity and energy in its generation resource plan, but there is a risk that they might not come to fruition or might achieve commercial operation only at a much later time and/or much lower capacity and energy production than what was contractually committed to and expected. Under those circumstances, PEF's need in the 2016 to 2019 timeframe will be even greater than currently anticipated.

6. SUPPLY-SIDE GENERATION ALTERNATIVES

a. Overview of Supply-Side Generation Alternatives.

PEF includes conventional, advanced, and renewable energy resources as potential capacity addition alternatives in its overall Resource Planning process. These generation resource alternatives are periodically reassessed and the performance characteristics updated to ensure that projections for new resource additions capture new and emerging technologies over the planning horizon. This analysis involves a preliminary screening of the generation resource alternatives based on commercial availability, technical feasibility, cost, fuel

diversity and supply reliability issues, and the avoidance or reduction of air emission compliance costs.

Preliminary screening of potential generation technologies for commercial availability, technical feasibility, and cost has been a part of PEF's Resource Planning process for all potential generation technologies since that process began in the early 1990's. With the advent of Florida legislation promoting nuclear and coal gasification generation in 2006 and 2007, respectively, any generation resource screening including nuclear and coal gasification technologies must also consider fuel diversity and supply reliability and the avoidance or reduction of current and potential air emission compliance costs. These factors, fuel diversity and reliability and current and future air emission compliance costs, are central to determining the cost-effectiveness of nuclear and coal gasification under the amended statutory guidelines for the determination of need for new nuclear and coal-gasification electrical power plants in Florida.

First, PEF examined the commercial availability of each technology for use in utility-scale applications. For a particular generation technology to be considered commercially available, the technology must be able to be built and operated on an appropriate commercial scale in continuous service by or for an electric utility. Reasonable levels of detail for emerging generation technologies were developed to allow PEF to screen the technology options and to stay abreast of potential economic benefits as they mature.

Second, technical feasibility for commercially available generation technologies was considered to determine if the technology met PEF's particular generation requirements and that it would integrate well into PEF's system. Evaluation of technical feasibility included the size, fuel type, and construction requirements of the particular technology and the ability to

match the technology to the service it would be required to perform on PEF's system (e.g. base load, intermediate, cycling, or peaking).

Next, for each generation alternative, an estimate of the levelized cost of energy production, or "busbar" cost, accounting for capital, fuel, and O&M costs over the typical life expectancy of the unit was developed. Busbar costs allow for comparison of fixed and operating costs of all technologies over different operating levels. The comparison considers the long-term economics of future power plants at varying levels of capacity factor. Data used to assess each generation technology includes fixed and variable O&M, fuel, construction costs, and the levelized fixed charge rate.

Because the potential commercial generation alternatives include nuclear and coal gasification, the Company further considered the contribution of each potential generation technology to fuel diversity and fuel supply reliability. Fuel diversity included the contribution of the generation technology to fuel diversity on PEF's system and to fuel diversity for the State of Florida. Fuel supply reliability involved the consideration of the susceptibility of the fuel source for the generation technology to supply disruptions and whether the fuel source increased or reduced the Company's and the State's dependence on foreign fuel suppliers.

Finally, the inclusion of nuclear and coal gasification among the potential generation technologies further required screening the generation technologies with respect to their ability to avoid or reduce current and potential future air emission compliance costs. With the Clean Air Act rule amendments and global warming concerns, the emissions of generation technologies that affect the environment have become a central legislative, regulatory, and political concern. Accordingly, PEF further considered existing and potential environmental

regulation costs related to the emission of SO₂, NO_x, mercury, GHG, and other emissions when screening potential generation technologies for resource planning.

For the screening of generation alternatives, the data are generic in nature and thus not site specific. The costs and operating parameters are adjusted to reflect installation in the southeastern United States. The operating characteristics are based on state-of-the-art designs, and for most generation technologies, the performance projections were made with the assistance of EPRI's Technical Assessment Guide (TAG) software and internal PEF resources.

b. *Cost and Performance.*

Categories of generation capacity addition alternatives that were reviewed as potential resource options for in-service dates in 2016 and 2017 included conventional generation technologies that utilize non-renewable resources, advanced technologies that are still being or have recently been developed, and alternative technologies that utilize renewable sources of energy. The following generation technologies were screened in the assessment that preceded the 2007 Ten Year Site Plan:

Conventional Technologies:

Pulverized Coal (PC)	
Subcritical Steam Conditions	(Mature)
Supercritical Steam Conditions	(Mature)
Combustion Turbine (CT)	
Aeroderivative, Non-augmented	(Mature)
Aeroderivative, Augmented	(Mature)
Nominal 80 MW Frame	(Mature)
Nominal 170 MW Frame, Non-augmented	(Mature)
Nominal 170 MW Frame, Augmented	(Mature)
Combined Cycle (CC)	

Advanced Technologies:

Atmospheric Fluidized Bed Combustion (AFBC)	(Commercial)
Coal Gasification/Combined Cycle (CGCC or IGCC)	(In Development)
Advanced Light Water Nuclear (ALWN)	(Pending Commercial)
Fuel Cell (FC)	(Demonstration)

Alternative Technologies:

Municipal Solid Waste	(Commercial)
Solar Photovoltaic (PV)	(Demonstration)
Refuse Tires (TIRE)	(Commercial)
Wind	(Commercial)
Wood	(Commercial)
Bio-Fuel	(In Development)
Wave technology	(Demonstration)

Of these potential generation technologies, not all are mature, proven technologies.

This is important to keep in mind, especially with respect to the alternative generation technologies, as some generation options that may appear cost effective are not commercially available or technically feasible generation capacity additions at this time. In addition, the less mature a generation technology is the more uncertain and less accurate its cost estimate may be, as with the fuel cell and solar generation options, which are still in the demonstration stage and are not commercially available at this time.

Alternative generation technologies were evaluated but not considered potential generation capacity additions in 2016 and 2017. As mentioned above, PEF has already entered into purchased power contracts for the development of all currently, commercially available bio-fuel generation. Additional bio-fuel generation does not feasibly exist to meet the Company's capacity need in 2016 to 2019.

Wind projects have advanced enough that they are commercially available with high fixed costs but virtually no operating costs. However, the geographic and atmospheric

characteristics of Florida limit the ability of viable wind projects. Wind projects must be constructed in areas with high average wind speed. In general, such wind resources in Florida, and throughout the southeastern United States, are limited. The average wind speed in Florida is below 14 miles per hour, well below the average speed necessary to sustain a viable wind turbine project. In any event, wind is intermittent, and therefore wind turbine projects cannot be expected to operate above 20 to 25 percent capacity factors. Wind turbine projects, therefore, cannot achieve the high capacity factors necessary to meet the Company's existing capacity need. They simply are not viable generation alternatives for base load duty. As a result, wind was eliminated from consideration as a potential resource to meet the Company's generation capacity need in 2016 to 2019.

Solar photovoltaic (PV) projects are also technically constrained from achieving high capacity factors. In Florida, they would be expected to operate at approximately 20 percent capacity factors making them unsuitable for base load duty. Aside from their technical limitations, PV projects are not economically competitive generation alternatives at this time. For example, recent costs show that PV projects cost about five times the cost of biomass or bio-fuel generation. The future for PV or other solar projects is promising but right now the existing technology cannot produce cost-effective energy. As a result of the capacity factor constraints and high cost, solar was eliminated as a potential generation option to meet the Company's need in 2016 to 2019.

Fuel cells likewise offer some promise in the future but they are currently in the demonstration stage and have not achieved sufficient technical advancement to be considered a viable commercial alternative. Fuel cells can be assembled building block style to produce varying quantities of electric generation. However, as currently designed, a sufficient number

of fuel cells cannot be practically assembled to create a source of generation comparable to other existing bulk generation technologies. Further development of this technology is needed before it becomes viable as a generation resource option.

Municipal solid waste has a proven track record in Florida. PEF, for example, has contracts with four municipal solid waste fueled facilities for 133.5 total MW. Currently, additional municipal solid waste facilities in Florida and additional, improved solid waste fuel technologies have been discussed but not much more has been done to suggest that such projects can achieve commercial operation by 2016 and 2017. Additionally, current estimates place the additional capacity from future solid waste fueled facilities in Florida at only 400 MW for the entire state. The high cost and environmental impact of emissions from such facilities are also a concern. For these reasons, municipal solid waste fueled facilities (and refuse tire and wood facilities which have similar concerns), were not considered viable generation resources to meet the Company's need for capacity and energy in 2016 to 2019.

Wave generation from ocean currents is a promising future generation technology but the development of this technology is in its infancy. It simply is not commercially or technically feasible at this time. Other alternative, renewable generation resources, such as hydroelectric or geothermal power generation, are simply unavailable at all or on any viable commercial scale in Florida.

All but four potential generation resources were eliminated as potential capacity additions in the 2016 and 2017 timeframe. These were natural gas-fired combined cycle (CC) generation, pulverized coal or AFBC generation technologies, coal gasification generation (CGCC or IGCC), and advanced light water nuclear (ALWN) generation.

Natural gas-fired CC generation generally has lower capital costs than all of the other generation resource options selected for the initial economic evaluation. The CC technology is well developed and the Company has extensive experience putting this generation technology into commercial operation. Relative to coal-fired generation, natural gas-fired generation also offers lower GHG and other emissions such as SO₂, NO_x, and mercury. For these reasons, natural gas-fired CC generation was considered the default future generation resource option available to the Company to meet its capacity and energy needs in 2016 to 2019. All of the supply-side generation resource alternatives chosen for further study were initially evaluated against a resource plan based on natural gas-fired combined cycle and simple cycle generating units.

In this initial economic comparison, the advanced light water nuclear generation proved more cost-effective than the coal-fired and coal gasification generation options when compared with the all gas reference case. There are a number of factors that led to this result. For example, PEF was influenced by the federal and Florida legislation encouraging nuclear power generation development. The Florida legislation provided for alternative means to recover costs incurred in the development of nuclear generation to assist in the financing and construction of such capital intensive projects. The Florida legislation further required the Company and Commission to consider fuel diversity and supply reliability and air emission cost benefits when evaluating nuclear generation. These considerations among others, but in particular the environmental considerations, favored nuclear generation over coal-fired and coal gasification generation as a potential future generation alternative.

To illustrate, coal-fired and coal gasification generation options have significant air emission cost issues under recent Clean Air Act amendments that nuclear generation does not

have. Both generation options further have significant GHG emission issues, raising the potential for future carbon abatement costs, carbon taxes, or carbon capture requirements when, to date, no commercially operational carbon capture technology has been designed and successfully implemented. Again, nuclear generation presents no GHG emission issues.

Additionally, the federal legislation encouraging the development of nuclear generation provided economic incentives in the form of production tax credits and DOE loan guarantees and stand-by support (a form of risk insurance), for the first wave of new nuclear power plants to achieve commercial operation. PEF conservatively estimated the value of the production tax credits to be between \$88 million to \$167 million per year (for the first eight years of plant operation) if PEF brings its new nuclear generation plants on line by 2016 and 2017. These economic benefits were considered in the Company's initial economic evaluation of nuclear generation compared with coal-fired and coal gasification generation to an all gas reference case.

Finally, there has been significant, recent public opposition to the development of more coal-fired generation in Florida. Before the Commission, one application for coal-fired generation was rejected because it was not demonstrated to be a cost-effective generation option in the future and another was abandoned in the face of opposition from the public and environmental groups. For all of these reasons, the Company determined that the advanced light water nuclear generation option was the more viable future generation alternative to evaluate in more detail against natural gas-fired CC generation to meet the Company's need in 2016 to 2019.

7. RESOURCE INTEGRATION

Once the range of supply-side and demand-side alternatives have been screened, an integration assessment is conducted to determine an optimum supply-side expansion plan, given the portfolio of cost-effective DSM programs identified, as previously described. In this phase, PEF selected the advanced light water nuclear generation option for further economic evaluation against an all gas reference case using the Strategist model. The results of this evaluation, and the Company's evaluation of all economic and socio-economic factors required by the amended Florida legislation, which is discussed further below, led to the selection of an optimal generation plan that included two advanced light water nuclear generation units to meet the Company's need in the period 2016 to 2019 and beyond.

The top-ranked generation plan that was chosen as the Company's expansion plan is shown below in Table 7. The Company's expansion plan includes additional supply side generation resources -- including purchased power (primarily from renewable generation resources), uprates at PEF's existing nuclear power plant, CR3, and an unsited combined cycle ("CC") unit -- to meet the Company's reliability need to maintain a 20 percent Reserve Margin commitment prior to the expected commercial operation of Levy Unit 1 in 2016. This plan is a slight variation of the expansion plan published in the Company's 2007 Ten-Year Site Plan filed with the PSC on April 1, 2007. The current optimal generation expansion plan reflects additional information and analysis since the Ten-Year Site Plan was prepared. The additional generation resources, together with Levy Units 1 and 2 in the current optimal generation expansion plan, however, are consistent with, and the result of, the Company's Resource Planning process.

Table 7. PEF's Generation Expansion Plan.

PROGRESS ENERGY FLORIDA GENERATION EXPANSION PLAN PLANNED AND PROSPECTIVE GENERATING FACILITY ADDITIONS AND CHANGES AS OF JANUARY 1, 2006 THROUGH DECEMBER 31, 2017												
PLANT NAME	UNIT NO.	LOCATION (COUNTY)	UNIT TYPE	FUEL	PRI.	ALT.	CONST. START	COML. IN-SERVICE	EXPECTED RETIREMENT	GEN. MAX. NAMEPLATE	NET CAPABILITY	
							MO./YR	MO./YR	MO./YR	KW	SUMMER	WINTER
TIGER BAY	1	POLK	CC					5/2008			10	10
CRYSTAL RIVER	5	CITRUS	ST					5/2009			(30)	(30)
CRYSTAL RIVER	5	CITRUS	ST					5/2009			14	14
BARTOW	1-3	PINELLAS	ST						6/2009		(444)	(464)
BARTOW	4	PINELLAS	CC	NG	DFO	01/2007		5/2009			1,159	1,279
CRYSTAL RIVER	3	CITRUS	NP					12/2009			40	40
CRYSTAL RIVER	4	CITRUS	ST					4/2010			(30)	(30)
ANCLOTE	2	PASCO	ST					5/2010			10	10
CRYSTAL RIVER	4	CITRUS	ST					5/2010			14	14
ANCLOTE	1	PASCO	ST					5/2011			10	10
CRYSTAL RIVER	3	CITRUS	NP					12/2011			140	140
CRYSTAL RIVER	1	CITRUS	ST					3/2012			7	7
SUWANNEE RIVER	1-3	SUWANNEE	ST						6/2013		(129)	(148)
COMBINED CYCLE	1	PENDING	CC	NG	DFO	12/2010		6/2013			1,159	1,279
RIO PINAR	P1	ORANGE	CT						6/2016		(12)	(16)
TURNER	P1-P2	VOLUSIA	CT						6/2016		(22)	(32)
AVON PARK	P1-P2	HIGHLANDS	CT						6/2016		(49)	(70)
HIGGINS	P1-P4	PINELLAS	CT						6/2016		(113)	(133)
LEVY	1	LEVY	NP	NUC	-	01/2010		6/2016			1,092	1,120
LEVY	2	LEVY	NP	NUC	-	01/2011		6/2017			1,092	1,120

The ultimate decision to add the Levy Units 1 and 2, advanced passive light water nuclear power generation, was driven by the Company's reliability need for both nuclear units, the favorable economics for the second nuclear unit addition within 12 to 18 months of the first unit, and the fuel diversity and fuel supply reliability benefits, technological benefits, and environmental benefits from the construction and operation of two nuclear units over their expected sixty-year period of commercial operation.

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8. RELIABILITY NEED FOR LEVY UNITS 1 AND 2

By the summer of 2016, PEF's projected Reserve Margin will be 15.4 percent without any new generation resource addition, signifying the need for additional resources to meet the Company's minimum 20 percent Reserve Margin requirement. If Levy Unit 1 is added in the summer of 2016 the Reserve Margin will be 25.3 percent. PEF clearly has a reliability need for Levy Unit 1 in the summer of 2016. This is demonstrated in Table 8 below.

Table 8. Forecast of Summer Demand and Reserves With and Without Levy Unit 1

<i>Progress Energy Florida - Summer Reserves</i>							
	2008 Resource Plan Assessment, No New Nuclear Generation						
	2015	2016	2017	2018	2019	2020	2021
Total Supply Resources	13,252	12,644	12,644	12,644	12,644	12,644	12,644
System Firm Load	10,776	10,961	11,150	11,335	11,530	11,722	11,904
Reserve Margin	23.0%	15.4%	13.4%	11.5%	9.7%	7.9%	6.2%
MW Above/Below 20%	321	(509)	(736)	(958)	(1,192)	(1,423)	(1,641)
	2008 Resource Plan Assessment, Addition of Levy County 1						
	2015	2016	2017	2018	2019	2020	2021
Total Supply Resources	13,252	13,736	13,736	13,736	13,736	13,736	13,736
System Firm Load	10,776	10,961	11,150	11,335	11,530	11,722	11,904
Reserve Margin	23.0%	25.3%	23.2%	21.2%	19.1%	17.2%	15.4%
MW Above/Below 20%	321	583	358	134	(100)	(331)	(549)

The addition of Levy Unit 2 in the summer of 2017 does result in Reserve Margins above the minimum 20 percent Reserve Margin criterion that summer and for several subsequent years. Both Levy Units 1 and 2 are still needed, however, to allow PEF to satisfy its commitment to maintain a minimum 20 percent Reserve Margin in the period 2016 and beyond.

If Levy Unit 1 is added in the summer of 2016, but Levy Unit 2 is not added the next summer as planned, PEF's Reserve Margin falls below the 20 percent Reserve Margin criterion at 19.1 percent by the summer of 2019, just two years later, and the Reserve Margin further falls to just 17.2 percent in the summer of 2020, only three years after Levy Unit 2 is planned for commercial operation. This is demonstrated in Table 9 below, which shows the summer and winter reserve forecasts with Levy Unit 1 but without Levy Unit 2.

Table 9.

Forecast of Summer Demand and Reserves With Levy Unit 1 But Without Levy Unit 2

<i>Progress Energy Florida - Summer Reserves</i>							
	2008 Resource Plan Assessment, Addition of Levy County 1						
	2015	2016	2017	2018	2019	2020	2021
Total Supply Resources	13,252	13,736	13,736	13,736	13,736	13,736	13,736
System Firm Load	10,776	10,961	11,150	11,335	11,530	11,722	11,904
Reserve Margin	23.0%	25.3%	23.2%	21.2%	19.1%	17.2%	15.4%
MW Above/Below 20%	321	583	356	134	(100)	(331)	(549)
	2008 Resource Plan Assessment, Addition of Levy County 1&2						
	2015	2016	2017	2018	2019	2020	2021
Total Supply Resources	13,252	13,736	14,828	14,828	14,828	14,828	14,828
System Firm Load	10,776	10,961	11,150	11,335	11,530	11,722	11,904
Reserve Margin	23.0%	25.3%	33.0%	30.8%	28.6%	26.5%	24.6%
MW Above/Below 20%	321	583	1,448	1,226	992	761	543

Faced with a need for additional generation resources within this short window of time following the commercial operation of Levy Unit 1, the Company decided to move forward with plans for Levy Unit 2 in the summer of 2017. Considerable time is necessary to plan, site, obtain regulatory approval for, design and build, and place into commercial operation a nuclear unit. The Company has conservatively estimated this process will take ten (10) years. To preserve the option of meeting the Company's reliability need following Levy Unit 1 with

nuclear generation, it makes sense to proceed with both Levy Units 1 and 2 at this time for commercial operation in the summers of 2016 and 2017. In this way, the Company satisfies the customers' reliability needs in the time period from 2016 to 2019 and beyond with nuclear power generation while capturing the cost savings resulting from the economies of scale and engineering and construction efficiencies by building Levy Unit 2 closely coupled with Levy Unit 1.

It must be remembered too that the nominal 1,100 MW size of these units was determined by Westinghouse to be the most efficient, cost-effective MW capacity size for nuclear reactors in this generation of designs. To proceed with the option of nuclear generation resources, PEF cannot select different, alternative capacity designs to try to exactly match its 20 percent Reserve Margin commitment within a given year. Rather, if PEF determines that there is a need that is beneficially met with nuclear generation, then the selection of the Westinghouse AP1000 nuclear reactor design means that a nominal 1,100 MW nuclear generating unit will be placed in commercial operation.

There is also a reliability need for both nuclear units because the Company's Reserve Margin includes projected capacity resources from future renewable energy facilities under recently executed purchase power agreements that might not come to fruition or ultimately meet the contracted capacity production requirements. These facilities have not been built yet and they rely on unproven technologies or fuel sources, such as waste-wood biomass and biomass crops that have not yet been shown to support consistent, reliable capacity and energy production. The ultimate commercial development of these unique renewable fuel facilities also can be adversely affected by a lack of available financing or financing at a favorable rate, insufficient productive land, and weather impacts on biomass fuel production,

among other circumstances. As a result, these renewable generation facilities might not be built, their construction might be delayed, or they may fail to achieve reliable commercial operation at all or at the expected capacity when that capacity is needed. In that event, PEF could lose over 250 MW before Levy Units 1 and 2 are planned and the Company's need for additional capacity resources will increase to meet its minimum Reserve Margin commitment.

Additional generation capacity from the second nuclear unit will further provide PEF greater assurance that the minimum 20 percent Reserve Margin criterion will be met in the event that peak loads are higher than currently anticipated. Levy Unit 1 will be operational over eight years from now and Levy Unit 2 will be operational over nine years from this date under the current plan. Over such an extended period of time load growth may very well exceed projections. This would not be unusual in PEF's experience, as it has happened before even over shorter time periods than eight or nine years. With Levy Unit 2, PEF will have the capability it needs to reliably meet customer needs under changing circumstances affecting load growth and Reserve Margins.

Finally, the addition of Levy Unit 2 provides PEF the flexibility to reduce or replace the use of potentially less economic resources. Nuclear fuel historically is more stable in price and cheaper than fossil fuels. This relationship between nuclear and fossil fuels is expected to continue. Over the eight to nine year period required to bring the nuclear units on line, PEF and its customers will face growing uncertainty surrounding the cost of using carbon-based, fossil fuels. Having an additional nuclear unit in commercial operation in 2017 and beyond provides PEF with greater flexibility in meeting customer demands for reliable, low cost electrical power.

For all of these reasons, PEF reasonably determined that there is a reliability need for both Levy Unit 1 and 2 in the summer of 2016 and 2017, respectively, when they are currently planned for commercial operation.

9. COST-EFFECTIVENESS OF LEVY UNITS 1 AND 2.

The Company evaluated the Cumulative Present Value Revenue Requirements ("CPVRR") of the advanced passive light water nuclear generation units, Levy 1 and 2, against an all natural gas generation (reference) case. The Company included the economic benefits from economies of scale and engineering and construction efficiencies from constructing both units concurrently in its CPVRR evaluation. Additionally, the Company evaluated the cost-effectiveness of Levy Units 1 and 2 against an all natural gas generation reference plan using the standards expressed by the Florida Legislature in Section 403.519(4)(b)3. There, the Florida Legislature directed that the Commission, and thus the electric utility too, must consider whether the nuclear power plant will "provide the most cost-effective source of power, taking into account the need to improve the balance of fuel diversity, reduce Florida's dependence on fuel oil and natural gas, reduce air emission compliance costs, and contribute to the long-term stability and reliability of the electric grid." §403.519(4)(b)3, Florida Statutes.

a. Cost Savings from Levy Units 1 and 2.

With the current but tentative selection of the Westinghouse AP1000 reactor design, PEF has the opportunity to take advantage of favorable equipment and other contract terms that occur because there are economies of scale from building successive nuclear units at the same site based on a common design. The economies of scale in procurement, engineering,

manufacture, and construction can be achieved if the second unit, Levy Unit 2, is constructed and placed in service within twelve (12) to eighteen (18) months of the first unit, Levy Unit 1.

The projected cost savings for the construction of Levy Units 1 and 2 reflect anticipated engineering and construction efficiencies, for example, for concurrent engineering and manufacturing of large, key components of the nuclear reactor and related support structures. If long lead time equipment for both units can be procured concurrently or consecutively, these economies of scale in engineering and manufacturing can be achieved. The back-to-back construction of Levy Units 1 and 2 also allows for the continuous mobilization of engineers and construction personnel for on-site engineering and construction of both nuclear units. PEF will therefore avoid de-mobilization and re-mobilization costs if the second nuclear unit is built consecutively with the first unit. PEF can also obtain cost savings from the continuous use of an experienced, efficient work force on both units. These are just a few examples of the engineering, construction, and operational efficiencies and economies of scale that will likely be achieved if Levy Unit 2 is constructed within a year of Levy Unit 1.

The resulting economic effect is a lower dollar per-kW cost for Levy Unit 2 than Levy Unit 1. Levy Unit 2 is expected to cost \$3,376/kW (summer basis, 2007\$), significantly less than \$5,144/kW (summer basis, 2007\$), the cost of Levy Unit 1 on a per-kW cost basis. Similarly, the fixed O&M cost for Levy Unit 2 is \$36.25/kW-yr (2007\$), which is \$15.54/kW-yr (2007\$) lower than the fixed O&M cost for Levy Unit 1. These cost savings from the construction of Levy Unit 2 within a year of Levy Unit 1 represent substantial economic benefits to PEF and PEF's customers. These cost savings were reflected in the

Company's economic evaluation of Levy Units 1 and 2 against an all natural gas reference case on a CPVRR basis using the Strategist model.

b. Production Tax Credit benefits.

Under EPACT, federal production tax credits were provided as an incentive for utilities to invest in nuclear power generation. These production tax credits are only available for the first few nuclear power reactors that are put into commercial operation. The production tax credit is \$0.018/kWH for the first eight years of the nuclear facility's operation, if the facility meets certain eligibility requirements and deadlines and is in service by January 1, 2021. PEF has conservatively estimated the value of the production tax credits for customers at \$88 million to \$167 million if Levy Units 1 and 2 are brought on line by 2016 and 2017. As indicated above, in the Company's initial economic evaluation of nuclear generation the economic value of these potential production tax credit benefits were included. In the Company's subsequent economic evaluation of nuclear generation against an all gas reference case the Company conservatively did not include this economic value in the Company's CPVRR evaluation. The production tax credit benefits, however, represent an additional (additive) potential benefit for PEF's customers.

In addition to the production tax credit benefits, EPACT provides utilities that develop and commence operation of new nuclear reactors DOE loan guarantees and DOE stand-by support. DOE stand-by support is a type of risk insurance. It is unclear at this time whether the DOE loan guarantees and stand-by support will be available to the Levy project. PEF continues to review whether such programs will be available.

c. Scenario Analysis Modeling with Levy Units 1 and 2.

The Company used the Strategist model to compare the relative economics of Levy Units 1 and 2 to the all natural gas reference case. The Strategist computer model is an economic simulation model of PEF's entire system that develops alternative forward looking resource expansion plans to address the Company's needs and develops cost comparisons of overall system economics in each scenario. The system economic comparison is developed within Strategist with an all-inclusive revenue requirements analysis to encompass operating costs for fuel and emission allowances (based on resource dispatch simulation), operating and maintenance costs, the cost of construction and capital, including debt service, taxes, depreciation and equity returns, and other relevant costs for comparison of alternatives. PEF normally performs Strategist studies for a thirty-year study period for resource decisions (e.g. contracts, peaking and combined cycle unit decisions) that have been considered over the past decade. Using this timeframe, the model covers ten years before the proposed nuclear units would come on line and therefore captures only twenty years of projected operation of the new units. In this case, PEF worked directly with New Energy Associates, the developer of the Strategist model, to extend the model beyond its typical thirty-year modeling period to a sixty-year modeling period. By extending the modeling period from thirty to sixty years, PEF was able to perform an extended CPVRR analysis to capture fifty of the expected sixty years of commercial operation of the two nuclear units rather than only the first twenty years of commercial operation.

The sixty-year portfolio development and simulation period was used because, while the initial license for the two nuclear units will be forty (40) years each, the accepted industry convention based on current practice and experience with existing, second generation nuclear power plants, is that the license can be extended an additional twenty (20) years. The sixty-

year period in the Strategist model, therefore, provides the best practicable method of capturing most of the economic benefits from the actual commercial operation of Levy Units 1 and 2. This is still a conservative analysis, however, because even with a sixty-year study period, the Strategist model is not capturing the last ten years of commercial operation of Levy Units 1 and 2 on PEF's system.

d. *The CPVRR Economic Analyses with Levy Units 1 and 2.*

Typically in the resource planning process to support a need determination, PEF would have a base case with various sensitivities to reflect changes in fuel or capital costs because the cost-effectiveness analysis was driven by the CPVRR determination. With the amendment of Section 403.519 to address nuclear fueled electrical power plants, however, economics alone no longer drives the cost-effectiveness determination. Rather, the Company must consider additional factors, which are discussed in more detail below, some which can and some which cannot be discretely evaluated on an economic basis. As a result, the Company's CPVRR analysis of Levy Units 1 and 2 must be expanded to account for these additional legislative considerations to the extent practicable in the Strategist model. The results of these CPVRR analyses are shown in Table 10 below.

Table 10. CPVRR of PEF Expansion Plan.

Levy 1&2 Nuclear Economic Benefits Assessment
Mid Reference Fuel and Fuel Sensitivities - Full Ownership
Comparison of Nuclear Expansion vs All Gas Reference Case
Base Year Cumulative PV Benefits (\$2007 in Millions)

Base Capital Reference Case	Low Fuel Reference	Mid Fuel Reference	High Fuel Reference
No CO ₂	(\$6,416)	(\$2,888)	\$2,635
Bingaman Specter CO ₂ Case	(\$3,834)	(\$343)	\$5,212
EPA No CCS CO ₂ Case	(\$2,684)	\$793	\$6,318
MIT Mid Range CO ₂ Case	\$85	\$3,614	\$9,077
Lieberman Warner CO ₂ Case	\$2,930	\$6,380	\$11,892

Table 10 represents the CPVRR analyses of the Resource Plan with Levy Units 1 and 2 compared to an all-natural gas reference resource plan over the Strategist sixty year production cost model period. These CPVRR analyses include the typical CPVRR economic evaluations and costs savings from the reduced price for the second unit, as well as the additional consideration of air emission compliance costs under the amended statutory need determination provision. As a result of these CPVRR analyses there were fifteen (15) different CPVRR scenarios. Because the Company's resource expansion plan with the nuclear generation alternative is more beneficial for customers on a CPVRR basis than an all natural gas generation resource plan in ten (10) of the fifteen (15) possible scenarios, it is the most economic generation alternative.

The CPVRR cases in Table 10 above include evaluations using the Company's low and high natural gas and oil fuel forecasts. The impacts of these evaluations are shown in

Table 10, above, in the far left vertical column (low fuel forecast) and the far right vertical column (high fuel forecast). The CPVRR cases also include evaluations of the impact of potential, future GHG regulations on the cost effectiveness of Levy Units 1 and 2. These impacts are shown in the five horizontal columns in Table 10 above.

The five GHG scenarios presented begin with a scenario where there is no GHG cost impact because there are currently no GHG regulations. Because some form of GHG regulation is likely in the future, and that such regulation would impose a cost for emissions of GHG gases in one way or another however, GHG cost scenarios have been included as a fundamental part of the analysis of cost-effectiveness. The timing and nature of future GHG regulation is at present uncertain, accordingly we elected to show a range of potential future costs for GHG to demonstrate the potential range of impacts on the economic analysis for the Levy units. These scenario ranges are drawn from various federal and state GHG regulations that have been proposed so far and other studies that have attempted to estimate what future GHG costs may be. From each of these sources, dollar per ton of CO₂, the principle GHG, were extracted and graphed and then several reasonable forecast estimates were selected for further study. The short-hand references to these cases are included to the left of the horizontal columns on Table 10 above. The collection of climate change studies reviewed to develop these representative case estimates are described in Mr. Kennedy's testimony.

From Table 10 above, in the event that natural gas prices fall in the future, as represented by the "low fuel" vertical column, the nuclear generation option is not cost-effective in the event that there is no carbon (GHG emission) regulation or in the event that such regulation falls within the low to mid-level GHG regulation projected cases. If, however, the more likely scenarios of future GHG regulation and/or future higher natural gas

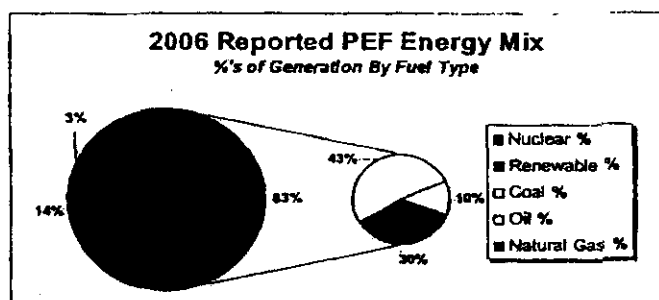
prices occur, the nuclear generation resource alternative is more cost-effective, in some cases (the high natural gas fuel cases, for example), dramatically more cost-effective than an all natural gas reference resource plan.

When potential GHG compliance costs are taken into account in PEF's CPVRR analyses, Levy Units 1 and 2 are more cost-effective than most of the all gas reference plan scenarios. The potential benefits for customers on a CPVRR basis for the ten (10) out of fifteen (15) scenarios where the nuclear generation resource alternative is more cost-effective than an all natural gas resource plan ranges from a low of \$85 million to a high of \$12 billion. Over the course of the expected 60-year life for Levy Units 1 and 2, then, the nuclear generation units are more cost effective than an all gas generation plan, in the Company's judgment, especially when the additional factors of fuel diversity and supply reliability, and long-term stability and reliability of the electric grid under the amended need determination provision are considered.

c. The Balance of Fuel Diversity.

Fuel diversity must also be considered in determining the cost-effectiveness of nuclear generation Section 403.519(4)(b)3. Fuel diversity refers to the Company's ability to reduce the impacts of price escalations in certain fuels by having available on the system additional generation or purchased power resources that use other fuels to produce energy. In other words, fuel diversity means the Company is not overly dependent on any one fuel type. PEF's generation system currently relies on a mixture of fuels to meet net energy load on the system. These fuels include oil, natural gas, coal, renewable fuels, and nuclear. Figure 7 below graphically shows PEF's current fuel mix to meet energy load.

Figure 7. PEF's 2006 Energy Mix.



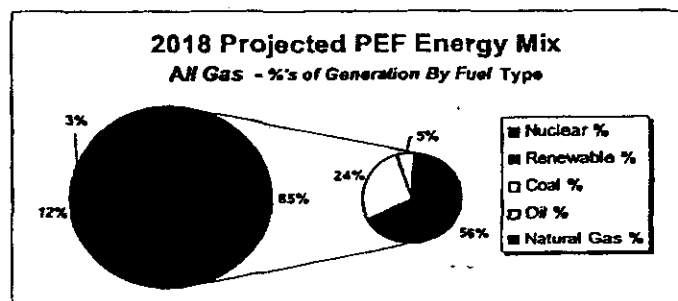
Fuel diversity is important not only because fuels have different prices but also because price volatility differs among fuels. Some fossil fuels, in particular natural gas and oil for example, are much more volatile in price than other fuels, such as nuclear fuel. More recently, natural gas prices have been even more volatile than was historically the case. Price escalations in natural gas and oil used for energy generation correspondingly cause an escalation in fuel costs that customers pay.

Physical conditions and weather can also influence the volatility of fuel prices. The volatility in natural gas prices for Florida utilities, for example, is influenced by the fact that Florida is a peninsula and natural gas transportation into the State is constrained. Similarly, Florida's location is subject to extreme weather conditions such as hurricanes. For example, the hurricanes in 2004 and 2005 demonstrated the vulnerability of the natural gas supply for PEF and other Florida utilities when natural gas supplies were temporarily precluded or disrupted by weather conditions and resulting damage caused by the storms. These supply disruptions naturally had an impact on fuel prices, causing the price of natural gas to increase dramatically. Nuclear fuel, on the other hand, is not subject to natural and physical

transportation constraints that can cause a further escalation in the price to Florida electric utilities. Nuclear fuel is added to the units during refueling outages, typically once every eighteen to twenty four months, and therefore an adequate fuel supply is available for an extended period of time. Further, the fuel supply for a nuclear unit is not subject to the same supply disruptions due to adverse weather conditions. As a result, the addition of nuclear generation, like Levy Units 1 and 2, reduces PEF's dependence on fuels that have a less reliable supply capability and thus, the reliability of the fuel supply to PEF's system will increase.

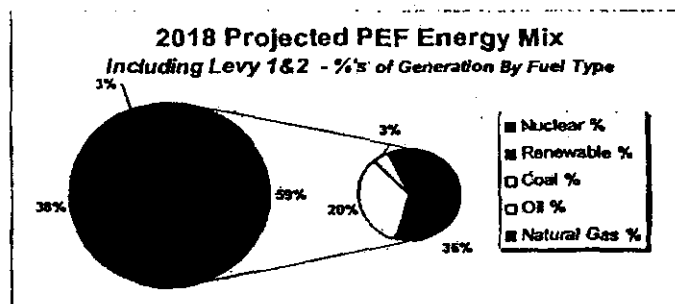
Adding additional nuclear fuel generation to meet net energy for load will increase PEF's fuel diversity. As demonstrated by Figure 8 below, without Levy Units 1 and 2, natural gas and oil will comprise 61 percent of PEF's energy mix to meet net energy load on its system by 2018 and nuclear will account for only 12 percent of the energy generation to meet load. Indeed, without Levy Units 1 and 2, by 2018, all fossil fuels will account for 85 percent of the energy generated on PEF's system.

Figure 8. PEF's 2018 Energy Mix Without Levy Units 1 and 2



With Levy Units 1 and 2, however, nuclear generation will contribute 38 percent of the total system energy to meet load in 2018. Coal-fired generation will fall by over one-half, from 43 percent today to 20 percent of PEF's total energy mix, and natural gas will contribute only 6 percent more to PEF's energy mix in 2018 than it does today and 20 percent less than what it would be without Levy Units 1 and 2. This is demonstrated by Figure 9 below.

Figure 9. PEF's 2018 Energy Mix With Levy Units 1 and 2



As a result of the addition of Levy Units 1 and 2 to PEF's system, PEF's reliance on natural gas (and other fossil fuel) generation to meet load will be reduced significantly, providing greater fuel diversity to PEF and its customers.

f. *The Reduction of Florida's Dependence on Fuel Oil and Natural Gas.*

Florida has no natural fuel resources of its own. PEF must rely on the supply of fuel from sources outside the State, including fuel sources from foreign countries. This is particularly true for oil, but also for natural gas too, especially in the future. While domestic natural gas production, such as from the Gulf of Mexico and Texas, is expected to continue to

be a substantial source of supply for PEF and other electric utilities in Florida in the future, the percentage of natural gas supply from foreign sources, such as LNG, is expected to grow. Indeed, LNG is projected to represent a significant portion of the United States gas supply for electric generation by 2030. Additionally, foreign coal suppliers, in particular suppliers of low sulfur coals, have become a significant contributor of coal to Florida utilities, including PEF. As a result, PEF and other Florida utilities will continue to depend on foreign fuel sources for oil, natural gas, and coal.

This dependence on foreign fuel resources can have an impact on the price of the fuel. Foreign fuel resources are further away and beyond the control of the utility and they are often impacted by economic and political instability in the countries where these resources exist. For example, 70 percent of the world's oil and gas is held by national (state-owned) oil and gas companies in countries such as in Russia, Qatar, and Iran. These countries are among those who control the majority of the world's natural gas reserves. These reserves are the source of the LNG that will be needed to meet electric generation needs in the United States in the future. This foreign fuel supply is beyond the control of the electric utility and subject to unexpected disruptions and price increases.

The addition of Levy Units 1 and 2 further reduces PEF's dependence on foreign fossil fuel suppliers. As indicated above, the raw uranium used in nuclear fuel is a relatively abundant mineral. It is also found in a number of places around the world, including the United States and Canada. Because uranium is a common mineral there is little risk that there will be an insufficient supply of it to meet current or future nuclear energy production needs. Further, because uranium can be widely found across the world there is little risk of any one country or area controlling sufficient quantities of the material in order to control prices. PEF

expects that there will be a sufficient supply of uranium and the conversion, enrichment, and fabrication services for processed nuclear fuel to meet the needs of Levy Units 1 and 2 at relatively reasonable prices.

g. The Reduction of Air Emission Compliance Costs.

Nuclear generation is a clean source of electric capacity and energy. The generation of electric energy from nuclear fuel produces no SO₂, NO_x, GHG, or other emissions. Fossil fuel and renewable fuel generation have some or all of these emissions. Nuclear generation therefore causes none of the environmental concerns caused by fossil fuel generation.

Current environmental requirements, like the Environmental Protection Agency (“EPA”) and Florida Department of Environmental Protection (“DEP”) Clean Air Interstate Rule (“CAIR”) impose significant emission requirements, and therefore substantial costs, on fossil fuel generation. Levy Units 1 and 2 will not be subject to the EPA and DEP CAIR rules because they will produce no emissions that those rules regulate. Levy Units 1 and 2 will therefore face none of the CAIR compliance costs that additional fossil fuel generation must face. This is true with respect to current and future mercury and other potentially hazardous chemical emission compliance costs too. Levy Units 1 and 2, therefore, will assist the Company in complying with existing environmental regulations by providing an alternative clean source of generation. This is an economic and environmental benefit from future nuclear generation.

Levy Units 1 and 2 will also enable the Company to prepare to meet more stringent environmental regulations in the future. Because of global warming concerns, the potential regulation of GHG currently is a matter of much political and regulatory discussion and debate. Some form of GHG regulation seems inevitable. Presently, there are a number of

proposals for the regulation of GHG, in particular, carbon dioxide ("CO₂"). These proposals include the GHG emission targets set by executive order by the Governor of Florida and the FEC's recommendations to the Florida Legislature to adopt those targets, as slightly modified only to extend the dates to meet the initial two targets. The proposals to regulate GHG, if implemented, will have a profound impact on a utility's assessment of the most cost effective alternative generation resource to meet future reliability needs.

Because nuclear generation does not involve the burning of carbon-based fuels it produces no GHG emissions. All fossil fuels, however, when burned to produce energy release carbon into the air in the form of CO₂. Carbon dioxide is a GHG, and GHG contribute to global warming. In fact, CO₂ is probably the most significant GHG, although there are other GHG emissions from burning fossil fuels.

The relative impact of nuclear generation compared to conventional fossil fuel generation on emissions can be demonstrated by comparing the emissions that nuclear generation will displace in one year compared to the production of the same amount of energy by fossil fuel generation resources. Levy Units 1 and 2, for example, will, in the course of a typical year during the first ten years of operation, displace or avoid 8.5 million tons of CO₂ emissions, up to 7,000 tons of SO₂, up to 3,400 tons of NO_x, and approximately 120 pounds of mercury when compared to the existing PEF generation system with an all gas reference expansion plan. Over the course of the study period (2016 – 2066), Levy Units 1 and 2, will displace or avoid an estimated 400 million tons of CO₂ emissions, 130 thousand tons of SO₂, 100 thousand tons of NO_x, and approximately 2000 pounds of mercury when compared to the existing PEF generation system with an all gas reference expansion plan.

As demonstrated by PEF's CPVRR analyses, under the majority of scenarios where there is a direct or indirect cost for GHG emissions, nuclear generation, which has none, is preferred over fossil fuel generation, all other factors being equal. Levy Units 1 and 2 are, therefore, reasonable, cost-effective generation alternatives to meet customer energy needs in the event of future GHG regulations.

h. – *The Contribution to the Long-Term Stability and Reliability of the Electric Grid.*

Levy Units 1 and 2 will operate nearly year-round, at a very high capacity factor, thus providing additional base load capacity to PEF's system and the Florida electric grid as a whole. Levy Units 1 and 2 will provide this additional, reliable base load capacity and energy through state-of-the-art, advanced nuclear generation technology. This additional, new base load technology will benefit PEF's customers and the State electric grid.

Technological advancements provide opportunities for relatively lower construction costs and greater efficiency in operation and thus lower maintenance costs. The Westinghouse AP 1000 design, which uses passive safety system designs and engineering simplicity that were not available in the second generation nuclear power plant designs like that employed at CR3, offers relatively lower construction and operation costs for Levy Units 1 and 2 compared to the conventional nuclear designs in the nuclear reactors operating today. For example, the AP1000 requires significantly less cable, valves, pumps and other equipment than the generation of nuclear reactors currently in operation. The more efficient design for the Westinghouse AP 1000 nuclear reactors will also mean greater operational reliability than what is expected from second generation nuclear power plants operating today. PEF and the

State electric grid will benefit from these technology advancements by receiving more reliable, efficient base load operation.

Additionally, the vintage of PEF's current base load generation runs from over twenty to nearly fifty years-old. By the time Levy Units 1 and 2 achieve commercial operation in 2016 and 2017, the vintage of PEF's existing base load generation units will be even older, ranging from over thirty to nearly sixty years old. Indeed, PEF's existing nuclear unit, CR3, is currently over 30 years old and it will be over 40 years old by the time Levy Units 1 and 2 come on line. Levy Units 1 and 2 provide the opportunity to add new base load generation with the most advanced, efficient nuclear generation technology available. The addition of Levy Units 1 and 2 will change the vintage of PEF's base load generation for the better, providing PEF and the State with more reliable, efficient base load generation.

i. *Alternative Cost Scenarios.*

As the Company has indicated, PEF has been in negotiations with the Consortium for more than a year on pricing and the terms and conditions of an EPC contract. The Consortium has provided PEF with site specific pricing for the project but EPC contract negotiations continue. PEF expects that a portion of the power plant costs will be based on firm prices. Even with these firm prices, however, the total cost will still represent a non-binding cost estimate that is subject to change over the course of time leading up to commercial operation of Levy Units 1 and 2.

This is the nature of nuclear generation development, especially when you further consider the unique nature of this project, which will require the construction of the first nuclear power plants on a Greenfield site in more than thirty (30) years in this country. The long-lead time necessary to site and obtain regulatory approvals for new nuclear reactors, in

addition to the time to design and construct them, precludes the Company from receiving anything more than a cost estimate and a non-binding one at that at this time, even though the Company is working with the best information available today.

--- Circumstances are likely to change as cost estimates are refined and costs are incurred over the next decade as the Company proceeds toward commercial operation of these units. These circumstances include the potential risk of permitting and licensing delays at the state and federal level, litigation delays at the state and federal level, labor and equipment availability, vendor ability to meet schedules, material and labor cost escalations, the possible imposition of new regulatory requirements, inflation or increases in the cost of capital, and the ability to acquire necessary rights-of-way in a timely manner for associated transmission facilities, among others. Given the risk that any one or more of these circumstances may occur over the next ten years, the actual cost to place Levy Units 1 and 2 in commercial operation may be higher than the current, non-binding cost estimate.

To account for the inherent uncertainty surrounding the cost of Levy Units 1 and 2, PEF also evaluated the units in the Strategist model using five, fifteen and twenty five percent cost increase cases, and a five percent cost decrease case, with and without the impact of anticipated GHG emission regulation cost impacts and using a mid-level fuel forecast. The results of these CPVRR analyses are shown in Table 11 below.

Table 11. Alternative Cost CPVRR Analyses.

Levy 1&2 Nuclear Economic Benefits Assessment
Sensitivities to Nuclear Plant Capital Costs - Full Ownership
Comparison of Nuclear Expansion vs All Gas Reference Case
Base Year Cumulative PV Benefits (\$2007 in Millions)

Capital Sensitivities Reference Case	LNP CapEx (5%)	Mid Fuel Reference	LNP CapEx 5%	LNP CapEx 15%	LNP CapEx 25%
No CO ₂	(\$2,365)	(\$2,888)	(\$3,400)	(\$4,434)	(\$5,469)
Bingaman Specter CO ₂ Case	\$109	(\$343)	(\$928)	(\$1,960)	(\$2,995)
EPA No CCS CO ₂ Case	\$1,207	\$793	\$172	(\$862)	(\$1,897)
MIT Mid Range CO ₂ Case	\$3,975	\$3,614	\$2,940	\$1,906	\$871
Lieberman Warner CO ₂ Case	\$6,674	\$6,380	\$5,640	\$4,605	\$3,571

As you can see from Table 11 above, the cost-effectiveness of the units is adversely impacted against an all natural gas generation scenario in each of the cost increase cases in the unlikely event of no future GHG emission regulation cost impacts. When the likely potential future GHG emission costs are considered in the analysis, however, the nuclear units are more cost-effective in all of the cost decrease cases and in seven (7) of the twelve (12) cost increase scenarios. Based on these cost sensitivity analyses, the generation resource plan with Levy Units 1 and 2 appears the most cost-effective plan when the likely range of GHG emission cost compliance is accounted for even with potential capital cost increases. This is demonstrated by Table 11 above. The Company concluded, therefore, that a generation resource plan that included Levy Units 1 and 2 was still the most cost-effective source of power to meet the Company's need in 2016 to 2019 and beyond, taking into account all of the factors that must be considered in evaluating new nuclear power plants under the amended legislation.

i. *Potential Joint Ownership Sensitivity*

The Company has been engaged in discussions with other Florida utilities to determine what interest may exist for joint ownership of the nuclear units being proposed. Depending upon the terms and conditions of any joint ownership agreement, a joint ownership arrangement might provide benefits to PEF customers by, among other things, spreading the capital risks associated with a project of this magnitude. As such, PEF ran a sensitivity analysis on potential joint ownership up to 20 percent. The relative economics for eighty (80) percent PEF ownership are included in Table 12 as sensitivity for review.

Table 12. CPVRR of PEF Expansion Plan. – 80% Ownership Basis

Levy 1&2 Nuclear Economic Benefits Assessment
Mid Reference Fuel and Fuel Sensitivities - 80% Ownership
Comparison of Nuclear Expansion vs All Gas Reference Case
Base Year Cumulative PV Benefits (\$2007 in Millions)

<i>Base Capital Reference Case</i>	<i>Low Fuel Reference</i>	<i>Mid Fuel Reference</i>	<i>High Fuel Reference</i>
<i>No CO₂</i>	<i>(\$5,566)</i>	<i>(\$2,725)</i>	<i>\$1,732</i>
<i>Bingaman Specter CO₂ Case</i>	<i>(\$3,530)</i>	<i>(\$733)</i>	<i>\$3,756</i>
<i>EPA No CCS CO₂ Case</i>	<i>(\$2,619)</i>	<i>\$171</i>	<i>\$4,631</i>
<i>MIT Mid Range CO₂ Case</i>	<i>(\$448)</i>	<i>\$2,403</i>	<i>\$6,790</i>
<i>Lieberman Warner CO₂ Case</i>	<i>\$1,799</i>	<i>\$4,594</i>	<i>\$9,018</i>

While the results are directionally similar, less than full ownership has the effect of reducing the negative results in some cases, but also reduces the positive effect of the more beneficial cases. If interest level in joint ownership continues to develop, more of the details will evolve for financing, cost sharing, and the other structural elements of the relationships.

V. CONCLUSIONS: THE NEED FOR LEVY UNITS 1 AND 2.

Levy Units 1 and 2 will be state-of-the art, highly efficient, environmentally clean sources of electrical capacity and energy for PEF and its customers. They will be located at a site specifically selected for the development of nuclear generation and therefore well-suited to accommodate Levy Units 1 and 2. Levy Units 1 and 2 will provide PEF's customers adequate, base load electricity at a reasonable cost from the lowest cost fuel resource currently available to the Company. Levy Units 1 and 2 are the most cost-effective generation alternatives available to the Company to meet its reliability need in 2016 to 2019 and beyond, taking into account the need to improve the balance of fuel diversity, reduce Florida's dependence on fuel oil and natural gas, reduce air emission compliance costs, and contribute to the long-term stability and reliability of the electric grid.

For these reasons, PEF seeks an affirmative determination of need for Levy Units 1 and 2 and associated transmission facilities to meet PEF's need for electric system reliability and integrity and to enable PEF to continue to provide adequate electricity to its customers at a reasonable cost. PEF decided to seek this need determination approval only after conducting a rigorous internal review of supply-side and demand-side options, including renewable fuel generation options. The need for additional generating capacity in the time

period 2016 to 2019 and beyond cannot be cost-effectively deferred or avoided by additional demand-side options or renewable generation resources.

The addition of Levy Units 1 and 2 is necessary for the Company to meet its commitment to provide an adequate and reliable power supply. Levy Units 1 and 2 will allow the Company to satisfy its Reserve Margin planning criterion while maintaining an appropriate level of physical reserves for the PEF system.

Levy Units 1 and 2 are expected to be highly efficient, state-of-the-art, advanced passive light water nuclear power units with no adverse environmental emissions. Levy Units 1 and 2 will rely on nuclear fuel, which is the cleanest and most environmentally friendly fuel in terms of emissions that can be used today. Levy Units 1 and 2 will meet the Company's need to be able to provide adequate electric service at a reasonable cost to its customers.

VI. ADVERSE CONSEQUENCES OF NOT BUILDING LEVY UNITS 1 AND 2

If the need determination for Levy Units 1 and 2 is delayed or denied, the implementation of this project certainly will be delayed, it may be terminated, and PEF's future development of nuclear generation in Florida may need to be reconsidered.

PEF must proceed with the need determination at this time to remain on schedule. Nuclear generation units require considerably more time to site, obtain various regulatory approvals, design, engineer, and construct than other potential generation alternatives. The entire process is conservatively estimated to take ten years. PEF must, therefore, obtain a need determination at this time to begin the site certification process and the procurement process for long lead items and engineering work to ensure that the nuclear units will be completed in time to meet the Company's reliability need in the summer of 2016 and the

summer of 2017, respectively. PEF must also obtain a need determination at this time to begin the site certification and the specific routing, design and construction process supporting the transmission system upgrades required to support the commercial operations dates for Levy Units 1 and 2 in the summer of 2016 and the summer of 2017, respectively.

If there is a delay in the determination of need for Levy Units 1 and 2, PEF will not be able to satisfy its minimum 20 percent Reserve Margin planning criterion by the summers of 2016 and 2017 with nuclear generation. If other generation options are considered to meet the Company's reliability need in the same time frame, the Company may have to reconsider the development of additional nuclear generation facilities to meet future customer needs. Further, if PEF's need determination for Levy Units 1 and 2 is denied or delayed in all likelihood that will mean the construction of additional natural gas-fired combined cycle generation units in this time frame to meet customer reliability needs. The resulting generation mix will only expose PEF's customers to greater volatility in fuel costs and potentially more and more significant fuel supply disruptions.

If the Company must reconsider its plans to develop additional nuclear generation, PEF's customers would lose the benefits of reliable, efficient and cost-effective, base load nuclear generation. Without the commercial operation of Levy Units 1 and 2 in the 2016 to 2017 period, PEF's system will be less fuel diverse and more dependent on fossil fuel generation and foreign fuel supply resources to satisfy the energy demands of customers. As a result, PEF's customers likely will be subject to higher and more volatile fuel costs as higher cost fossil generation units or purchased power are used to meet their electrical power needs. PEF's customers will also potentially lose the benefits of the production tax credits and other financial benefits that EPACT provides for the first wave of new nuclear generation facilities.

Appendix C - LNP Integrated Master Plan

REDACTED

Progress Energy		LNP INTEGRATED MASTER PLAN										REV: 2 3/7/08 Approved: Garry L. L. - GANFO NGG	
PROJECTS		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		
LICENSING & PERMITTING	CCLE	Submitted	2008 Review	2009	2010	2011	2012	2013	2014	2015	2016	2017	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	

**PEF's response to
Staff's First Set of Interrogatories
(Nos. 1 - 26)
in Docket No. 080009-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant Cost
Recovery Clause

Docket No. 080009-EI


Submitted for Filing: June 23, 2008

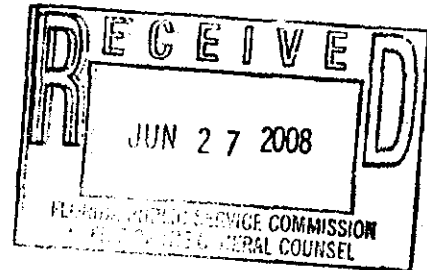
**PROGRESS ENERGY FLORIDA, INC'S
NOTICE OF SERVICE OF RESPONSES TO
STAFF'S FIRST SET OF INTERROGATORIES (NOS. 1-26)**

Progress Energy Florida, Inc. hereby gives notice of service of Progress Energy Florida's responses to Staff's First Set of Interrogatories Nos. 1-26 via electronic delivery and U.S. Mail to Lisa Bennett/Jennifer Brubaker, Staff Counsel, in accordance with the March 31, 2008 Order Establishing Procedure.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via U.S. Mail this 23rd day of June, 2008.


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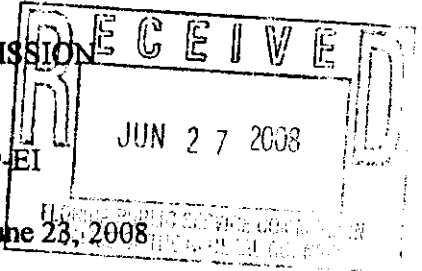
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In re: Nuclear cost recovery clause.

DOCKET NO. 080009-EI

Submitted for filing: June 23, 2008

**PROGRESS ENERGY FLORIDA'S RESPONSES TO STAFF'S
FIRST SET OF INTERROGATORIES (Nos. 1-26)**

Progress Energy Florida, Inc., ("PEF" or "Company"), responds to Staff's First Set of Interrogatories (Nos. 1-26), as follows:

INTERROGATORIES

1. In responding to this interrogatory, please refer to Exhibits LC-1, LC-2, & LC-3 of the direct testimonies Lori Cross dated May 1, 2008 filed in this docket. Please provide a schedule that shows the capital structure, components, and cost rates relied upon for calculating the revenue requirement rate of return. Please include in this schedule the derivation of all the debt and equity components used in these Exhibits. (Example: Return on Average Net CWIP Investment, lines 6 (a), (b), and (c) on Exhibit (LC-2). Please cite all sources and include the rationale for using the particular capital structure and cost rates.

Answer

As provided for in Rule 25-6.0423 (5)2(b)1, "for power plant need petitions submitted on or before December 31, 2010, the associated carrying costs shall be computed based on the pretax AFUDC rate in effect on June 12, 2007." The capital structure, components, and cost rates relied upon for calculating the revenue requirement rate of return came from the determinations of jurisdictional separation study prepared in compliance with the settlement agreement approved by commission order PSC- 05-0945-S-EI in docket 050078-EI. Please see Attachment A for the support for the approved pre-tax debt and equity rate of 2.03% and 11.10%.

2. In responding to this interrogatory, please refer to Appendix A in Exhibit LC-1 of the direct testimony of Lori Cross dated May 1, 2008 filed in this docket. Please provide a schedule that shows the capital structure, components, and cost rates relied upon for calculating the revenue requirement rate of return. Please include in this schedule the derivation of all the debt and equity components used in Appendix A. (Example: Return, lines 12 (a) and (b) on Appendix A. Please cite all sources and include the rationale for using the particular capital structure and cost rates.

Answer

The capital structure, components, and cost rates relied upon for calculating the revenue requirement rate of return came from the determinations of jurisdictional separation study prepared in compliance with the settlement agreement approved by commission order PSC- 05-0945-S-EI in docket 050078-EI. Please see PEF's response to OPC's Request for Documents No. 37 for supporting documentation.

3. For each project PEF has included or intends to include for recovery in the Nuclear Cost Recovery Clause (NCRC), list and describe all program management and oversight controls PEF has implemented, or plans to implement. Include in your response, the date such program management and/or control was or will be implemented. Also identify the document that memorializes the specific program management and/or oversight control.

Answer:

1. Progress Energy Project Management Manual – NGGM-PM-0018. Revision 5 was approved in May 2008. This document has been in place since early this decade.
2. Major Capital Projects – Integrated Project Plan ADM-SUBS-00080 Issued in January 2008
3. Project Evaluation and Authorization Process ACT-SUBS-00261 In place for many years
4. Progress Energy Project Governance Policy ACT-SUBS-00335 In place for many years

These documents were produced in response to OPC Request for Production No. 54.

4. Describe the review process, if any, which PEF uses to verify that the program management and oversight controls identified in response to interrogatory 3 are effective.

In responding to this interrogatory, include the current year review process and describe any future year auditing processes PEF has implemented or plans to implement.

Answer:

PEF uses internal auditing to verify that its program management and oversight control are effective. On December 28, 2007, an audit was completed regarding the effectiveness of project management and cost management for the CR3 Uprate project. This confidential audit report, and associated workpapers, were produced in response to OPC's Request for Production No. 12. There are other internal audits scheduled for 2008 through 2010. These audits are listed on Attachment B, which was previously produced in response to Audit Request DR-1, 8b and DR-4, 16.

In addition to these auditing procedures, please see the project management policies themselves, produced in response to OPC Request for Production No. 54, as these policies contain their own mechanisms to ensure that they are effective.

5. For each project PEF included or intends to include in the NCRC, list and describe all accounting and costs oversight controls PEF has implemented, plans to implement, the date such accounting and/or cost oversight control was (will be) implemented, and the document that memorializes the specific accounting and/or costs oversight control.

ANSWER:

PROJECT ACCOUNTING CONTROLS

Project Set-Up

Approval and Authorization of Projects - Projects are determined to be capital by the justifications documented in PowerPlant or as documented in the signed Business Analysis Package (BAP) and/or Project Authorization Form (PAF) that is maintained by the Business Units. The data on the justifications tab and other supporting documentation are reviewed and approved by the Business Services Manager, or delegee, based on knowledge received from the Business Services or Project Management Analyst to ensure project is properly classified as Capital, eligibility for AFUDC correct, and that disposals/retirements are identified. Supporting documentation is maintained within Business Services or with the Project Management Analyst. Business Services personnel, and selected other personnel (project management analysts), are allowed access to set-up new projects in Oracle or make changes to existing project estimates in PowerPlant. The Oracle and PowerPlant system administrators review the transfer and terminations information provided by HR each pay period and take appropriate action regarding access as outlined in the Critical Application Access Review Process Policy.

An analyst in Power, Plant, and Materials ("PPM") Accounting must review and approve each project set up before it can receive charges. All future status changes are made directly in PowerPlant by a PPM analyst based on information received by the Business Services Analyst or the Project Management Analyst.

Three-Phase Approval and Authorization - Per corporate policy all projects equal to or exceeding \$250,000 require completion of the Three-Phase project evaluation form. Three-Phase procedures Authorization levels are based on projected project spending.

Delegation of Approval - To ensure that all new projects have been reviewed each month, Finance Management reviews a report of all projects set up during the month prior to month-end close for any project that was not approved by them in the system at set up. If the manager does not delegate approval authority and approves all projects in PowerPlant upon set up, this activity is not required.

Project Monitoring

Monthly Review of Project Charges - Responsible operations managers and Finance Management for the organization review various monthly cost and variance analysis reports for

the capital budget. Variances from total budget or projections are reviewed, discrepancies are identified and corrections made as needed. Journal Entries to projects are prepared by an employee with the assigned security, and it is approved in accordance with the Journal Entry Policy. Accruals are made in accordance with PGN policy.

The specific reports used are the Cost Management Reports produced by Accounting. Business Services may produce various levels of reports driven by level of management, but all reporting is tied back to the Cost Management Reports which are tied back to Legal Entity Financial Statements. The following table summarizes the hierarchy of reviews (all business units perform the first three levels of reviews; the Project Cost Reports review is customized to each Business Unit):

<u>Report</u>	<u>Brief Description</u>	<u>Reviewed By</u>
COO Report	Summary of Current Year Capital Charges vs. Budget and Projections	COO, other SMC members
Monthly Cost Reports and Financial Summaries	Summary of Current Year Capital Charges vs. Budget and Projections	Business Unit Managers, Business Unit Executives
Monthly Departmental Cost Reports	Various Capital Reports by Department	Financial Analysts, Section/Department Managers
Project Cost Reports	Transactions Charged to Projects	Project Managers

Review of Sample of Project Charges - A risk based monthly review of transactions is performed by the PPM unit to ensure charges are properly classified as capital. Business Services is responsible for answering questions and making necessary corrections as they arise to ensure compliance.

DISBURSEMENT SERVICES CONTROLS

A requisition is created in the Passport Contracts module for the purchase of services. The requisition is reviewed by the appropriate Contract Specialist in Corporate Services, or field personnel in the various Business Units, to ensure sufficient data has been provided to process the contract requisition. The Contract Specialist prepares the appropriate contract document from pre-approved contract templates in accordance with the requirements stated on the contract requisition.

The contract requisition then goes through the bidding or finalization process. Once the contract is ready to be executed, it is approved online by the appropriate levels of the approval matrix as per the Approval Level Policy and a contract is created.

Contract invoices are received by the project managers in the Business Units of Progress Energy Florida, Progress Energy Carolina, and Progress Energy Service Company. The invoices are

validated by the project manager and Payment Authorizations approving payment of the contract invoices are entered and approved in the Contracts module of the Passport system.

REGULATORY ACCOUNTING CONTROLS

The journal entries, along with the summary sheets and the related support, are reviewed in detail and approved by the Manager of Regulatory Accounting, per the PGN Journal Entry policy. The detail review and approval by the Manager of Regulatory Accounting ensure that deferred pass through clause transactions are identified, accurate, processed and accounted for in the appropriate accounting period.

Analysis is performed monthly to compare actuals to projected (budgeted) expenses and revenues for reasonableness. If any errors are identified, they are corrected in the following month.

For accounts established with Regulatory Accounting as the responsible party, a Regulatory Accounting member will reconcile the account on a monthly or quarterly basis. This reconciliation will be reviewed by the Manager of Regulatory Accounting to ensure that the balance in the account is properly stated and supported and that the reconciliations are performed regularly and exceptions are resolved on a timely basis.

The review and approval will ensure that regulatory assets or liabilities are recorded in the financial statements at the appropriate amounts and in the appropriate accounting period.

FINANCIAL REPORTING CONTROLS

Income Statement

PEF Assistant Controller group Analyst prepares monthly variance analysis for Income Statement budget-to-actual costs. The Assistant controller or delegate reviews and approves the analysis. Explanations are provided to management for significant or unusual variances of \$1M or greater. This analysis is due on Day 6.

Balance Sheet

PEF Assistant Controller group Analyst prepares monthly variance analysis for the Balance Sheet Current Period vs. Prior Year End. The Assistant controller or delegate reviews and approves the analysis. Explanations for variances that are 25% of a category or \$10M or greater are provided to management. Variance less than \$1M are not explained regardless of %. This analysis is due on Day 9 for the quarters (may be later on the off quarters).

All applicable balance sheet accounts are reconciled and approved in accordance with the PGN Account Reconciliation Policy.

Please see Attachment C, which includes all Policies and Procedures related to these controls.

6. Describe the review process, if any, that the Company uses to verify that the accounting and costs oversight controls identified in response to interrogatory 5 are effective.

ANSWER: Our assessment of effectiveness of controls was based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). All tests of controls were conducted by the Audit Services Department, and conclusions on the results were reviewed and approved by both the Steering Committee and Compliance Team chairpersons. Based on these reviews, Progress Energy's management has determined that Progress Energy maintained effective internal control over financial reporting and identified no material weaknesses within the required Sarbanes Oxley controls during 2006 and 2007. Deloitte and Touche, Progress Energy's external auditors, also has determined that the Company maintained effective internal control over financial reporting during 2006 and 2007. Refer to Item 9A of 2006 and 2007 Progress Energy Form 10-K Annual Report.

Progress Energy management also evaluated the effectiveness of internal controls for the first quarter of 2008 and concluded that there has been no change that has materially affected or is likely to materially affect its internal control over financial reporting during the quarter. Refer to Item 4.T of March 31, 2008 Progress Energy Form 10-Q Quarterly Report.

7. Please describe the process PEF has traditionally used, prior to passage of 366.93, F.S., for identification of and recording of operation and maintenance (O&M) expenses for activities directly associated with major projects such as power plant and transmission line construction.
- a. Describe all revisions and changes to PEF's traditional process, if any, developed and included in PEF's pre-filed testimony and schedules. Include in your response the identification and description of each revised accounting and cost oversight control procedures and guidelines.
 - b. If PEF has revisions and changes, how much would PEF's requested amounts for 2007, 2008, and 2009 change absent such revisions or changes? Include in your response copies of all schedules impacted by the revisions and changes described.

ANSWER:

PEF has not changed its process for the recording of O&M expenses. Prior to the passage of 366.93 F.S., PEF traditionally expensed O&M to the appropriate FERC Account and PEF still continues to do so. However, to aid in the identification of incremental O&M expenses associated with Nuclear cost recovery, PEF has established a separate FERC sub-account.

- a.) After approval of FPSC Rule No. 25-6.0423 and development of the NFR schedules, PEF developed a formal approval form "O&M Recoverability Approval Form" that is being used to document facts and provide justification in order to appropriately determine recoverability of incremental O&M through the Nuclear cost recovery rule.
- b.) As stated above, PEF has not changed its process for the recording of O&M expenses but we have enhanced our process for identifying O&M related to Nuclear cost recovery. Therefore, as a result of those changes, there is no change to the 2007, 2008 and 2009 amounts that PEF has requested for recovery.

8. Please describe the process PEF uses or plans to use to identify, calculate, and separate the O&M expenses pertaining to the projects included in the Nuclear Cost Recovery Clause from similar activities whose expenses are not recovered through NCRC or other clauses.

ANSWER:

As indicated in response no. 7, PEF has established unique FERC sub-accounts to track O&M expenses pertaining to the CR3 Uprate project. PEF will also be identifying these expenses by using unique Project numbers which will be set up to capture only CR3 Uprate recoverable expenditures.

9. Please describe the process PEF uses or plans to use to identify, calculate, and separate the O&M expenses pertaining to the Levy Units 1&2 Project from those associated with the Uprate Project.

ANSWER:

Please see PEF's response to Interrogatories 7 and 8.

10. Please describe the process PEF uses or plans to use to identify and separate the Levy Units 1&2 and Uprate Project O&M expenses as Pre-Construction or Construction costs.

Answer:

PEF does not plan to segregate CR3 Uprate Project O&M expenses as either Pre-Construction or Construction. The cost categories as defined in Rule 25-6.0423 are intended to define and segregate capital costs into 3 buckets: site selection, pre-construction, and construction. These are specifically addressed because the rule establishes alternative recovery mechanisms for these capital costs. These alternative recovery mechanisms are different than how capital costs are traditionally recovered through clauses in the past.

PEF believes that the legislation and the rule provides for recovery of all costs associated with the construction of new nuclear and integrated gasification combined cycle power plants including O&M expenses that are not being recovered through base rates or another cost recovery mechanism. The statute includes the following definition of costs:

""Cost" includes, but is not limited to, all capital investments, including rate of return, any applicable taxes, and all expenses, including operation and maintenance expenses, related to or resulting from the siting, licensing, design, construction, or operation of the nuclear or integrated gasification combined cycle power plant."

This language clearly includes Operating and Maintenance expenses in the definition of costs covered by the rule. O&M costs are traditionally recovered as period costs and PEF believes that the statute and the rule provides for these costs to be recovered as period costs through the Capacity Cost Recovery Clause through the Nuclear Cost Recovery rule. This is consistent with the treatment of O&M costs in PEF's NFR schedules.

11. How does PEF identify and segregate transmission site selection activities and associated costs from construction activities and associated costs for:

- a. Nuclear
- b. Non-Nuclear

ANSWER:

PEF does not anticipate incurring any transmission costs associated with the CR3 Uprate project; therefore, this interrogatory does not apply to this docket.

12. How does PEF identify and segregate transmission pre-construction activities and associated costs from construction activities and associated costs for:

- a. Nuclear
- b. Non-nuclear

ANSWER:

PEF does not anticipate incurring any transmission costs associated with the CR3 Uprate project; therefore, this interrogatory does not apply to this docket.

13. Please state PEF's definition of site selection costs for purposes of this Clause.

Answer:

The interrogatory question is not applicable to Docket No. 080009 because PEF has not incurred any site selection costs for the CR3 Uprate project. However, in accordance with Rule 25-6.0423 (2)h., site selection costs are defined as "Site selection costs and pre-construction costs include, but are not limited to: any and all costs associated with preparing, reviewing and defending a Combined Operating License (COL) application for a nuclear power plant; costs associated with site and technology selection; costs of engineering, designing, and permitting the nuclear or integrated gasification combined cycle power plant; costs of clearing, grading, and excavation; and costs of on-site construction facilities (i.e., construction offices, warehouses, etc.)." In addition, pursuant to Rule 25-6.0423(2)(e) and (f), site selection costs are those costs incurred prior to the filing of the need determination petition. Thus, the date of the filing of the need petition determines the classification of the cost as site selection.

14. Please state PEF's definition of pre-construction costs for purposes of the NCRC.

- a) Additionally, describe PEF's criteria used to determine when costs for activities begin to be classified as pre-construction and when costs are no longer classified as pre-construction costs?
- b) Additionally, describe PEF's basis for reporting O&M expenses separate from pre-construction expenses?

Answer:

The interrogatory question is not applicable to Docket No. 080009 because PEF has not incurred any pre-construction costs for the CR3 Uprate project. However in accordance with Section 1 (g) of the rule, PEF defines the pre-construction costs as "those costs that are expended from the date that a site has been selected up to and including the date that the site clearing work has been completed". Section 1 (e) of the above referenced rule states that a site will be deemed to be selected upon the filing of a petition for determination of need.

Section 1(h) further defines pre-construction costs to "include, but are not limited to: any and all costs associated with preparing, reviewing and defending a Combined Operating License (COL) application for a nuclear power plant; costs associated with site and technology selection; costs of engineering, designing, and permitting the nuclear or integrated gasification combined cycle power plant; costs of clearing, grading, and excavation; and costs of on-site construction facilities (i.e., construction offices, warehouses, etc.)."

(a) Pursuant to Rule 25-6.0423(2)(e) and (f), site selection costs are those costs incurred prior to the filing of the need determination petition. Thus, the date of the filing of the need petition determines the classification of the cost as site selection. Costs incurred after this point in time, until site clearing has ended, are classified as pre-construction costs.

(b) Please see PEF's response to Interrogatory 10.

15. For purposes of the NCRC, please provide a detailed explanation of how PEF proposes to establish that site clearing activity has ended.

- a) Describe PEF's criteria for determining when site clearing for a project ends.
- b) Describe PEF's criteria for determining when site clearing for associated facilities ends.
- c) Why does PEF believe the criteria for determining the end of site clearing activities are reasonable and consistent with both 366.93, F.S and Rule 25-6.0423, F.A.C.?

Answer:

The interrogatory question is not applicable to Docket No. 080009 because PEF will not be doing any site clearing for the CR3 Uprate project. However, in general, site clearing work will be completed when the types of costs defined as pre-construction costs in Rule 25-6.0423(2)(h) have been completed.

16. Please state PEF's definition of construction costs for purposes of the NCRC. Include in the response why PEF believes the definition is reasonable and consistent with both 366.93, F.S and Rule 25-6.043, F.A.C.

Answer:

In accordance with Rule 25-6.0423 (2)i, construction costs are defined as "costs that are expended to construct nuclear generation or integrated gasification combined cycle power plant including, but not limited to, the costs of constructing power plant building and all associated permanent structures, equipment and systems."

For the purposes of the CR3 Uprate project, PEF is categorizing all costs incurred on this project as construction costs. The types of costs that will be incurred include Project management and Power Block Engineering and Procurement as defined in Schedule AE-6A of Exhibit (LC-2).

PEF believes that this is consistent with both the statute and the rule.

17. Please state the criterion PEF believes determines when alternative cost recovery through the NCRC ends for associated facilities that begin commercial service prior to the balance of the project. Include in the response why PEF believes the criteria are reasonable and consistent with both 366.93, F.S and Rule 25-6.043, F.A.C.

Answer:

Pursuant to Section 366.93(1)(d), a nuclear power plant is an electrical power plant as defined in Section 403.503(13) that uses nuclear fuel. Pursuant to the Power Plant Siting Act, Section 403.503(13), "electrical power plant" can include associated facilities, as well as associated transmission lines which connect the power plant to an existing transmission network. Section 366.93 and Rule 25-6.0423 provide for the recovery of costs incurred in the siting, design, licensing, and construction of a nuclear power plant. Thus, the determinative date for the end of NCRC recovery for all costs of the nuclear power plant, as defined by Section 366.93(1)(d) and 403.503(13), is when the nuclear power plant is included in base rates pursuant to 366.93(3) and Rule 25-6.0423(7)(c).

18. Please refer to each schedule AE-4 filed May 1, 2008.

- a) Under what conditions, facts, or circumstances does PEF believe it is appropriate to include in the calculation of jurisdiction revenue requirements the cost of short-term commercial paper rate interest on the itemized O&M amounts that may appear on schedule AE-4.
- b) List all instances and identify the documents where PEF was authorized by the Commission to record the cost of short-term commercial paper rate interest on O&M expenses for siting, licensing, designing, construction or operation of a new transmission facility or a new power plant within the past 10 years and that was not part of a clause true-up provision.
- c) List all documents that show PEF incurred or expects to incur short-term commercial paper rate interest on O&M expenses for the Crystal River Unit 3 Uprate project.

Answer:

a) In 2008, the O&M costs are not in rates and as such it is appropriate to calculate a carrying cost on the balance of uncollected costs. In 2009 the costs are rolled into the Capacity Cost Recovery Clause (CCRC), and as such, an interest rate will be calculated on the under or over recovered amount as part of the CCRC annual process.

b) No instances were authorized by the commission to record such O&M costs for siting, licensing, designing, construction or operation of a new transmission facility or a new power plant within the past 10 years and/or were not part of a clause true-up provision.

c) There are no documents to provide in response to this question. However, to the extent that PEF expends funds for incremental O&M costs that are not in, and upon which there is no recovery in, base rates, then PEF will have a higher outstanding debt balance than it would otherwise have had and PEF will incur financing charges on that outstanding debt.

19. Witness Lori Cross' May 1, 2008, direct testimony on the Crystal River Unit 3 Uprate Project, for year 2008, at page 6, and also for 2009, at pages 6-7, discusses inclusion of base rates revenue requirements for plant in service in the Capacity Cost Recovery Clause until the Crystal River Unit 3 Uprate Project is completed. On line 23 of schedule P-6 sponsored by witness Lori Cross in Docket No. 080149-El, In re: Petition to establish discovery docket regarding actual and projected costs for Levy nuclear project, by Progress Energy Florida, Inc., PEF is projecting transmission "clearings" in 2009.

- a) Is it PEF's intent to include base revenue requirements for plant in service that occurs prior to the Levy Project becoming fully commercially operational?
- b) What is PEF's understanding of the purpose and scope of 25-6.0423(7), F.A.C.?
- c) Why does schedule P-6, for Levy Units 1&2 show amounts "clearing" at line 23 and no corresponding amounts are shown in schedules P-2 or P-3?

Answer:

PEF does not anticipate incurring any transmission costs associated with the CR3 Uprate project; therefore, this interrogatory does not apply to this docket.

20. In responding to this interrogatory, please refer to the May 1, 2008 direct testimony of Dale Oliver in support of site selection costs, which testimony is filed in Docket 080149-EI, In re: Petition to establish discovery docket regarding actual and projected costs for Levy nuclear project, by Progress Energy Florida, Inc. Explain and contrast PEF's definitions and methods used to identify and segregate site selection transmission costs as follows:

- a) Please state witness Oliver's definitions and methods used to identify and segregate costs for transmission site selection costs as addressed by Witness Oliver in his testimony from site selection costs incurred for other projects not included in the NCRC.
- b) Please state witness Oliver's definitions and methods used to identify and segregate costs for future transmission rights-of-way acquisition expenses pertaining to the Levy Units 1&2 Project from similar costs incurred for other projects.

ANSWER:

This interrogatory relates to Docket 080149 and is the same as Interrogatory 22 in a pending set of interrogatories in that docket. PEF will therefore provide this response in that docket.

21. According to PEF's schedule TOR-4, attached as Exhibit LC-3 to the direct testimony of Lori Cross filed May 1, 2008, PEF reports zero O&M expenses during 2006 and 2007. According to PEF's schedules AE-4 and P-4 attached to the direct May 1, 2008 direct testimonies of witness Cross, PEF reports non-zero O&M expenses during 2008 and 2009 for accounting, corporate planning, IT and telecommunications, and Project Assurance. Please explain the events that resulted in PEF beginning to incur such O&M expenses January 2008, for each of the administrative and general activity costs associated with the Crystal River Unit 3 Uprate Project.

Answer:

As indicated in footnote (2) of Schedule T-5, "PEF did incur O&M costs in base rates during 2007; however, financial procedures to capture these costs were not put into effect until January 2008." As of January 1, 2008 procedures were in place to capture and separately track these expenses, therefore the Company included these incremental O&M expenditures in schedule TOR-4 seeking recovery.

Please see PEF's response to Interrogatory No. 10, for further explanation of the Incremental O&M process.

22. In responding to this interrogatory, refer to witness Daniel L. Roderick's direct testimony in support of projected costs filed May 1, 2008 in Docket No. 080009-EI, In re: Nuclear Cost Recovery Clause and witness Daniel L. Roderick's direct testimony in support of actual/estimated costs, filed May 1, 2008 in Docket No. 080149-EI, In re: Petition to establish discovery docket regarding actual and projected costs for Levy nuclear project, by Progress Energy Florida, Inc. At page 11 of witness Roderick's testimony in Docket No. 080009, he identifies an Integrated Project Plan (IPP) as a new, refined process for gaining management approval for non-routine capital projects in excess of \$50 million. In Docket No. 080149-EI, witness Roderick testified that PEF revised its Business Analysis Package that is used to test the feasibility of the Levy nuclear project.

- a) Why did PEF find it necessary to modify its existing Business Analysis Package (BAP) process?
- b) Why is an IPP more appropriate for the Uprate project than the revised BAP?
- c) How often is the IPP revised and what are the conditions or factors that trigger a revision of the IPP?
- d) What process, including but not limited to the IPP, is used by PEF's management to assess the continuing viability of the Crystal River Unit 3 uprate project including associated facilities?
- e) What are the primary areas of interest or conditions that could cause the Crystal River Unit 3 Uprate Project and associated facilities to no longer be viable or feasible?
- f) How does PEF's response to (e) above, address matters identified in response to question (d) above?

Answer:

- a) The purpose of a Business Analysis Package (BAP) is to gain approval of a particular piece or portion of a project. While it is comprehensive in subject matter, it is generated from a single business unit or organization. In contrast, the Integrated Project Plan (IPP) is developed farther along in the process, and PEF uses the input of all the impacted business units or organizations. The purpose of the IPP is to govern the overall process flow and expectations for managing Major Projects (>\$50 million). Each impacted operating company / business unit is required to integrate their respective project plans and business case analyses for funding approval at each major milestone throughout the project lifecycle. The IPP process allows management to better manage the risk of the

project based on pre-identified project milestones. While a BAP is appropriate in some instances, the IPP is project-wide.

- b) The IPP is reviewed quarterly by senior management and the project is greater than \$50 million.
- c) The IPP is revised based on the following thresholds:
 - Project costs change +/- 5% AND by \$5 million for:
 - Total project cost
 - Milestone funding to date
 - OR
 - Annual budget
 - OR
 - Schedule change impacting the resource plan
- d) There is a monthly Finance Committee meeting to review and analyze project cost and progress. There are also frequent Management Business Review meetings to discuss, analyze, and review the status of the Uprate Project. In addition, as discussed on pages 12-13 of Mr. Roderick's testimony, senior management is and will be updated following certain project milestones.
- e) There is no way to predict every condition or event that could cause the CR3 Uprate project to no longer be feasible. The determination of viability and feasibility is a multi-faceted process and must consider all relevant factors at a given time in the project schedule. The consideration of these factors necessarily depends not only on what the factors are but also when those factors occur. As stated in Mr. Roderick's testimony, at this time, PEF has no reason to believe the CR3 Uprate project will not be feasible.
- f) Part of the purpose of the processes identified in (d) is to assess project viability/feasibility.

23. On page 6 of the May 1, 2008, direct testimony of Witness Lori Cross in support of the estimated/actual costs, witness Cross states "Due to the relatively small nature of the dollars associated with this phase of the project and for purposes of administrative efficiency, PEF proposes to recover the revenue requirements on these costs through the Capacity Cost Recovery Clause until the remaining phases of the project go in service."

- a) Regarding the "relatively small nature" of the base rates revenue requirements proposed to remain in the Clause, how large would the amount have to become for the base rates revenue requirements to be moved out of the Clause?
- b) Explain where 366.93, F.S., establishes or expresses a materiality threshold for purposes of ending cost recovery through the Clause?
- c) Explain where 25-6.0423, F.A.C., establishes or expresses a materiality threshold for purposes of ending cost recovery through the Clause?
- d) Describe and estimate the costs PEF would incur if the base rates increase due to the phased MUR were implemented in the first billing cycle of 2009, separate and apart from the Clause?
- e) Describe and estimate the costs PEF would save if the base rates increase due to the phased MUR were implemented the first billing cycle of 2011 rather than 2009?
- f) Pursuant to 25-6.0423(7)(b), F.A.C., has PEF calculated the base rates resulting from the jurisdictional annual base revenue requirements for the MUR phase? If so, which base rate charges will increase and by how much?

Answer:

a) FPSC Rule 25-6.0423 and Florida Statute 366.93 do not establish materiality thresholds nor does the Company when determining whether an amount should be clause recoverable or recovered through base rates. Generally, costs should be moved from recovery through the clause to base rates when the assets go in service as prescribed by the rule. There may however

be certain circumstances when it is more efficient and more practical to continue clause recovery. PEF cannot put a dollar threshold on this that would apply to every circumstance and thinks it is more appropriate to consider these issues on a case by case basis.

b) Please see PEF's response to subpart (a) above.

c) Please see PEF's response to subpart (a) above.

d) PEF assumes that this interrogatory is requesting information as to the types of costs and amount of those costs that PEF would incur by requesting a base rate increase for the MUR phase of the project in 2009. Those costs include the legal and regulatory costs in support of the legal and regulatory process for the base rate increase. These costs would also include the costs for updates to tariffs, the costs of messages to customers bills, customer service costs to respond to questions from customers, and other administrative costs to update all documents that reference the base rate portion of the bill. PEF does not know exactly how much it will cost to support these efforts, because the Company has never done this sort of rate proceeding under the new nuclear cost recovery rule. Such a base rate proceeding, however, could cost millions of dollars.

e) PEF would need to perform the same activities to support a base rate increase in 2011 as described in the response to d). However, PEF does plan to file for a base rate increase at the end of 2009 when the Balance of Plant (BOP) portion of the CR3 Uprate project is completed.

f) For the MUR project, the Company determined that the base rate impact to move the recovery of the project from the CCRC to base rates would be roughly \$.07 per 1000 KWhs on the residential customer bill, which is less than 0.1% of the total residential customer bill per 1000 KWhs and the Company deemed that for purposes of administrative efficiency the recovery of the revenue requirements for MUR project should remain in the Capacity Cost Recovery Clause until the next phase of the project goes in service

24. What is the estimated impact on the 2009 Capacity Cost Recovery Clause factors for each class if PEF includes the revenue requirement amount for plant placed in commercial service and that revenue requirement amount is calculated pursuant to section (5) of Rule 25-6.0423, F.A.C.?

Answer

Section (5) of Rule 25-6.0423 does not address revenue requirements associated with plant placed in service. Notwithstanding that, if PEF calculated the revenue requirement using the pretax AFUDC rate in effect on June 12, 2007, there would be no impact on rates for any of the classes.

25. What is the estimated impact on the 2009 Capacity Cost Recovery Clause factors for each class if PEF includes the revenue requirement amount for plant placed in commercial service and that revenue requirement amount is calculated pursuant to section (7)(b) of Rule 25-6.0423, F.A.C.?

Answer:

There would be no rate impact on the 2009 Capacity Cost Recovery Clause factors for each class if PEF includes the revenue requirement amount for plant placed in commercial service and that revenue requirement amount is calculated pursuant to section (7)(b) of Rule 25-6.0423, F.A.C.

26. What is the estimated impact on each class's base rate charges if the revenue requirement amount for plant placed in commercial service are removed from the 2009 Capacity Cost Recovery Clause factors and included in the base rate charges pursuant to section (7)(a) of Rule 25-6.0423, F.A.C.?

Answer:

Please see PEF's response to Interrogatory No. 25. If the revenue requirements for the MUR portion of the project were moved into base rates the total customer bill would be relatively unchanged. The primary difference would be the additional administrative costs discussed in 23(d) above. Due to the uncertain nature of these administrative costs PEF cannot estimate the base impact to each class at this time other than to say we would expect the total customer bill to remain materially the same whether the revenue requirements are collected through base rates or the clause.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

Before me, this 23rd day of June, 2008, the undersigned authority, personally
appeared LORI CROSS, who

(☒) is personally known to me, or

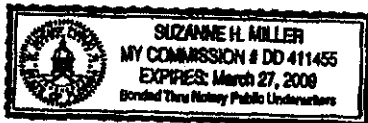
() produced _____ as identification and who,

being duly sworn, deposes and says that the foregoing answers to Interrogatory Nos. 1, 2, 4, 8
through 10, 13 through 21, and 23 through 26 of Staff's First Set of Interrogatories to Progress
Energy Florida, Inc., in Docket No. 080009-EI are true and correct to the best of her knowledge,
information and belief.

Lori J. Cross
Lori Cross

Manager Regulatory Planning
Title

Suzanne H. Miller
Notary Public
State of Florida



My commission Expires:

3/27/09

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF CITRUS)

Before me, this 23rd day of June, 2008, the undersigned authority, personally
appeared DANIEL L. RODERICK, who

(☒) is personally known to me, or

() produced _____ as identification and who,

being duly sworn, deposes and says that the foregoing answers to Interrogatory Nos. 3 through 6,
and 22 of Staff's First Set of Interrogatories to Progress Energy Florida, Inc., in Docket No.

080009-EI are true and correct to the best of his knowledge, information and belief.



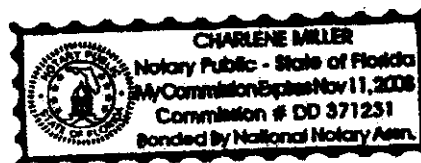
Daniel L. Roderick

VP Nuclear Const & Projects
Title

Charlene Miller

Notary Public
State of Florida

My commission Expires:



AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

Before me, the undersigned authority, personally appeared WILL GARRETT,
who

(☒) is personally known to me, or

() produced _____ as identification and who,

being duly sworn, deposes and says that the foregoing answers to Interrogatory Nos. 5 through
10, of Staff's First Set of Interrogatories (Nos. 1-26) to Progress Energy Florida, Inc., in Docket
No. 080009-EI are true and correct to the best of his knowledge, information and belief.

Will Garrett
Will Garrett

PEF - CONTROLLER
Title

6/12/08
Date



Suzanne H Miller
Notary Public
State of Florida

My commission Expires:

3/27/09

Attachment A
Interrogatory #1

FPL AFUDC Rate per Docket 050153

<u>Capital Components</u>	<u>Jurisdictional Average</u>	<u>Capital Ratio</u>	<u>Cost of Capital</u>	<u>AFUDC Wt'd Components</u>	
LTD	2,890,461,088	27.07%	5.30	1.43	pretax 1.43
STD	239,604,929	2.24%	2.05	0.05	0.05
Preferred Stock	21,788,111	0.20%	4.50	0.01	0.01
Customer Deposits	345,583,068	3.24%	5.94	0.19	0.19
CE	5,574,422,793	52.20%	11.00	5.74	9.35
Deferred Income Tax	1,522,967,993	14.26%	-	-	-
ITC	84,138,635	0.79%	-	-	-
Total	10,678,966,617	100.00%		7.42	11.03

WACC FOR REGULATING REVENUE REQUIREMENT SING CLAUSES (effective Jan 2006)

Per Settlement Agreement dated 8/23/05 - D-1a as filed with 11.75% Equity Docket 050078-EI Fully Adj'd Retail (Effective 1/1/06)

	2006 Test Yr				
	\$000's	Ratio	Cost Rate	Weighted Cost	Weighted Cost
CE	\$ 2,684,417	57.83%	11.75%	6.795% after tax	11.062% pretax
PS	25,044	0.54%	4.51%	0.024% after tax	0.039% pretax
LTD - F	1,520,653	32.76%	5.73%	1.877% pretax	1.877% pretax
LTD - V	-	0.00%	0.00%	0.000% pretax	0.000% pretax
STD	25,148	0.54%	4.04%	0.022% pretax	0.022% pretax
CD-active	101,979	2.20%	5.92%	0.130% pretax	0.130% pretax
CD-inact	-	0.00%	0.00%	0.000% pretax	0.000% pretax
ITC-Equity	13,485	0.29%	11.68%	0.034% after tax	0.055% pretax
ITC-Debt	7,568	0.16%	5.73%	0.009% pretax	0.009% pretax
DEF TX	309,400	6.67%	0.00%	0.000% after tax	0.000% pretax
DEF TX	(46,088)	-0.99%	0.00%	0.000% after tax	0.000% pretax
	<u>4,641,606</u>	<u>100.00%</u>		<u>8.891%</u>	<u>13.195%</u>
Total Debt				2.038% pretax	2.038% pretax
Total Equity				6.853% after tax	11.157% pretax
				<u>8.891%</u>	<u>13.195%</u>

WACC FOR REGULATING AFD AND NUCLEAR RECOVERY (Effective Jan 2006)

Note: Diff from above is 0% cost rate on ITC equity & debt

Per Settlement Agreement dated 8/23/05 - D-1a as filed with 11.75% Equity Docket 050078-EI Fully Adj'd Retail (Effective 1/1/06)

	2006 Test Yr				
	\$000's	Ratio	Cost Rate	Weighted Cost	Weighted Cost
CE	\$ 2,684,417	57.83%	11.75%	6.80% after tax	11.06% pretax
PS	25,044	0.54%	4.51%	0.02% after tax	0.04% pretax
LTD - F	1,520,653	32.76%	5.73%	1.88% pretax	1.88% pretax
LTD - V	-	0.00%	0.00%	0.00% pretax	0.00% pretax
STD	25,148	0.54%	4.04%	0.02% pretax	0.02% pretax
CD-active	101,979	2.20%	5.92%	0.13% pretax	0.13% pretax
CD-inact	-	0.00%	0.00%	0.00% pretax	0.00% pretax
ITC-Equity	13,485	0.29%	0.00%	0.00% after tax	0.00% pretax
ITC-Debt	7,568	0.16%	0.00%	0.00% pretax	0.00% pretax
DEF TX	309,400	6.67%	0.00%	0.00% after tax	0.00% pretax
DEF TX	(46,088)	-0.99%	0.00%	0.00% after tax	0.00% pretax
	<u>4,641,606</u>	<u>100.00%</u>		<u>8.85%</u>	<u>13.13%</u>
Total Debt				2.029% pretax	2.029% pretax
Total Equity				6.819% after tax	11.101% pretax
				<u>8.848%</u>	<u>13.130%</u>

Attachment B
Interrogatory #4

DR-1 Item 8.B

INTERNAL AUDITS RELATED TO PURCHASING AND COMPETITIVE BIDDING IN NUCLEAR PLANNED FOR 2008 TO

Audit Title		Audit Year		Scope	
20010456 A816	CR3 Extended Power Uprate Project	2008		Scope has not been defined until closer to audit period, but initially planned to be a continuation of prior year audits addressing project management, project accounting, and contract compliance issues.	
20010456 A813	Energy Supply Contract Administration -- NGG	2008		Scope has not been defined until closer to field work, but initially this audit is planned to review contract administrative practices throughout the Nuclear Generation Group (NGG). It has not yet been determined whether the sample will include Crystal River. Primary focus will be on administration of contract terms after contract formed, but focus may include bidding -- to be determined based on engagement risk assessment.	
		2009 and 2010		The specific audit plan is only for one year. However, when looking at resource planning and long-range planning, audits of risk management practices associated with major construction projects has been identified as a key focus area. Audits will be conducted of the Steam Generator Replacements as well as the Uprate in 2009 and 2010; however, the focus areas will not be specifically identified until closer to time of audit field work.	

DR-4 Request # 16

Please provide a scope description for the planned 3rd quarter 2008 CR3 audit (Phillips).

The principal objective of the third quarter 2008 internal audit of CR3 Uprate will be to follow-up on prior year's audit and to assess the effectiveness of project management, cost management, and project accounting practices associated with the uprate project. The scope of the audit will include assessing overall project and cost management effectiveness; project accounting practices; and coordination of efforts with site personnel and other groups as appropriate. Key focus areas may include (depending upon risk assessment) reviewing: project management practices, tools, and adherence to applicable procedures, including Project Management (NGGC-PM-0018), and Major Capital Projects - Integrated Project Plan, ADM-SUBS-00080; project accounting and accuracy and adequacy of budget metrics; delineation of roles and responsibilities; and implementation and utilization of lessons learned. In accordance with auditing standards, the planned scope of the audit may be revised during the initial stages of planning for the specific audit based on risk assessment.

PEF-NCR-7037

Attachment C
Interrogatory #5

Capitalization Policy

Document number

ACT-SUBS-00278

Applies to: Progress Energy Carolinas; Progress Energy Florida; Progress Energy Service Company, LLC

Keywords: accounting; ACD – administration; ACD expenditure – capital; ACD expenditure – O & M; ACD – fixed assets; capitalization policy and guidelines; capital policy

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Overview

The capitalization policy is intended to provide the basis for determining what costs represent capital assets in the accounting records. Expenditures are treated as capital or Operation & Maintenance (O&M) expense based on characteristics of the expenditure. Capital expenditures must have all of the following basic characteristics:

- 1) Expenditure is to purchase and/or install an asset (typically a retirement unit as defined in the property unit catalog)
- 2) Asset has a future economic benefit greater than 1 year
- 3) Expenditure has total costs greater than \$1,000 per unit for the following categories: office furniture & equipment, stores equipment, tools, shop and garage equipment, laboratory equipment, power operated equipment, communication equipment, and miscellaneous equipment.

In determining the per unit cost logical grouping of items is appropriate.

For example:

- computer workstations – the CPU, keyboard, monitor, mouse and base system and application software
- cubicle assembly – desk, chair, overhead bins, and credenza

If the above conditions are not met the expenditure must be charged to O&M. Additionally,

- Budget implications are not to be considered in making capital vs. O&M accounting decisions.
- Items are not capital simply due to the fact that they are expensive.
- Prior incorrect capital decisions do not justify future incorrect capital decisions.

Accounting for assets: Asset costs are accounted for in projects as established in the Oracle Project Accounting module and interfaced to PowerPlant system. PowerPlant controls status changes for all capital projects and maintains all asset records. PowerPlant records asset values, calculates depreciation, and retires assets from the books. See PowerPlant system documentation.

The underlying principles for the property unit catalog and the general regulations governing the PowerPlant Accounting System are referenced from the Electric Plant Instructions of the FERC Uniform System of Accounts. Certain interpretations in this document are driven by various actions of the applicable State regulatory commissions and/or are provided to clarify particular situations/issues.

Responsibilities

Property, Plant & Materials Unit: It is the responsibility of the Property, Plant and Materials unit to ensure that Business Services units understand the capitalization policy. Training and assistance with interpretation of this policy will be provided as needed. Property, Plant and Materials unit will have final approval for capital projects to become chargeable and will update the project status, including close status, throughout the project life cycle. Property, Plant and Materials is responsible for monitoring capital projects and auditing charges to ensure the capitalization policy is being followed. Property, Plant and Materials unit will ensure consistent application of the capitalization policy.

Business Services units: It is the responsibility of the Business Services units that create capital projects, working in collaboration with the Property, Plant and Materials unit, to ensure the projects are set up appropriately, charges to capital projects are properly accounted for in accordance with this policy and assets are put into service in a timely manner. Anyone setting up and approving a capital project must understand and ensure compliance with the capitalization policy.

Project managers: It is the responsibility of project managers to review transactions that are being charged to the capital project and ensure that these are appropriate. Project managers should consult the Property, Plant & Materials unit with any questions. It is the project manager's responsibility to inform Property, Plant & Materials of any changes to the capital project estimate or status. In addition, project managers are responsible for notifying Property, Plant and Materials unit when assets are ready for their intended use to ensure capital projects are closed out in a timely manner.

Anyone charging dollars to a capital project: It is the responsibility of anyone charging dollars to a capital project to ensure that the expenditure qualifies for capital treatment. When charging a capital project it is the individual's responsibility to support the capital charge with sufficient explanation and proper documentation.

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Definitions

Abandonment: Desertion of assets. Any property abandoned in place must be retired and the cost removed from the electric plant accounts in which it is included.

Asset: Assets are defined as probable future economic benefits obtained or controlled by an entity as a result of a past transaction. In most cases capitalization is limited to costs associated with pre-defined property units.

Costs of an asset: All assets recorded as Electric Plant in Service shall be recorded at original cost. Original cost is defined as the cost of such property to the person first devoting it to public service. (See the Electric Plant Instructions of the FERC Uniform System of Accounts for further discussion on accounting for Acquisition adjustments).

Cost should consist of all costs that are necessary to bring the asset to working condition for its intended use. These costs should be part of the components of construction (page 5) or identified in the attached matrices. Costs for business process improvements and additional operating activities as a result of capital asset additions are not capital charges. Capital charges will include incidental items that are directly related and required for installation of the asset.

The plant accounts shall not include the cost or other value of plant contributed to the company from a third party. See Contributions in Aid.

Construction costs: All costs that are incurred as part of a construction project. Some costs are capitalized while others will be considered O&M.

Minor items of property: Any part or element of plant, which is not designated as a property unit, but is a component part of a property unit. Ex. Compressor on HVAC system.

Property unit (Retirement unit or unit of property): The smallest item of electric plant which, when retired, with or without replacement, is accounted for by crediting the book cost thereof to the electric plant account in which it is included. Ex. HVAC system.

Property unit catalog: A predefined listing of assets that qualify for capital treatment upon replacement.

Removal costs: The cost of demolishing, dismantling, tearing down, or otherwise removing electric plant, including the cost of transportation and handling incidental thereto.

Salvage value: The amount received for property retired from; junk salvage, trade-in, or, if retained, the amount received is chargeable to materials and supplies, or other appropriate account. This includes proceeds received for relocations, insurance or other related recoveries.

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Components of construction cost

The components of construction costs as outlined below are based upon summarized information obtained from FERC Electric Plant Instructions No. 3, Item A, and are provided here as a guide. Final interpretations will be based upon a detailed review of the project in compliance with this policy.

Components of construction costs shall include:

- I. Direct costs - include all costs that are directly related to the construction process. In general, these costs should be necessary to get the asset in place and in a working condition.
- II. Indirect (overhead) costs – indirect costs include costs that are necessary to get the asset in place and in service, but are not directly identifiable with any one discrete unit of property or project. Indirect costs should be allocated proportionately across the related projects in relation to the direct costs. See Overhead construction costs.

Below are the types of costs typically incurred during a construction project (see also attached Construction Projects Matrix):

- ♦ Contract costs – includes amounts paid for work under contract by other companies, costs incident to award such contract and costs to inspect such work.
- ♦ Direct labor – includes the pay and expenses of employees engaged on construction activities, including benefits and loads for such items as payroll taxes, benefits and insurance.
- ♦ Indirect labor – engineering, supervision, general administration and office payroll costs that are integral to and have a definite relation to the construction process, and that benefit all or multiple capital projects. Examples would include quality control of materials, project management and supervision, asset cost management, development of standards used in engineering/design, capacity-based work scheduling efforts, management of vendor contracts, etc. Time spent in these efforts should be allocated between that which is spent for the benefit of construction-related work and that spent in routine operations and maintenance work. This allocation should be based on a time study to determine the proper allocation percentage. Only time spent in construction-related work should be charged to a capital project. Burdens for payroll and benefits should also be included.
- ♦ Material and supplies – includes the purchase price, taxes (sales and use, excise), cost of inspection, transportation costs, loading costs for stores expenses, and any fabrication costs for materials that are necessary components of the units of property installed. When charging materials to a capital project other criteria to consider include:
 - ♦ Materials issued from a storeroom – materials issued from a storeroom should be charged to the capital project when the items were (a) placed on a truck for delivery to a job site or (b) picked up at the storeroom by the work crew. The only exception to this is if the materials issuance meets the criteria of a pre-staged work order (see below)

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- ♦ Materials drop-shipped directly from vendor – occasionally materials will be delivered directly from a manufacturer to the job site and these costs should be included at the time the goods left the vendors facility (i.e. Free on Board (FOB) shipping point) or upon receipt when FOB terms do not apply.
- ♦ Materials purchased through One Card – employees will occasionally be required to purchase items from a vendor for use in construction. These items may be purchased with a company credit card. The transaction will be processed through the Concur Expense Reporting tool and the proper accounting must be selected when submitting for payment.
- ♦ Pre-staged materials – materials will often be issued to a job prior to initiation of work. For pre-stage material costs to be charged to a project, the project must meet **ALL** of the following:
 1. The project must be scheduled or planned,
 2. The work must occur within a reasonable time period following issuance and
 3. The work group performing the construction activities (examples to include: delivery to a job site or pick up of materials by a work crew) must take possession of the materials.
- ♦ Emergency Spares – See Emergency Spares for criteria.
- ♦ Allowance for Funds Used during Construction (AFUDC) - the cost of money to finance construction projects. See AFUDC for criteria and further guidance.
- ♦ Transportation – includes all costs of transporting employees, materials and equipment to and from points of construction. General vehicle charges may be allocated to a discrete capital project or unit of property if the vehicle is used directly for construction purposes.
- ♦ Usage of special machine services – includes the cost of labor, materials and supplies, depreciation and other expenses incurred in the maintenance, operation and use of special machines (such as pile drivers, derricks, ditchers, and other laborsaving machinery). Also, includes expenditures for rental, maintenance and operation of machines of others.
- ♦ Protection – includes the cost of protecting the Company's property in connection with construction work. Applicable costs during the construction period include, but are not limited to, incremental security at the site, fire prevention, casualty prevention, protecting against damage to the property of others, cost of apprehending and prosecuting incendiaries, and fees paid to municipalities.
- ♦ Injuries and damages – expenses or losses in connection with construction work on account of injuries to persons, damages to the property of others, and the investigations of injuries or damages to others.
- ♦ Earnings and expenses. Revenues received for power produced by generating plants during the construction period (used by utility or sold). Expenses include costs of operating the power plant associated with the received revenues.

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- ♦ Privileges and permits – include payments for and expenses incurred in securing temporary permits in connections with construction work. This would also include any payments made for the right to use private or public property for construction. This does not include rents, franchise fees or consents.
- ♦ Rents – includes amounts paid for the use of construction quarters and office space solely occupied by construction forces.
- ♦ Engineering and supervision – Engineering, supervision, surveyors, draftsmen, inspectors, and their assistants directly involved in construction work.
- ♦ Insurance - insurance premiums paid for the protection against losses or damages in connection with construction (fire or casualty).
- ♦ Legal costs – includes the general legal expenditures incurred in connection with construction and the related court and legal costs.
- ♦ Engineering services - includes third party contracts for plan, design, prepare estimates, supervise, inspect, or advise in construction work.
- ♦ General Administration – includes the portion of pay and expenses of general officers and administrative expenses applicable to construction work.
- ♦ Training – when it is necessary that employees be trained to operate or maintain plant facilities or systems that are being constructed AND these facilities or systems under construction are either (1) not conventional or (2) new to the Company's operations, then the training costs incurred during the construction process are included in the costs of construction. Once the asset is placed in service, subsequent training costs are charged to O&M expense.
- ♦ Property Taxes - property taxes during the original plant construction phase should be capitalized. Only applicable to new power plant construction.
- ♦ Studies – includes costs mandated by regulatory bodies for safety and environmental studies relative to plant under construction can be capitalized.
- ♦ Testing new plant – all testing costs incurred prior to or related to the acceptance of the asset. Additionally, the costs to determine whether equipment meets specifications and requirements as to efficiency, performance etc. guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase.
- ♦ Land and land Rights – includes leaseholds, easements, permits and rights-of-way acquisition. See Land and land Rights for further guidance on accounting for land and leasehold transactions.
- ♦ Vehicles – See Transportation above.

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Property units and minor items of Property

The defined property units at each company form the foundation for determining the asset classification resulting from construction activities. Additionally, under certain circumstances minor items of property can be capitalized. See definitions on page 4 and the below matrix to assist with determining whether adding or replacing property is capital or expense for each legal entity.

There are differences between PEF and PEC in terms of how these items of property are defined and the rules that are applied. In short these differences are:

- PEF has defined property units, which are further broken down or defined as retirement units.
- PEF does not have a defined list of minor items.
- PEC uses the term property unit and retirement unit interchangeably in most cases, and has a defined list of minor items. Property/retirement units between the two companies are different, with the exception of the CT/Other Production area. The CT/Other Production area adopted the PEF property/retirement units effective 1/1/04.
- Service Company will use the PEC property unit listing for purposes of capitalizing property. Service Company typically has property classified as software and general plant.

Use the following matrixes to determine if work is capital or O&M:

	Adding-Without replacing	Adding with Replacement	Removing Property
Property/Retirement Unit	Capital	Capital – allocate costs to additions and cost of removal.	Capital – Classify estimate as 100% Cost of Removal
Minor Item of Property	Capital – Must substantially alter the capacity, durability, efficiency or usefulness of related property Use same Property unit number to which the minor item relates	O&M * Please contact Property Plant and Materials unit if the replacement minor item substantially alters the capacity, durability, efficiency or usefulness of the property unit.	O&M
<p>*Rebuild of a property unit that includes replacement of the property unit's significant component as pre-defined in the Property Unit catalog is capital. All other replacements follow rules above. Consult Property Plant and Materials unit prior to 12/31/07 while the Property Unit catalog for PEC and PEF is being reviewed and updated. Provide complete answers on the attached form (<u>Rebuild document</u>).</p>			

Common Retirement Units

The following will be considered Retirement Units. All other valves, piping, motors and meters will be considered O & M, unless a specific Retirement Unit has been identified.

Air Compressor – Any air compressor powered by a driver of over 30 HP; all types and pressure ratings; includes base plate, frame, housing, valves, bearing, rotor, impellers or pistons etc.

Drive engine – Any internal combustion engine having a name plate rating of above 30 HP. Includes complete engine, base plate, cooling system, fuel system, local instruments and controls.

Drive motor – Any motor having a name plate rating above 30 HP; AC or DC; all types, classes and voltages; includes base plate, frame, housing, rotor, stator, heaters, bearings, etc.

Fan – Any fan powered by a driver of over 30 HP; includes base plate, frame, housing, rotor, blades, dampers, vanes, lubrication system, local instruments and controls, bearings etc.

Meters, Major Instruments - Any meter 2 inches or greater in size and of substantial value, as determined by the Energy Supply Finance Department.

Motors - 30 HP or greater. Motors with ratings of 400 horsepower or greater will be divided in the rotating and stationary assembly

Piping - Any run of piping 6 inches or greater in size, with both ends terminating at a unit of property, unless the entire component system is replaced. This means that even if the piping replaced is less than 6" in size, it can be capitalized, provided the design change includes the entire system or the entire system is replaced. The boundary includes insulation and the piping support system.

Pump – Any pump powered by a driver of over 30 HP; all types and pressure ratings; includes base plate, frame or housing, rotors, impellers or pistons, lubrication system if used for pump, etc.

Reduction Gear – Any reduction gear or hydraulic type speed changer with an input driver of over 30 HP. Includes housing, gears shafts, bearings, hydraulic components, couplings and auxiliaries.

Torque Converter (only applicable to Other production) – any torque converter driven by a motor having a name plate ratings above 10 HP. Includes base plate, frame housing, impeller, turbine, aspirator, local instruments and controls.

Valve, Special - A valve will be considered as a special valve if it meets the following criteria:

1. Any manual valve mainly utilized for isolation that is 4 inches or greater in size with a pressure rating of 1500 PSI or greater and the cost to repair will be greater than replacement.
2. Any special purpose valve (check, relief, stop check, etc.) 4 inches or greater in size with a pressure rating of 600 PSI or greater.
- 3 Any low-pressure valve 6 inches or greater in size and of substantial value as determined by the Energy Supply Finance Department.

Valve, Power Operated - Any valve that is electrically, hydraulically, or pneumatically operated which is 2 inches or greater in nominal size.

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Operating and Maintenance costs

Items installed not meeting the definition of a property unit, minor item or other capital criteria as outlined above are to be considered O&M activities. Examples include but are not limited to:

Repair and maintenance, including major maintenance - activities including periodic repair or rework of existing systems or components in order to maintain the original condition of the asset. Typically these activities do not prolong the asset life or its usefulness beyond its original design but are intended to keep the asset in good working condition. Repairs generally put an asset back into normal or expected operating condition. Maintenance generally keeps an asset in normal or expected operating condition and is typically performed on a regular basis.

Remodeling – remodeling alters the appearance and/or internal configuration of an existing structure or asset without altering its structural footprint (foundation/# of floors). Cosmetic remodeling, such as simple replacement of floor coverings (including carpet), repainting and wall coverings are generally considered O&M.

COMMON ITEMS NOT QUALIFYING FOR CAPITAL TREATMENT THAT SHALL BE CHARGED TO O&M EXPENSE:

1. Inspecting, testing and reporting on condition of plant specifically to determine the need for repairs, replacements, rearrangements and changes and inspecting and testing the adequacy of repairs which have been made.
2. Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining the original life of asset.
3. Rearranging and changing the location of plant equipment not retired, including the net cost of installing, maintaining and removing temporary facilities to prevent service interruptions.
4. Testing for locating and clearing trouble.
5. Special tests to determine efficiency of equipment operations.
6. Preparing instructions for operations or maintenance.
7. Preparing or reviewing budgets, estimates, and drawings for departmental approval related to operation or maintenance.
8. Reviewing and analyzing operating results.
9. Establishing organizational setup of departments and executing related changes.
10. Formulating and reviewing routines of departments.
11. General training and instruction of (LDC training, Project management training, Continuing Education, etc.).
12. Secretarial work for supervisory personnel. See Indirect Labor under Components of construction costs.
13. Consultants' fees and expenses, except as required for design or construction of a unit of property.
14. Meals and other travel costs in the above activities.
15. Direct field supervision of maintenance or operations.
16. Standard attire and safety shoes.
17. Industry, civic and association dues.
18. Drivers license fees, professional engineering fees and subscriptions.
19. Advertising and public relations expenses.

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Specific Areas

Allowance for Funds Used During Construction

Allowance for funds used during construction (AFUDC) is accrued on construction work in progress (CWIP) projects in order to capitalize financing costs of construction. AFUDC has two components: debt and equity. AFUDC debt is used to offset interest expense and AFUDC equity is booked to "other income."

- Consistent with FAS 34, Capitalization of Interest Cost, AFUDC should start when:
 - Expenditures have been made
 - Activities that are necessary to get the asset ready for its intended use are in progress
 - Interest cost is being incurred
- AFUDC will begin on a capital construction project (in CWIP, account 107) upon the first expenditure, regardless of whether it is a study cost, labor cost, or material charge.
- AFUDC should be accrued on all capital construction projects unless the resulting asset goes into service within 30 days of the construction project receiving its first charge.
- AFUDC should stop being accrued on the day before facilities are placed in service or are ready for service.
- AFUDC should not be accrued during a period of interrupted construction unless the company can justify the interruption as being reasonable under the circumstances. Interrupted construction is interpreted as the project being in a pending status. The activities related to the construction and/or acquisition of the asset are suspended.
- Blanket work orders by nature have no measurable construction period and are not eligible for accrual of AFUDC.
- AFUDC should not be accrued on items that are ready-for-service when purchased. Examples of ready-for-service assets include land, meters, capacitors, tools and test equipment, etc. (Note that land may not always be ready-for-service when purchased and, therefore, could be eligible for AFUDC.)
- Contract retentions are not eligible for AFUDC
- AFUDC should not be accrued on capital projects associated with the Clean Smokestacks Act or re-licensing projects for nuclear or hydro plants.
- AFUDC should not be accrued on Service Company capital projects.
- **For PEF only:** The Florida Public Service Commission limits the circumstances to which AFUDC should be charged to projects. It states that the total project cost must be greater than 0.5% of Electric Plant in Service (EPIS), and the project is expected to be completed in excess of one year after commencement of construction. At March 31, 2007, the PEF EPIS balance is approximately \$9.3 billion; therefore the minimum threshold to qualify for AFUDC is approximately \$46.5 million. Please consult Property, Plant and Materials or the Controllers Department if the budgeted capital project approaches this amount.

Contributions In Aid of Construction

Per FERC Electric Plant Instruction No. 2D, the contribution in the form of money or its equivalent toward the construction of electric plant shall be credited to accounts charged with the cost of such construction. Plant constructed from contributions of cash or its equivalent shall be shown as a reduction to gross plant constructed when assembling cost data in projects for recording to the general ledger.

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Overhead construction costs

Per FERC Electric Plant Instruction No. 4, all overhead construction costs such as engineering supervision, general office salaries and expenses, construction engineering and supervision by third parties, law expenses, insurance, injuries and damages, pension and taxes shall be charged to construction projects to the extent the amount of such overheads bear a reasonable relationship to the construction activities and a reasonable basis for determining the amount capitalized exists. The addition to direct construction costs of arbitrary percentages or amounts to cover assumed overheads is not permitted.

Land and land rights

The instructions in this section are applicable for land and land rights regardless of their related function (e.g. Nuclear, Other Production, Hydraulic etc.)

Per FERC Electric Plant Instruction No. 7, the accounts for land and land rights shall include the cost of land owned in fee by the utility and rights, interests and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, and the like interests in land.

The cost of buildings and other improvements shall not be included in the land accounts unless the land was purchased with the intent of removing the structures. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost allocated to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without first being used in operations, the cost and salvage of such shall be charged to the account in which the cost of the land is recorded.

Separate entries shall be made for the acquisition, transfer or retirement of each parcel of land, each land right (except rights-of-way (ROW) for distribution lines) or water right having a life of more than one year. Detail records should include:

- full legal description
- area, map reference
- purpose for use
- city, county, tax district, from whom purchased or to whom sold
- payment given and/or received
- other costs
- contract date and number
- date deed recorded.

Clearing and grading: Costs incurred in connection with first clearing and grading of land and rights-of-way and damage costs associated with the construction and installation of a plant should not be included in the accounts for land and land rights and rights-of-way. Such costs shall be included with the appropriate accounts directly benefiting.

Timber sales: The net profit from the sale of timber, wood, sand, gravel an other resources or other property acquired with the right-of-way or other lands shall be credited to the appropriate plant account to which related. Where land is held for a considerable amount of time, and timber

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and other resources on the land at the time of purchase increase in value, the net profit (after giving effect to the cost of the natural resources) from the sales of timber or its products or other natural resources shall be credited to the appropriate utility operating income account when the land has been recorded in Account 105 – Electric Plant Held for Future Use or classified as plant in service, otherwise to Account 421 - Miscellaneous Nonoperating Income.

Land sales: Gain or loss is the difference between the amount received from the sale of land or land rights (less commissions and other costs incident to the sale) and the book cost of such land or rights. Depending on where the land is recorded at the time of sale, record the gain or loss in the accounts as noted below.

Land Recorded in Account:	Record Gain or Loss from Sale in Account
105 – Electric Plant Held for Future Use *	411.6 - Gains from Disposition of Utility plant 411.7 – Losses from Disposition of Utility Plant
All other Land Accounts – generally Account 101 or 121 **	4211001 - Gain on Disposition of Property 4212001 - Loss on Disposition of Property

* Where the gain realized from the sale of land or land rights recorded in Account 105 – Electric Plant Held for Future Use is \$100,000 or greater, Commission approval of journal entries to remove the property from the accounting records is required. See Regulatory Accounting for guidance.

** The gain from property recorded in Account 121 – Non-utility property that was previously recorded in Account 105 shall also require Commission approval of the journal entries to remove the property from the accounting records. See Regulatory Services for guidance.

Note: Harris Land and Easements – Gains resulting from the sales or exchange of land involving property associated with Harris plant site shall be deferred in account 2533030. Losses shall be recognized at the time of the transaction.

Punch List

A punch list is a listing of engineering and construction items that remain to be completed in order to bring the plant or plant systems into compliance with the design criteria. In order for punch list items to be included within the original project scope they must be:

- **MAJOR PROJECTS**
 - Contractual. Must be identified and documented per the contract scope for punch list items or as an addendum.
 - If no punch list timeline per the contract, then items must be identified within 3 months from the project in-service date.
- **NON-MAJOR PROJECTS**
 - Contractual.
 - If no punch list timeline per the contract, then items must be identified as of project in-service date.

Items identified subsequent to the punch list cutoff will be evaluated as stand alone items against the capital policy.

Warranty

The following accounting is to be used for items covered by warranty:

- Warranty covers equipment/material but no labor: Labor is O&M.
- Warranty covers labor but no equipment/material: Equipment/material is O&M.
- Warranty covers both equipment and labor: No O&M.

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Allocation of sales proceeds when both land and the attached building are sold

The following provides guidance for allocating sales proceeds for real estate transactions involving the sale of land when an existing structure is part of the sale and is present on the land to be sold.

In order to properly record the transaction, the sales proceeds need to be allocated between the land and the existing structure(s). The sales proceeds allocated to the structure will be based upon the ratio of the appraised structure value to the total appraised value of the transaction (total appraisal of both structure and land). Likewise, the sales proceeds allocated to the land will be based upon the appraised value of the land to the total appraised value for the transaction.

The structure should be retired from the appropriate plant account with the sales proceeds allocated to the structure recorded as salvage in accumulated depreciation.

The land should be retired from the appropriate plant account with the appropriate amount of gain or loss recognized. Gain or loss is the difference between the amount received from the sale of land or land rights (less commissions and other costs incident to the sale) and the book cost of such land or rights. See Land Sales for the appropriate gain or loss accounts to be used.

Note: For PEF ratemaking only - The Florida Public Service Commission requires certain adjustments be made to the regulated Return on Equity (ROE). Gains and Losses are amortized over 5 years as adjustments to working capital on the income statement. Contact the PEF Regulatory Services Dept. for further information.

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Emergency spares

Inventory purchases must be charged to the appropriate utility plant account when purchased as long as the inventory meets all of the criteria below:

No	Criteria	Additional Guidance on Criteria
1	It is not the type that is repaired and reused.	Determined based on the expectation at the time the part is acquired. Therefore, it cannot be expected that the part will be repaired and reused at the time of its purchase. Based on the best engineering estimate the installed part is expected to last more than 50% of the original book depreciable life of the machinery and equipment to which it relates.
2	It is only available on special order and not readily available from a vendor or manufacturer.	Not an inventory shelf item of any vendor and is not readily available from another firm by purchase or loan.
3.	It is set aside for use as replacements in order to avoid substantial operational time loss caused due to particular machinery or equipment failure.	Substantial operational time loss would be if the plant would be forced to shutdown or operates at a significantly reduced capacity. The inventory should be located at or near the site of the installed related machinery or equipment so as to be readily available when needed. (Storage in a central location that does not extend the operational time loss meets the "located at or near the site" criteria.)
4.	It is directly related to the particular machinery or piece of equipment it serves.	The part (or unit of property) has been specifically designated as an emergency spare for an identified unit of property (or multiple units at the same site). Generally not interchangeable with parts for other types of machinery and equipment.
5.	It is generally a unit of property, and normally expensive and not acquired in quantity	Refer to individual entity policy for determining property units. Generally only one is on hand for each piece of machinery and equipment.

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Internal use software capitalization policy

Effective Date: For all projects beginning on or after January 1, 2005

This policy summarizes pertinent issues that are more fully described in FASB Statement of Position 98-1 *"Accounting for the Costs of Computer Software Developed or Obtained for Internal Use"* (SOP No. 98-1) and other accounting literature and is meant to act as a guide.

Internal use software is software that is acquired, internally developed, or modified solely to meet the entity's internal needs, with no plans to market the software externally.

Policy Applicable to: Progress Energy Carolinas, Progress Energy Florida, Progress Energy Service Company, and Progress Ventures*

* Progress Ventures is defined as legal entities PVI and PFC (includes CCO, Synfuels, Gas, Coal and all other PFC except Progress Rail).

Multiple entity projects: The final cost of projects that impact multiple entities will be allocated to the entities based on the estimated benefit derived or other means deemed appropriate. (ex. number of customers for a customer system, employees for a Payroll system etc.).

Capitalization threshold: The software portion of projects meeting the criteria of SOP No. 98-1 and greater than \$250K with a measurable future benefit and life greater than one year shall be capitalized. This includes upgrades and enhancements as defined below. All software costs qualifying as capital shall be recorded in Account 303 – Intangible Plant for the utilities and Service Company and a similar account for Progress Ventures. The software should be amortized on a straight-line basis over a period not to exceed 5 years unless there is clear and convincing evidence that it is probable that the economic life will be longer. Approval is necessary from the Property, Plant and Materials unit to extend the life beyond 5 years.

Maintenance costs: All costs for modification to an existing software application, which results in tests, adjustments, repairs, or replacements that keep the software in proper working order shall be expensed. This includes all first year maintenance

Upgrades and enhancements: Costs associated with modifications to existing internal-use software that result in additional functionality; that is, modifications which enable the software to perform tasks that it was previously incapable of performing, may be capitalized if the meet the criteria of SOP No. 98-1.

Application of SOP No. 98-1

For the purpose of applying the guidance in SOP No.98-1 as summarized below, internal use software is defined as either application software or system software.

Application software: Software that allows a user to accomplish one or more business or functional tasks such as accounting systems, computer aided design or inventory control. The guidelines below apply to application software.

System software: Software that helps operate the computer hardware. It generally supports the production or execution of application programs but is not specific to any particular application or business function. When software is bundled with hardware and only one software product is a viable alternative, capitalize the software as part of the equipment and record with the appropriate equipment FERC account. If there is a choice of software to use with the hardware, the software should be evaluated independently using the guidelines below, i.e. it is evaluated as application software. All upgrades to system software should be evaluated independently based on the application software guidelines.

Stages of Internal Use Software Development Projects

Development Stage	Examples	Capital vs. O&M
Preliminary Project Planning	Defining performance requirements Defining general objectives Defining major processes Defining general data flow Defining system requirements Evaluation of alternatives Vendor demos	O&M
Application development	Software configuration Development of interface Coding Installation of hardware Testing, including parallel processing	Capital
Post Implementation /Operation	Training costs Maintenance costs	O&M

Note: Costs should be evaluated based upon the guidance in SOP No. 98-1 and not necessarily based on the stage of the project. For example, training costs can be incurred while still in the application development stage but should be expensed.

Costs to Capitalize

1. External direct costs of materials and services consumed in developing or obtaining internal-use computer software. Examples of these costs include but are not limited to fees paid to third parties for services provided to develop the software during the application development stage, costs incurred to obtain computer software from third parties, and travel expenses incurred by employees in their duties directly associated with developing software.
2. Payroll and payroll-related costs (for example, costs of employee benefits) for employees who are directly associated with and who devote time to the internal-use computer software project, to the extent of the time spent directly on the project. Examples of employee activities include but are not limited to coding and testing during the application development stage.
3. Costs to develop or obtain software that allows for access or conversion of old data by new systems may be capitalized. ex. software data conversion programs. See Costs to Expense #4 below for further clarification.
4. The costs of software and computer hardware purchased together should be separated from one another and the dollar threshold above should be applied to the software only cost when determining amounts to capitalize.
5. Interest costs for non-regulated entities and AFUDC for regulated entities incurred while developing internal-use computer software
6. Documentation relating to coding and design

Costs to Expense

1. All costs incurred in the preliminary project stage, which include conceptual formulation of alternatives, evaluation of alternatives (RFPs), determination of existence of needed technology and final selection of alternatives
2. Business process reengineering
3. Training costs
4. The process of data conversion from old to new systems, which may include: purging or cleansing of existing data, reconciliation or balancing of the old data to the new data, creation of new/additional data, and conversion of old data to the new system
5. Costs that cannot be distinguished on a reasonably cost-effective basis between maintenance and relatively minor upgrades and enhancements
6. External maintenance costs
7. General and administrative costs and overhead costs

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Identifying new property units

The following checklist is provided to act as a guide when establishing new property units. In order for property to be a property unit or minor item of property, all characteristics with an "X" must be met. Otherwise the item is less than a minor item and should be characterized as expense. Before establishing a new property unit, every effort must be made to use an existing property unit. Complete the attached form (New Property Unit) and submit to Property, Plant and Materials for guidance.

<u>Criteria for Identification</u>	<u>Retirement Unit</u>	<u>Minor item</u>
Useful life > 1 year	X	X
Cost more than \$ 1,000 *	X	
Functions by itself as a system	X	
Functions as a component (part of a system)		X
Easily identifiable for inventory	X	
Ordered and intended for use as a component (part) of a system		X
Ordered and intended for use as a system only	X	
* Applies to FERC Accounts 316, 325, 336, 346, 391, 393, 394, 395, 396, 397 and 398.		

Capitalization Criteria for Certain Retirement Units of Property - A capitalization criteria of \$1,000 is imposed for each retirement/property unit as set forth in the list for the following categories:

OFFICE FURNITURE & EQUIPMENT
 STORES EQUIPMENT
 TOOLS, SHOP AND GARAGE EQUIPMENT
 LABORATORY EQUIPMENT
 POWER OPERATED EQUIPMENT
 COMMUNICATION EQUIPMENT
 MISCELLANEOUS EQUIPMENT

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Accounting for Transfers of Assets between Plants and Units

Before transfers between affiliates take place all transactions should be reviewed with the appropriate Regulatory Accounting Group. Please consult the Regulatory Code of Conduct policy ([REG-HOCO-00001](#)) for additional information.

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Construction Project Matrix

Construction/Modification Projects			
Types Of Costs	Additional Clarification	Applicable Section of Capitalization Policy	Classification
Labor – Directly Assignable (Employee / Contractor)			
Studies	Capitalize amount that is reasonably determined to contribute to the chosen specific capital alternative. These costs should be reclassified to expense if it is determined that the capital project will not continue.	Engineering and supervision - p. 7 See also FERC Account 183 description, Preliminary survey and investigation charges (Major only)	capital
Design & Engineering	Design & Engineering	Engineering and supervision - p. 7	capital
Project Planning & Mgmt	Capitalize amount that is reasonably determined to contribute to the chosen specific capital alternative. These costs should be reclassified to expense if it is determined that the capital project will not continue.	Engineering and supervision - p. 7 See also FERC Account 183 description, Preliminary survey and investigation charges (Major only)	capital
Land Surveying / Clearing	Land Surveying / Clearing	Clearing and Grading - p. 12	capital
Decontamination	If specific to the construction project	Removal Costs - p. 4	capital
Paving	Reinforcement / additional paving specific to the construction project	Material and Supplies - p. 5/6	capital
Construction / Fabrication	Construction / Fabrication	Direct Labor - p.5; Usage of Special Machines - p. 8	capital
Installation	Includes relocation of existing equipment that is required to installation a new asset	Direct Labor - p. 5	capital
Inspections	Required for new installations	Testing new plant - p. 7	capital
Testing Pre-Installation	Testing solely to determine the timing of replacement is O&M	Testing new plant - p. 7	capital
Testing Post-Installation (performance / efficiency)	Includes contractual warranty testing		capital
Admin Support	Allowed for dedicated resources or directly assignable time specific to the construction project	General Administration - p. 7	capital
Annual engineering licenses / dues	Periodic renewals of professional certifications or association memberships	Page 10- License fees and subscriptions/industry, civic and association dues are common items not qualifying for capital treatment	O&M
Business / Financial Services	For directly assignable time specific to construction.	General Administration - p. 7	capital
Business Process Improvement Documentation	Business Process Improvement Documentation	Page 10- License fees and subscriptions/industry, civic and association dues are common items not qualifying for capital treatment	O&M
Contract Labor Vendor Mgmt Fees	Contract Labor Vendor Mgmt Fees	Contract Costs - p. 5	capital
Contracting Svcs / Mgmt	Contracting Svcs / Mgmt	Contract Costs - p. 5	capital
Drawing Updates	Drawing Updates	Engineering and supervision - p. 7	capital
Fire watches	Incremental and specific to the construction project	Protection - p. 6	capital
General training	Any training not specific to equipment providing new functionality for the company.	General Training and instruction is a common item not qualifying for capital treatment	O&M
Janitorial	Only as it applies to services needed as a direct result of the capital construction project	Direct Labor - p. 5	capital
Labor In-Processing	For new personnel assignable to the construction project	Direct Labor - p. 5	capital
Permanent Operations Staff	Operation employees hired to operate the new generation prior to commercial in-service date	If required for the plant to be granted an operating license or Training - p.7	capital
Procedure Documentation	Due to new equipment or equipment new to a location.	Training - p. 7	capital
Project specific training	Specific to construction of new equipment which provides new functionality to the company in terms of operations	Training - p. 7	capital
Qualifications Verification	For new personnel assignable to the construction project (including certification & training)	Indirect Labor - p. 5	capital
Security	Incremental and specific to the construction project	Protection - p. 6	capital
Materials			
Construction specific signage	Specific to construction	Protection - p. 6	capital
Consumables (e.g. lightbulbs, batteries, etc.)	If used during the installation or construction of the asset. Subsequent replacements are not capital.	Material and Supplies - p. 5/6	capital
Direct parts & components (including shipping)	Direct parts & components (including shipping)	Material and Supplies - p. 5/6	capital
Freight / Transportation / Shipping	Freight / Transportation / Shipping	Material and Supplies - p. 5/6	capital
General signage	General plant information	Protection - p. 6	capital
Office Equip / PCs / Gen'l Software	When dedicated to the construction project	General Administration - p. 7	O&M
PC boards (new)	PC boards (new)	Material and Supplies - p. 5/6	capital
Radios / Mini-cell Telephones / pagers	When dedicated to the construction project	Material and Supplies - p. 5/6	capital
Safety Equip (hard hats, gloves, glasses, shoes, etc.)	When required and dedicated to the construction project	Protection - p. 6	capital
Small Tools	If consumed on the job and no longer useful after job completion	Material and Supplies - p. 5/6	capital
Software for / as part of components	Capital if part of component and no alternative exists; otherwise evaluate using software policy	System software - p. 17	capital
Test materials or equipment	Test materials or equipment	Testing new plant - p. 7	capital

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Construction Project Matrix

Construction/Modification Projects			
Types Of Costs	Additional Clarification	Applicable Section of Capitalization Policy	Classification
Other			
Earnings/Expenses	Earnings/Expenses	Earnings and expenses - p. 6	capital
Equipment Rental	Dedicated for construction or installation	Usage of Special Machine Services - p. 6	capital
General meetings	Unit/Section/Department meetings where various topics are discussed (admin, HR, general planning, updates from each area, etc.) This includes travel and expenses associated with general meetings	General Meeting are common item not qualifying for capital treatment	O&M
Injuries / damages	Injuries / damages	Injuries and Damages - p. 6	capital
In-Processing Expenses	In-Processing Expenses	Direct Labor - p. 5	capital
Insurance	Insurance	Insurance - p. 7	capital
Inventory/ Spare Parts	Inventory/Spare Parts purchased during construction for use on the project	Emergency spares - pp. 6,15	capital
Maintenance	When specific cost for agreement or itemized	Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining the original life of asset are common items not qualifying for capital treatment	O&M
Per diem	Related to direct construction project work	Direct Labor - p. 5	capital
Permits	If specific to the construction project	Privileges and permits - p. 7	capital
Postage	As it relates to the shipping of items directly related to the construction project, such as engineering plans or supplies	Material and Supplies - p. 5/6	capital
Project specific meetings	Discussing details on specific capital project status or plans	Direct Labor - p. 5	capital
Public Workshops	Cost associated with coordinating and planning a public workshops	Planning workshops - As part of the study and planning for the specific capital project, these workshops are part of the capital expenditures necessary to complete the capital work. Required Workshops from a regulatory group (i.e. County Commissioner, NRC) - When regulatory body requires the public workshop in order to obtain a license or permits these would be capital.	capital
Public/Community Relations	Cost associated with coordinating and planning a public workshop/meeting to educate the community	Page 10-Education workshops/community awareness meetings provide positive community relations for the company but do not add any value to the asset we are creating.	O&M
Punch List	Listing of engineering and construction items that remain to be completed in order to bring the plant or plant systems into compliance with the design criteria	Punch List - p. 13	capital
Recognition Awards (Energy Advantage, gift certificates, meals, etc.)	For achievement based awards specific to the construction project/achieving project milestones	Direct Labor - p. 5	capital
Regulatory Fees (e.g. NRC fees, environmental permits, etc.)	If specific to the construction project	Legal costs - p. 7	capital
Scaffolding (Labor/Mat/V Rental)	If specific to the construction project	Usage of Special Machine Services - p. 6	capital
Property Taxes	Specific to new generation only	Property Taxes - p. 7	capital
Temp Facilities (Mobile / Fixed)	If specific to the construction project	Rents - p. 7	capital
Temp Power	Temp Power	Usage of Special Machine Services - p. 6	capital
Travel	Related to direct construction project work	Transportation - p. 6	capital
Supporting Infrastructure	Construct/Donate roads, hospitals, equipment or other infrastructure required by regulatory agency that PGN will not own	Donations If special assessment, please contact PPM	O&M
Warranty	Beyond punch list items; rationale is to not overstate asset basis	Warranty, p. 13	O&M. No change in capital cost.
Waste Processing	Includes radiated and non radiated waste disposal fees specific to the construction project	Removal Costs - p. 4	capital
Water / Gatorade	Consumed during construction	Direct Labor - p. 5	capital
Workforce Development	Providing sponsorship to education facility to train employees	Donations	O&M
Working meals	Related to direct construction project work	Direct Labor - p. 5	capital
Workman's Comp	Workman's Comp	Injuries and Damages - p. 6	capital

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Construction Project Matrix

Purchases			
Types Of Costs	Additional Clarification	Applicable Section of Capitalization Policy ACTS-SUBS-00278	Classification
Labor – Directly Assignable (Employee / Contractor)			
Installation	Includes relocation of existing equipment that is required to install a new asset	Direct Labor – p. 5	capital
Inspections	Required for new installations	Testing new plant – p. 7	capital
Testing Pre-Installation	Testing solely to determine the timing of replacement is O&M	Testing new plant – p. 7	capital
Testing Post-Installation (performance / efficiency)	Includes contractual warranty testing	Testing new plant – p. 7	capital
General training	Any training not specific to equipment providing new functionality for the company.	Training - Page 10-General training and instruction are common items not qualifying for capital treatment.	O&M
Materials			
Direct parts & components (including shipping)	Direct parts & components (including shipping)	Material and Supplies – p. 5/6	capital
Freight / Transportation / Shipping	Freight / Transportation / Shipping	Material and Supplies – p. 5/6	capital
PC boards (new)	PC boards (new)	Material and Supplies – p. 5/6	capital
Small Tools	If consumed on the job and no longer useful after job completion	Material and Supplies – p. 5/6	capital
Software for / as part of components	Capital if part of component and no alternative exists; otherwise evaluate using SOP 98-1 & software policy	System software - p. 17	capital
Test materials or equipment	Test materials or equipment	Testing new plant – p. 7	capital
Other			
Equipment Rental	Dedicated for construction or installation	Usage of Special Machine Services – p. 8	capital
Inventory/ Spare Parts	Inventory/ Spare Parts	Emergency spares - pp. 6, 15	capital
Maintenance	When specific cost for agreement or itemized on invoice	Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining the original life of asset are common items not qualifying for capital treatment.	O&M
Warranty	Beyond punch list items; rationale is to not overstate asset basis	Warranty, p. 13	O&M. No change in capital cost.

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Critical Financial Application Access Review Process

Document number

ACT-SUBS-00370

Applies to: Progress Energy Carolinas, Inc.; Progress Energy Florida, Inc.; Progress Energy Service Company, LLC; Progress Fuels corporate employees only; Progress Energy Ventures, Inc.

Keywords: accounting; acd – administration; acd – financial reporting – financial systems; system access

1.0 PURPOSE: This document outlines the application access review process that is to be performed by functional application administrators of the key Critical Financial Applications.

2.0 Roles and Responsibilities:

2.1 Human Resources –

- Provide transfers and terminations data to the Application Notification Terminations & Transfers System (ANTTS). ANTTS will compare the termination and transfer data to the user table for the critical financial applications, and produce a Remedy ticket for each terminated or transferred employee that has access to one of the critical financial applications. A separate task is created for each critical financial application.

2.2 Functional Application Administrators –

- Review the transfer and terminations information included in the assigned Remedy task.
- Take appropriate action to ensure that access is appropriate
 - Terminations – access should be removed
 - Transfers – validate that access is appropriate or needs to be adjusted, confirming with sending manager (previous employee manager) as needed.
- Maintain appropriate documentation as prescribed in the application access procedures (i.e. who conducted review, action taken, and date) to be reviewed by Internal and External Auditors.

2.3 User Administration (Technology Service Desk, NGG Help Desk) –

- Process access change requests submitted by the functional application administrators
- NOTE: - User Administration (UA) has procedures related to terminations that address network access and other IT platforms. Those procedures will be followed by UA.
- Maintain appropriate documentation as prescribed in UA procedures (i.e. who conducted review, action taken, and date) to be reviewed by Internal and External Auditors

3.0 Review Process

- 3.1 Human Resources will provide data for terminations and transfers on a bi-weekly basis (Wednesday after the payroll run) and make the data available to ANTTTS. ANTTTS will compare the termination and transfer data to the user lists from the critical financial applications, and produce a Remedy ticket for each terminated or transferred employee that has access to one of the critical financial applications. A separate task is created for each critical financial application. The tasks will be assigned to the appropriate functional administrator.
- 3.2 Functional Application Administrators will do the following: **(Detailed instructions with screenshots included in Appendix).**

3.2.1 Log-in to Remedy (Note: Corp Id must be all capital letters. Example – I12345, OT12345)

3.2.2 Terminations

- 3.2.2.1 Review the assigned Remedy task and assign the task to the appropriate Implementor. The Implementor changes the status to "WorkInProgress".
- 3.2.2.2 Following the access review procedures for that application, the functional application administrator will ensure that access is removed from the application and any related global groups, etc. If UA updates access rights for your application, create a Remedy ticket requesting the change.
- 3.2.2.3 Update the ANTTTS Remedy task with action taken. Enter comments into the task Work Log reflecting the action taken for each employee having access to the system(s) you administer. Document actions taken in the manner prescribed in the application specific access procedures. This should include who reviewed the task, action taken, and date action taken. (All critical financial applications should have procedures outlining the process for granting and removing access to the application.) If a separate Remedy ticket was created for UA, then note the Remedy ticket number in the Work Log of the task.
- 3.2.2.4 Change the status of the task to "Closed". For applications with multiple transferring or terminating users, the Task Console can be used to update common editable fields. When all tasks have been closed by all functional administrators, the Change Request ticket will be automatically closed. If the task remains open after 30 days, the task will be escalated to the functional administrator's manager.
- 3.2.2.5 For those applications that have UA update user account records, either Remedy or UA will send an email notification when UA has completed the requested change. Validate that any actions processed by UA were completed. (For example, if removal from a global group was requested, check the global group membership to ensure that the employee was removed. See Determining Share Drive Information document on the IT&T Resource Center. Refer to the Oak Global Viewer portion of that document for instructions.)

3.2.3 Transfers

- 3.2.3.1** Review the assigned Remedy task and assign the task to the appropriate Implementor. The Implementor changes the status to "WorkInProgress".
- 3.2.3.2** Determine the type of application access that is required, notifying the sending manager (previous manager) for the employee, if appropriate. Following the access review procedures for that application, the functional application administrator will ensure that access rights are updated for the application and any related global groups, etc. If UA updates access rights for your application, create a Remedy ticket requesting the change.
- 3.2.3.3** If extended access is requested by the sending or receiving manager, change the status of the task to "Pending", set the Pending field to "Date", and enter the action taken and the pending date into the Work Log.
- 3.2.3.4** If no response is received from the sending manager in 30 days, remove the application access.
- 3.2.3.5** Update the Remedy task with action taken. Enter comments into the task Work Log reflecting the action taken for each employee having access to the system(s) you administer. Document actions taken in the manner prescribed in the application specific access procedures. This should include who reviewed the task, action taken, and date action taken. (All critical financial applications should have procedures outlining the process for granting and removing application access.) If a separate Remedy ticket was created for UA, then note the Remedy ticket number in the Work Log of the task.
- 3.2.3.6** Change the status of the task to "Closed". For applications with multiple users, the Task Console can be used to update common editable fields. When all tasks have been closed by all functional administrators, the Change Request ticket will be automatically closed. If the task remains open after 30 days, the task will be escalated to the functional administrator's manager.
- 3.2.3.7** For those applications that have UA update user account records, either Remedy or UA will send an email notification when UA has completed the requested change. Validate that any actions processed by UA were completed. (For example, if removal from a global group was requested, check the global group membership to ensure that the employee was removed. See Determining Share Drive Information document on the IT&T Resource Center. Refer to the Oak Global Viewer portion of that document for instructions.)

4.0 Reference documents

- 4.1 Employee Transfers (*Supervisors/Managers only*) HRI-SUBS-20025-S
- 4.2 For a list of the critical financial applications and the functional administrators, see the Employee Transfer Checklist FRM-SUBS-20023

APPENDIX: Application Notification Transfers & Terminations System (ANTTS)

A PeopleSoft job will run on Wednesday following every pay period to capture terminations and any action which involves a transfer (change in organization). (Current payroll calendars can be found at <http://progressnet/payweb/forms.htm>) All actions keyed within the pay period begin and end dates (base pay column in non-bargaining payroll calendar and basic work week column in bargaining payroll calendar) resulting in this type of change will be included in the PeopleSoft data. ANTTS will compare the Peoplesoft data to the user tables for the 16 critical financial applications (excludes Passport), and generate a Remedy Change Request ticket for each terminated or transferred employee that has access to one of the critical financial applications. A separate task is created for each application the employee has access to. The tasks will be assigned to the appropriate functional administrator. Each functional application administrator will be able to audit an employee's information to ensure appropriate security access has been reviewed for the 16 impacted critical financial applications.

Procedure: Review security access for appropriate application(s).

Appendix A: Sign-on to Remedy

Appendix B: Updating a Single Task

Appendix C: Bulk Edit for Multiple Tasks

Appendix D: Extended Access

Appendix E: Search

Appendix F: Remedy Mailbox Set-Up

Appendix G: Reporting Server – Accessing tickets > 90 days old

After implementation, if you encounter any issues with this application, please contact the Technology Service Desk and identify that you are requesting assistance with the "ANTTS" application.

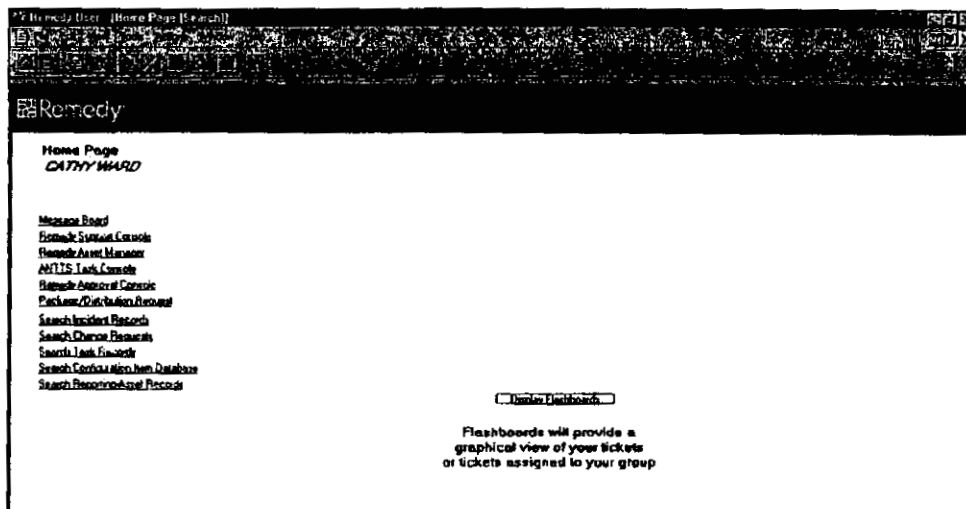
Appendix A: Sign-on to Remedy

- Step 1:** Sign on to Remedy system using your Corp Id and network password. Corp Id must be all capital letters, for example: I12345, OT12345.

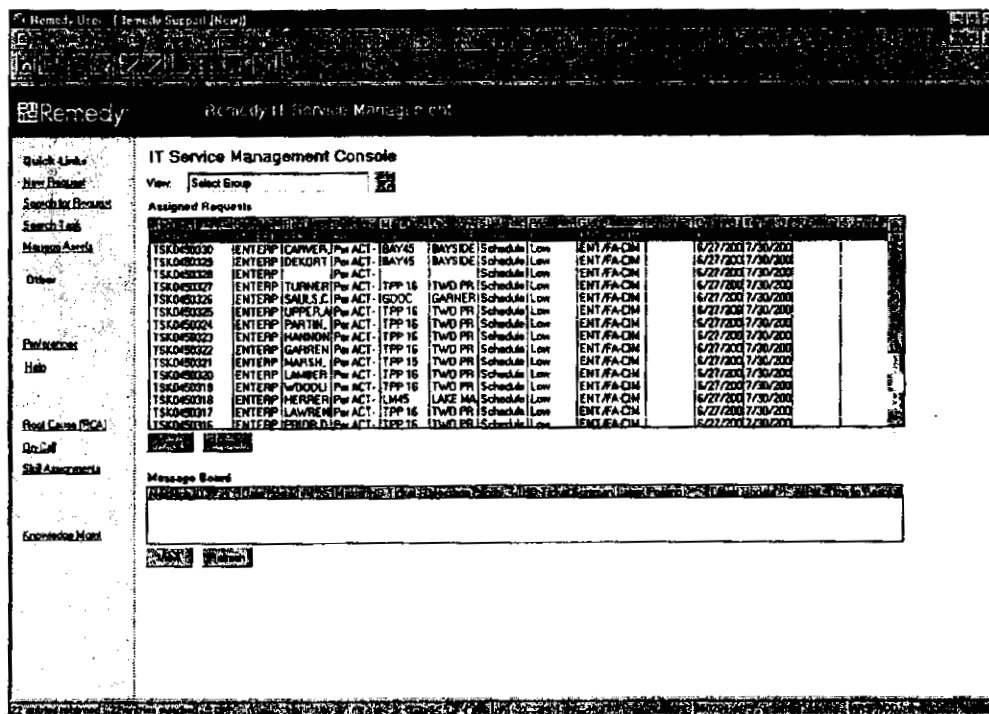
[Return](#)

Appendix B: Updating a Single Task

Step 1: Select the "Remedy Support Console"



Step 2: Assigned Tasks will be displayed – double-click on a task to open it



Assign an Implementor, and the Implementor will change the Status to "WorkInProgress".

Task Information	
Summary*	ENTERPRISE - USER TRANSFER 2007 12 XPR CIM
Description*	Per ACT SUBS 00070, please address the following Request
Category*	ENTERPRISE
Type*	BUSINESS SERVICE
Name*	USER TRANSFER - C
Auto ReAssign	<input type="checkbox"/>
Task ID*	130008327
Change ID*	CHG00N156
Urgency	High
Priority*	Low
Status*	WorkInProgress
Escalated?	No
Work Order	No
Sequence	1
Task Info	Assessment
Related Name	Audit
Circle	
Requester Information	
Login Name*	OT08208
Name*	BERKEY ARTHUR F
VIP	No
Int Phone	000/227-2850
Ext Phone	727/523-3990
Location	
Scope*	Local
Location-1	BAYSIDE CSC
Location-2	1ST FLR
Location-3	CALL FLOW
Office	BAY45
Mail Code	BAY45
Support Information	
Group*	ENT/FACIM
Implementer*	MCBONALD CHARLES
Request Reassignment	No
Select Group	
Select Individual	
Implementer Contact	
Service Request	Service Request Work Log
Save	Class
Reminders	Next Task
Multiple Actions	

Select the Assessment tab, and document actions taken in the Work Log. Cut/paste information into the Work Log, attachments cannot be included in a task Work Log. "Save" and "Close" the task.

Remedy IT Service Management			
Task Information			
Summary*	ENTERPRISE - USER TRANSFER 2007 12-04 CM		
Description*	Pw ACT 4185-80376 Please address the following Pageback		
Category*	ENTERPRISE		
Type*	Fail ID*	SCOPEID=...	
Name*	Change ID*	CHG0291156	
User Assignment <input type="checkbox"/>	Urgency	High	Escalated? No
	Priority	Low	Work Order No
			Sequence 1
Task Info Assessment Related Items Audit Close			
Planned Time			
Planned Start Date	6/20/2007 8:00 AM		
Planned End Date	7/30/2007 8:00 AM		
Planned Duration (hrs)	240.000000		
Actual Time			
Start Date			
End Date			
Passion Hours			
Minutes Worked			
Task Plans	For more information see the following document.		
Audit			
Work Log			
Resolved Remedy C Yea # No			
Saves	Close	Run History	Title
Print Task			

Step 5:

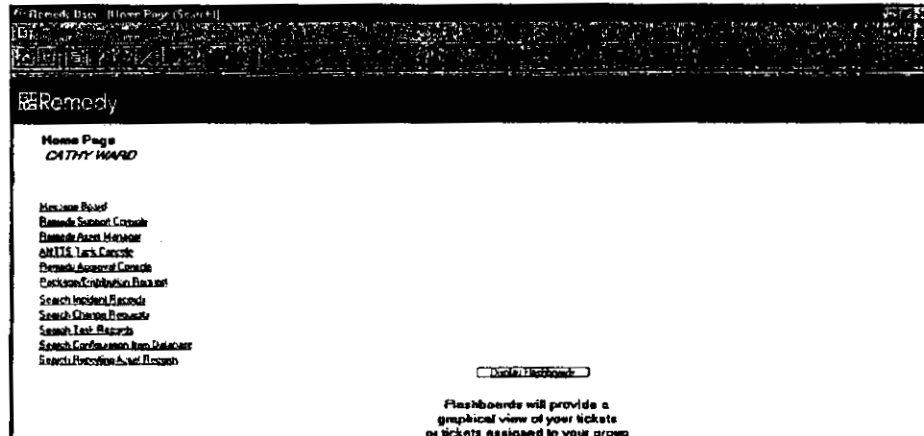
After all access has been revised appropriately, change status to "Closed", select a Closure Code, i.e., "Successful". "Save" and "Close" the task.

Task Information

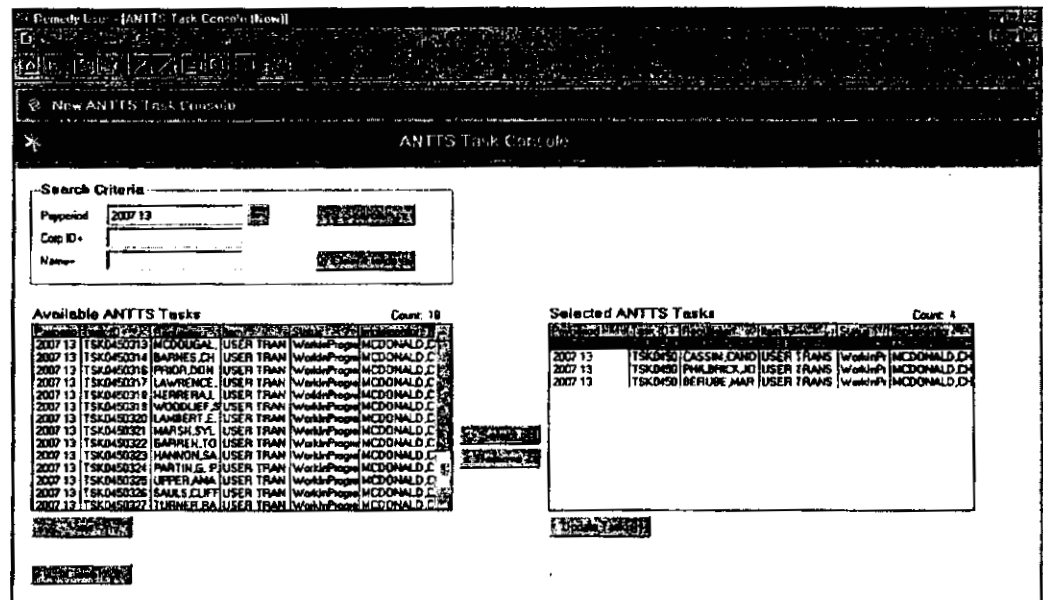
Summary: ENTERPRISE - USER TRANSFER 2007 13 W/ R OM
 Description: Per ACT-SUBS-00370 please address the following Requester's
 Category: ENTERPRISE
 Type: BUSINESS SERVICE
 Name: USER TRANSFER - C
 Auto-Assign: ☐
 Task Info: Assessment | Related Items | Audit | **Closed**
 Requester Information:
 Login Name: 010008
 Name: BENEY, ARTHUR F.
 VP: 000/227-3880
 Ext. Phone: 722/225-3880
 Location:
 Scope: Local
 Location 1: BAYVIEW CIRC
 Location 2: 1ST FLR
 Location 3: CALL FLDR
 Office: BAYVIEW
 Mail Code: BAYVIEW
 Support Information:
 Group: ENT/FA/CM
 Implementer: McDONALD, CHARLES
 Request Reassignment: No
 Status: Closed
 Closure Code: No
 Enclosed? No
 Work Order: No
 Sequence: 1
 Service Requesters:
 Service Requester's Work Log
 Multiple Actions: 0/1/2/3/4/5/6/7/8/9/10/11/12/13/14/15/16/17/18/19/20/21/22/23/24/25/26/27/28/29/30/31/32/33/34/35/36/37/38/39/40/41/42/43/44/45/46/47/48/49/50/51/52/53/54/55/56/57/58/59/60/61/62/63/64/65/66/67/68/69/70/71/72/73/74/75/76/77/78/79/80/81/82/83/84/85/86/87/88/89/90/91/92/93/94/95/96/97/98/99/100/101/102/103/104/105/106/107/108/109/110/111/112/113/114/115/116/117/118/119/120/121/122/123/124/125/126/127/128/129/130/131/132/133/134/135/136/137/138/139/140/141/142/143/144/145/146/147/148/149/150/151/152/153/154/155/156/157/158/159/160/161/162/163/164/165/166/167/168/169/170/171/172/173/174/175/176/177/178/179/180/181/182/183/184/185/186/187/188/189/190/191/192/193/194/195/196/197/198/199/200/201/202/203/204/205/206/207/208/209/210/211/212/213/214/215/216/217/218/219/220/221/222/223/224/225/226/227/228/229/230/231/232/233/234/235/236/237/238/239/240/241/242/243/244/245/246/247/248/249/250/251/252/253/254/255/256/257/258/259/260/261/262/263/264/265/266/267/268/269/270/271/272/273/274/275/276/277/278/279/280/281/282/283/284/285/286/287/288/289/290/291/292/293/294/295/296/297/298/299/300/301/302/303/304/305/306/307/308/309/310/311/312/313/314/315/316/317/318/319/320/321/322/323/324/325/326/327/328/329/330/331/332/333/334/335/336/337/338/339/340/341/342/343/344/345/346/347/348/349/350/351/352/353/354/355/356/357/358/359/360/361/362/363/364/365/366/367/368/369/370/371/372/373/374/375/376/377/378/379/380/381/382/383/384/385/386/387/388/389/390/391/392/393/394/395/396/397/398/399/400/401/402/403/404/405/406/407/408/409/410/411/412/413/414/415/416/417/418/419/420/421/422/423/424/425/426/427/428/429/430/431/432/433/434/435/436/437/438/439/440/441/442/443/444/445/446/447/448/449/450/451/452/453/454/455/456/457/458/459/460/461/462/463/464/465/466/467/468/469/470/471/472/473/474/475/476/477/478/479/480/481/482/483/484/485/486/487/488/489/490/491/492/493/494/495/496/497/498/499/500/501/502/503/504/505/506/507/508/509/510/511/512/513/514/515/516/517/518/519/520/521/522/523/524/525/526/527/528/529/530/531/532/533/534/535/536/537/538/539/540/541/542/543/544/545/546/547/548/549/550/551/552/553/554/555/556/557/558/559/560/561/562/563/564/565/566/567/568/569/570/571/572/573/574/575/576/577/578/579/580/581/582/583/584/585/586/587/588/589/590/591/592/593/594/595/596/597/598/599/600/601/602/603/604/605/606/607/608/609/610/611/612/613/614/615/616/617/618/619/620/621/622/623/624/625/626/627/628/629/630/631/632/633/634/635/636/637/638/639/640/641/642/643/644/645/646/647/648/649/650/651/652/653/654/655/656/657/658/659/660/661/662/663/664/665/666/667/668/669/670/671/672/673/674/675/676/677/678/679/680/681/682/683/684/685/686/687/688/689/690/691/692/693/694/695/696/697/698/699/700/701/702/703/704/705/706/707/708/709/710/711/712/713/714/715/716/717/718/719/720/721/722/723/724/725/726/727/728/729/730/731/732/733/734/735/736/737/738/739/740/741/742/743/744/745/746/747/748/749/750/751/752/753/754/755/756/757/758/759/760/761/762/763/764/765/766/767/768/769/770/771/772/773/774/775/776/777/778/779/780/781/782/783/784/785/786/787/788/789/790/791/792/793/794/795/796/797/798/799/800/801/802/803/804/805/806/807/808/809/810/811/812/813/814/815/816/817/818/819/820/821/822/823/824/825/826/827/828/829/830/831/832/833/834/835/836/837/838/839/840/841/842/843/844/845/846/847/848/849/850/851/852/853/854/855/856/857/858/859/860/861/862/863/864/865/866/867/868/869/870/871/872/873/874/875/876/877/878/879/880/881/882/883/884/885/886/887/888/889/890/891/892/893/894/895/896/897/898/899/900/901/902/903/904/905/906/907/908/909/910/911/912/913/914/915/916/917/918/919/920/921/922/923/924/925/926/927/928/929/930/931/932/933/934/935/936/937/938/939/940/941/942/943/944/945/946/947/948/949/950/951/952/953/954/955/956/957/958/959/960/961/962/963/964/965/966/967/968/969/970/971/972/973/974/975/976/977/978/979/980/981/982/983/984/985/986/987/988/989/990/991/992/993/994/995/996/997/998/999/1000/1001/1002/1003/1004/1005/1006/1007/1008/1009/1010/1011/1012/1013/1014/1015/1016/1017/1018/1019/1020/1021/1022/1023/1024/1025/1026/1027/1028/1029/1030/1031/1032/1033/1034/1035/1036/1037/1038/1039/1040/1041/1042/1043/1044/1045/1046/1047/1048/1049/1050/1051/1052/1053/1054/1055/1056/1057/1058/1059/1060/1061/1062/1063/1064/1065/1066/1067/1068/1069/1070/1071/1072/1073/1074/1075/1076/1077/1078/1079/1080/1081/1082/1083/1084/1085/1086/1087/1088/1089/1090/1091/1092/1093/1094/1095/1096/1097/1098/1099/1100/1101/1102/1103/1104/1105/1106/1107/1108/1109/1110/1111/1112/1113/1114/1115/1116/1117/1118/1119/1120/1121/1122/1123/1124/1125/1126/1127/1128/1129/1130/1131/1132/1133/1134/1135/1136/1137/1138/1139/1140/1141/1142/1143/1144/1145/1146/1147/1148/1149/1150/1151/1152/1153/1154/1155/1156/1157/1158/1159/1160/1161/1162/1163/1164/1165/1166/1167/1168/1169/1170/1171/1172/1173/1174/1175/1176/1177/1178/1179/1180/1181/1182/1183/1184/1185/1186/1187/1188/1189/1190/1191/1192/1193/1194/1195/1196/1197/1198/1199/1200/1201/1202/1203/1204/1205/1206/1207/1208/1209/1210/1211/1212/1213/1214/1215/1216/1217/1218/1219/1220/1221/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2222/2223/2224/2225/2226/2227/2228/2229/2230/2231/2232/2233/2234/2235/2236/2237/2238/2239/2240/2241/2242/2243/2244/2245/2246/2247/2248/2249/2250/2251/2252/2253/2254/2255/2256/2257/2258/2259/2260/2261/2262/2263/2264/2265/2266/2267/2268/2269/2270/2271/2272/2273/2274/2275/2276/2277/2278/2279/2280/2281/2282/2283/2284/2285/2286/2287/2288/2289/2290/2291/2292/2293/2294/2295/2296/2297/2298/2299/2300/2301/2302/2303/2304/2305/2306/2307/2308/2309/2310/2311/2312/2313/2314/2315/2316/2317/2318/2319/2320/2321/2322/2323/2324/2325/2326/2327/2328/2329/2330/2331/2332/2333/2334/2335/2336/2337/2338/2339/2340/2341/2342/2343/2344/2345/2346/2347/2348/2349/2350/2351/2352/2353/2354/2355/2356/2357/2358/2359/2360/2361/2362/2363/2364/2365/2366/2367/2368/2369/2370/2371/2372/2373/2374/2375/2376/2377/2378/2379/2380/2381/2382/2383/2384/2385/2386/2387/2388/2389/2390/2391/2392/2393/2394/2395/2396/2397/2398/2399/2400/2401/2402/2403/2404/2405/2406/2407/2408/2409/2410/2411/2412/2413/2414/2415/2416/2417/2418/2419/2420/2421/2422/2423/2424/2425/2426/2427/2428/2429/2430/2431/2432/2433/2434/2435/2436/2437/2438/2439/2440/2441/2442/2443/2444/2445/2446/2447/2448/2449/2450/2451/2452/2453/2454/2455/2456/2457/2458/2459/2460/2461/2462/2463/2464/2465/2466/2467/2468/2469/2470/2471/2472/2473/2474/2475/2476/2477/2478/2479/2480/2481/2482/2483/2484/2485/2486/2487/2488/2489/2490/2491/2492/2493/2494/2495/2496/2497/2498/2499/2500/2501/2502/2503/2504/2505/2506/2507/2508/2509/2510/2511/2512/2513/2514/2515/2516/2517/2518/2519/2520/2521/2522/2523/2524/2525/2526/2527/2528/2529/2530/2531/2532/2533/2534/2535/2536/2537/2538/2539/2540/2541/2542/2543/2544/2545/2546/2547/2548/2549/2550/2551/2552/2553/2554/2555/2556/2557/2558/2559/2560/2561/2562/2563/2564/2565/2566/2567/2568/25

Appendix C: Bulk Edit for Updating Multiple Tasks

- Step 1:** If processing multiple tasks with a consistent action, consider using the ANTTT Task Console. The ANTTT Task Console can be used to assign an Implementor, update Status and enter information into the Work Log. Select the "ANTTT Task Console" from the Remedy Home Page.



- Step 2:** Select the Pay Period, and/or enter Corp ID or Name of transferred/terminated employee, and then click on the Search button. Select appropriate tasks to update, by highlighting tasks in the Available ANTTT Tasks box (use the Shift or Ctrl key to highlight multiple tasks) and then click on the Select button. The tasks available for updating will show in the Selected ANTTT Tasks box. Tasks can be removed from the "Selected ANTTT Tasks" box by highlighting the tasks to be removed, and clicking the "Remove" button. Tasks can also be Selected or Removed by double-clicking on the task.



Step 3:

Click on the Update Task(s) button, and a box will appear to enter the updated information. Then click the "Update" button. After processing, click the "Close" button.

[Return](#)

Appendix D: Extended Access

Step 1:

If extended access is requested by the sending or receiving manager, change the status of the task to "Pending", set the Pending field to "Date", and enter the action taken and the pending date into the Work Log. "Save" and "Close" the task.

If the extended date is after the "Due By" date for the task, then call the Technology Service Desk (230-5111) and press "Option 3" which directs the call to the Service Request Team. The Service Request team processes due date changes. The due date is located on the Assessment Tab of the Change Request Ticket in the "Due By" field. There is a link to the Change Request ticket from the Task Info tab and is labeled: [Service Request](#).

[Return](#)

Appendix E: Search

Step 1: To search for a task, from the IT Service Management Console, select "Search Task". From the Category drop down box, select "Enterprise", from the Type drop down box, select "Business Service", and then select the appropriate Item for your search. Then click "Search" at the bottom of the screen. Click on a task at the top of the page to see the detail displayed.

The screenshot displays the 'Task Information' page in the Remedy IT Service Management console. The page is divided into several sections:

- Task Information:**
 - Summary: ENTERPRISE - USER TERMINATION CSS20073
 - Description: ENTERPRISE - USER TERMINATION CSS20073
 - Category: ENTERPRISE
 - Type: BUSINESS SERVICE
 - Item: [Dropdown menu]
 - Task ID: CSS20073
 - Change ID: CHG0276247
 - Urgency: Low
 - Priority: Low
 - Escalated?: No
 - Work Order: No
 - Sequence: 1
- Requester Information:**
 - Login Name: CORTI
 - Name: PITS, JUDY P
 - MP: [Dropdown menu]
 - Ext Phone: (800) 740-4826
 - Ext Phone: (301) 853-4826
- Location:**
 - Scope: Local
 - Location 1: BUSINESS ADMIN
 - Location 2: NA
 - Location 3: NA
 - Office: [Dropdown menu]
 - Mail Code: [Dropdown menu]
- Support Information:**
 - Group: ADS/CSS USER MGR
 - Registration: [Dropdown menu]
 - Request Reassignment: No
 - Select Update: [Dropdown menu]
 - Select Individual: [Dropdown menu]

At the bottom of the page, there are buttons for 'Status Request', 'Status Request Work Log', 'Multiple Actions', and 'Help'.

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Appendix F: Remedy Mail-box Set-up

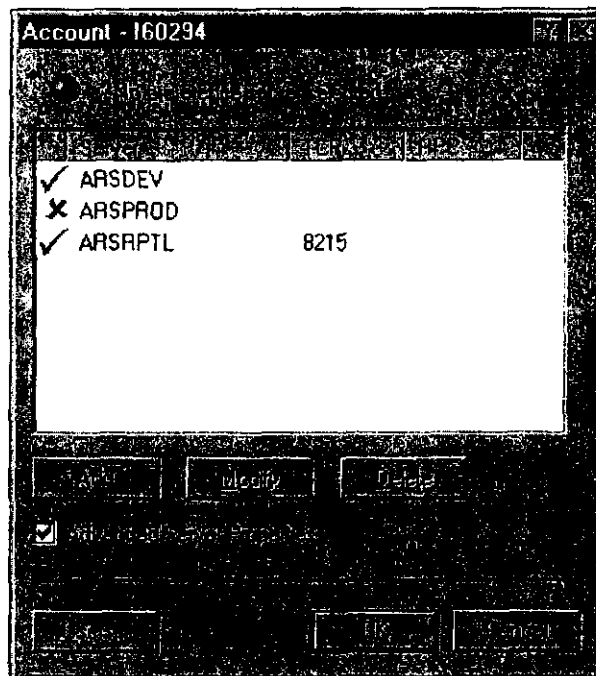
Step1: Remedy mailbox set-up: To customize your ANTTTS Remedy email account to send alerts when a task is assigned to your group, please see the Remedy Group Mailbox – Usage Instructions. The Instructions can be found at:

<file:///nt000036/share1/ITIL/IncidentManagement/Procedures/Instructions%20for%20using%20Remedy%20Mailboxes.doc>

Appendix G: Reporting Server – Accessing Tasks > 90 days old

Step 1:

Reporting Server: Closed tickets/tasks <90 days old are stored on both the Remedy production server and the reporting server. Ninety (90) days after tickets/tasks are closed, the tickets/tasks are removed from the production server. To access tickets/tasks more than 90 days after closed, please use the reporting server. To switch to the reporting server, at the Log-in screen to Remedy, click "Accounts" and select the "ARSRPTL" server. The red "X" will be changed to a green check mark. Click "OK". *The menu options on the Remedy Support Console are "aligned" with the servers selected.* Select the "Search Task Records" from the Remedy Home Page to search for tasks on the reporting server.



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Note:

After implementation, if you encounter any issues with this application, please contact the Technology Service Desk and identify that you are requesting assistance with the "ANTTS" application.

Document title

Progress Energy Corporate Approval Level Policy

Document number

ACT-SUBS-00002

Applies to: Progress Energy Carolinas, Inc., Progress Energy Florida, Inc., Progress Energy Service Company, LLC

Keywords: accounting; acd - administration; acd - expenditure - accounts payable; acd - expenditure - capital; acd - financial reporting & general accounting

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). Non-regulated subsidiaries are responsible for maintaining and monitoring their approval authorization levels.

Commitments of company resources that support ongoing operations within the normal course of business will follow this approval level policy. Strategic initiatives are governed by the Investment Process Guide. Capital and non-capital projects are governed by the Progress Energy Project Governance Policy, ACT-SUBS-00335. Procurement of materials and services is governed by Corporate Procurement Process-Materials, MCP-SUBS-00010; Contracts Development and Administration-PassPort Organizations-Not Nuclear, CNT-SUBS-00001; or NGG Contract Initiation, Development and Administration, MCP-NGGC-0001.

ENFORCEMENT

Enforcement of this policy is the sole responsibility of the Controller of each regulated legal entity of Progress Energy, Inc. or of the appropriate business unit controller and must be managed within the legal entity organizational structure. Progress Energy Service Company, LLC will be responsible for monitoring and reporting any violations to the Approval Level Policy.

CORPORATE APPROVAL MATRIX

The monetary approval levels set forth by the Approval Level Policy are defined by employee position/peer level code (i.e., Department Head/05, Section Head/06-07, Unit Head/08) and transaction category (i.e. invoicing, procurement, contract requisitions, commodity and fuel transactions). These management peer level positions are established by the Human Resources Department. Approval authority is granted to employees who hold positions classified as Sub-Unit Head or higher. To ensure sound business practices, contract execution approval levels cannot be delegated; and any employee below Unit Head level cannot have both contract execution and contract payment approval authority.

REQUIRED APPROVAL METHOD

The amount of the item submitted for payment approval determines the level of authority required for approval.

Approval must be indicated by:

- the signature (initials or rubber stamp are not acceptable) of the authorized person, coupled with the position code or peer level next to the signature or
- electronic approval by obtaining a Payment Authorization Number through PassPort.

Progress Energy Service Company's Disbursement Services Unit will monitor compliance with required approvals:

- If either the approval signature or position code or accounting information are missing (or not appropriate based on the amount), payment will not be processed or will be delayed until proper approval is received.
- If the Payment Authorization Number from PassPort and the Contract Number are not written on the contract invoice, Disbursement Services Unit will return the invoice to the field for completion.

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PEF-NCR-7073

DELEGATION OF APPROVAL AUTHORITY

- **APPROVAL AUTHORITY – SAME LEVEL AND BELOW:** Any level of management can delegate temporary or acting approval authority AT SAME or BELOW his/her level of monetary approval authority with the approval of management at least one level above the level that is being requested (i.e. delegation of a Section Head approval to a Unit Head would require Department Head approval). The intent of temporary approval is to provide coverage for situations such as vacation, leave of absence, etc., and for approval level exceptions for business unit or department needs that are not identified in the Corporate Approval Matrix. Delegation of approval authority will not be granted for more than one (1) year. To ensure sound business practices, contract execution approval levels cannot be delegated; and any employee below Unit Head level cannot have both contract execution and contract payment approval authority.
- **APPROVAL AUTHORITY – MULTIPLE COMPANIES:** Managers with multiple companies' approval authority (i.e. Progress Energy Carolinas, Inc. and Progress Energy Florida, Inc.) can delegate temporary or acting MULTIPLE approval authority AT SAME or BELOW his/her level of monetary approval authority with the approval of management at least one level above the level that is being requested. To ensure sound business practices, contract execution approval levels cannot be delegated; and any employee below Unit Head level cannot have both contract execution and contract payment approval authority.
- **DOCUMENTATION:** Temporary approval authority is to be documented by a Delegation/Assignment of Approval Authority Form (FRM-SUBS-00973) stating who has the authority, the position level authorized and the time period. All memos are to be maintained for one year from the expiration date of the delegated approval authority and are subject to review by Audit Services Department.
- **PASSPORT NOTIFICATION:** Personnel maintaining PassPort must be sent a copy of the completed and approved Delegation Form (FRM-SUBS-00973). For Energy Supply users, fax the completed and approved form to the NIT Helpdesk at (919)232-4997. For Non-Energy Supply and Service Company users, fax the completed and approved form to (919)235-3167.
- **DELEGATED APPROVAL AUTHORITY:** If you have been delegated approval authority, then you are to use the position code of the level of authority you are approving for. For example, if you have acting approval for the Department Head, then use the DH or Peer Level 05 code when approving invoices in the Department Head's absence.
- **DISBURSEMENT SERVICES NOTIFICATION:** A copy of the Delegation Form must be attached to miscellaneous invoices/check requests sent to Disbursement Services, PEB 18, for payment. It will be imaged along with the associated invoice and miscellaneous invoice cover sheet. A miscellaneous invoice is an invoice for material and/or services that cannot be procured by the use of a Company purchase order, contract or commercial credit card (OneCard).
- **ADDENDUM:** Approval level exceptions for business unit needs that are not identified in the Approval Matrix must be documented in the Appendix A—Corporate Approval Level Policy Addendum and approved annually by the appropriate business unit management.

PEC, PEF and Service Company APPROVAL MATRIX

		Spending Dollar Levels		
Peer Level	Position Code	Misc. Invoices; Check Requests; Empl. Expenses (a)	Purchase Requisitions (b)	Contract Requisitions (c)
	Subsidiary Board	Unlimited	Unlimited	Unlimited
	Chairman, PEI President and CEO	\$7,500,000	\$7,500,000	\$75,000,000
01, 02, 03	President/CEO – PEC, PEF, SVCCo. (Group Exec)	\$5,000,000	\$5,000,000	\$50,000,000
04	Senior Vice President (Exec)	\$500,000	\$2,500,000	\$20,000,000
05	Department Head (DH)	\$100,000	\$1,000,000	\$5,000,000
06, 07	Section Head (SH)	\$25,000	\$250,000	\$500,000
08	Unit Head (UH)	\$5,000	\$50,000	\$100,000
09, 10	Sub-Unit Head (SU)	\$1,500	\$10,000	N/A

Notes

(a) Approval for invoices not authorized by a Purchase Order or Contract and for employee expenses.

(b) Maximum levels of authorization to acquire materials or supplies that are to be covered by a signed Purchase Order. Does not represent invoice payment amounts. Purchase Order execution shall be performed by the appropriate approval level in Corporate Services Department (see MCP-SUBS-00010, Corporate Procurement Process-Materials).

(c) Maximum levels of authorization to acquire services that are to be covered by a signed Contract. Contract execution shall be performed in accordance with the approval authority above or by the appropriate approval level in Corporate Services Department (see CNT-CSDX-00001, Supply Chain Management-Internal Contract Process Management. For contract development guidance, see CNT-SUBS-00001, Contracts Development and Administration-PassPort Organizations-Not Nuclear or MCP-NGGC-0001, NGG Contract Initiation, Development and Administration. The contract designated representative or anyone in his/her direct chain of management may approve contract invoice payment amounts within the limits of the contract. Contract execution approval levels cannot be delegated; and employee below Unit Head level (08) cannot have both contract execution and contract payment approval authority.

Delegation must be formalized and approved at the next level via FRM-SUBS-00973.

Position Codes or Peer Level must be used every time you approve any document authorizing payment or anytime you sign authorizations to acquire/procure materials, services and/or labor. Peer Level is a PeopleSoft designation (established by Human Resources Dept) and is used in PassPort.

For legal invoices, approve at the appropriate level as stated above and forward to Legal for further review and approval.

Commodity Transaction Approval				
Structured Commodity Transactions (1)			Fuel Purchase, Financial Hedging and Related Activities (3)	
Capital Outside Forecast	Term Years (5)	Total Nominal Amount (2)	Term Years (5)	Total Nominal Amount (4)
Unlimited	Unlimited	Unlimited	—	Unlimited
\$10,000,000	11	\$250,000,000	—	\$500,000,000
\$1,000,000	6	\$100,000,000	—	\$500,000,000
\$1,000,000	6	\$100,000,000	—	\$200,000,000
—	—	—	3	\$25,000,000

Notes

Commodity Transactions

(1) This matrix addresses structured deals (Buy or Sell) as defined by applicable RCO and RFD procedures. Trading limits are governed by procedures, signed Trader Authorizations and applicable Risk and Credit Guidelines as approved by the RMC rather than this matrix.

(2) Total Nominal amount is defined as total non-discounted amounts projected per contract term.

Fuel Procurement and Related Activities

(3) This matrix addresses Procurement of Fuel (Nuclear, Coal, Natural Gas and Fuel Oil), and any related activities such as Transportation and Storage (also includes incidental sale to balance commitments), Emissions, Reagents (e.g., limestone, ammonia) and by-products (e.g. gypsum, ash).

(4) Total Nominal Expenditures is defined as the sum of nominal expenditures for entire transaction period.

Deal Approval

(5) Term is defined as the number of years elapsed from contract execution date to expiration date of contract. The terms for Financial Hedging are governed by the Approved Hedging Plans and signed Trader Authorizations and Risk and Credit Guidelines as noted in (1) above rather than this matrix.

All Commodity Transactions and Fuel Procurement and related activities that are approved at President/CEO Group President level or higher must go to the Treasury, Risk and Transaction Subcommittee for review before execution. All Commodity Transactions and Fuel Procurement and related activities that are approved by the Subsidiary Board must be documented using the standardized BAP and must go to Risk Management Committee to review before execution. Certain energy purchases are excluded from the above: specifically purchases from Qualifying Facilities and Renewables Resources as provided for by MKT-RCOC-00002 or MKT-RCOF-00002).

APPENDIX A – CORPORATE APPROVAL LEVEL POLICY ADDENDUM

Department or Group Approval Exceptions	Items To Be Approved	EXEC.	SR. VP.	D.H.	S.H.	U.H.	S.U.
NUCLEAR GENERATION GROUP							
Nuclear Engineering	<u>Manager - Nuclear Fuels</u> ▪ DOE Waste Fund & D&D Fund Payments			\$15,000,000	\$10,000,000		
Performance Evaluation & Regulatory Affairs	<u>Manager - Performance Eval. & Reg. Affairs</u> ▪ License/Industry Fees & Dues				\$5,000,000		
Nuclear Plants	1. <u>Manager- Nuclear Support Services Nuclear - (BNP, HNP, RNP)</u> ▪ License Fees 2. <u>Director - Site Operations - CRP</u> ▪ License Fees 3. <u>VP Nuclear Projects & Construction</u> ▪ Harris and Levy New Construction License Fees			3. \$5,000,000	1. \$5,000,000 2. \$5,000,000		
HUMAN RESOURCES	1. <u>Director-Compensation & Benefits</u> ▪ See 2, 3 and 4 below. 2. <u>Manager – Comp. & Benefits Finance</u> Employee Benefit Administrative Fees/ Premiums: ▪ Medical Carriers ▪ Dental Carriers ▪ Vision Carriers ▪ Mental Health Carriers ▪ Prescription Drug Carriers ▪ Life & AD&D Carriers ▪ Disease Managers ▪ Financial Services Vendors ▪ STD/LTD Administrative Fees ▪ 401K Wire Transfers ▪ Reimbursement Accounts ▪ COBRA/Retiree Billing Fees ▪ Relocation Invoices ▪ HSA Administrative Fees and Wires 3. <u>Manager- Benefits</u> a. 401(k) Wire Transfers b. Pension/401(k) Plan Expenditures				1. \$5,000,000 2. \$5,000,000 3a. \$5,000,000 3b. \$50,000		

APPENDIX A – CORPORATE APPROVAL LEVEL POLICY ADDENDUM

Department or Group Approval Exceptions	Items To Be Approved	EXEC	SR. V.P.	D.H.	S.H.	U.H.	S.U.
HUMAN RESOURCES (Cont.)	<u>4. Director- HR Services</u> a. Pre-Retirement Seminar Fees b. New Employee Luncheon Fees c. Service Recognition Awards d. COLI Death Benefits				4a. \$50,000 4b. \$50,000 4c. \$250,000 4d. \$10,000		
ENVIRONMENTAL SERVICES	<u>Director – Environmental Services</u> • Environmental Permits/Fees				\$500,000		
INFORMATION TECHNOLOGY SERVICES	1. <u>Director - Technology Management Services</u> • Invoices from telephone, cell phone & pager vendors 2. <u>Manager - IT/T Business Services</u> • Invoices from telephone, cell phone & pager vendors 3. <u>BFA – IT/T Business Services</u> • Invoices from telephone, cell phone & pager vendors				1. \$500,000	2. \$100,000	3. \$5,000
FINANCIAL SERVICES							
Accounting Department	<u>Vice President & Controller</u> • Escheat & Unclaimed Property • Progress Payments on Notes for Land Purchases			\$3,000,000			

APPENDIX A – CORPORATE APPROVAL LEVEL POLICY ADDENDUM

Department or Group Approval Exceptions	Items To Be Approved	EXEC.	SR, V.P.	D.H.	S.H.	U.H.	S.U.
Accounting Department (Cont.)	<u>Controller – PEC</u> 1. Payments for Regulatory Fees & Decommissioning Contributions 2. <u>Regulated Back Office & Regulated Contracts / Fuel Accounting</u> ▪ Invoices for Power, Transmission, Capacity & Related Expenses ▪ Cogeneration & Related Payments ▪ Wholesale Customer Sales Invoices ▪ Coal & Related Payments ▪ Oil & Related Payments ▪ Gas & Related Payments ▪ Reagent (Ammonia, Limestone, Urea) & Related Payments ▪ By-Product (Gypsum, Ash) & Related Payments ▪ Fuel & Transportation Payments on Approved Contracts ▪ Emission Allowances & Related Payments ▪ Renewable Energy Credits & Related Payments 3. Advanced Energy Corporation 4. DOE – Nuclear Fuel Disposal Costs		2. Unlimited	2. Unlimited	1. \$3,000,000 2. \$25,000,000 3. \$3,000,000 4. \$3,000,000	2. \$5,000,000	
	<u>Controller – PEF</u> 1. Payments for Regulatory Fees & Decommissioning Contributions 2. Regulated Back Office & Regulated Contracts (see PEC) 3. FPC Franchise & Utility Tax Payments		2. Unlimited	2. Unlimited	1. \$3,000,000 2. \$25,000,000 3. \$3,000,000		
	<u>Director – Accounting Operations</u> 1. Corporate Credit Card Payments 2. Deloitte & Touche Invoices				1. \$4,000,000 2. \$3,000,000		

APPENDIX A – CORPORATE APPROVAL LEVEL POLICY ADDENDUM

Department or Group Approval Exceptions	Items To Be Approved	EXEC	SR, V.P.	D.H.	S.H.	U.H.	S.U.
Tax Department	<ol style="list-style-type: none"> <u>Vice President Tax</u> <ul style="list-style-type: none"> Corporate Tax Payments Payroll Fund Transfers Federal & State Payroll Tax Workmen's Compensation Insurance Fee Purchase of US Savings Bonds Garnishment Payments eGiving/United Way Contributions PAC Contributions Heat Pump/Appliance Loan Payments <u>Manager - Tax Services</u> <ul style="list-style-type: none"> Refunds for Sales & Use Taxes Refunds for Franchise Taxes 		1. \$150,000,000	1. \$75,000,000	1. \$50,000,000	1. \$25,000,000	
Treasury	<ol style="list-style-type: none"> <u>Assistant Treasurer</u> <ul style="list-style-type: none"> Bank Note Principal & Interest Payments Bank Service Fees Bond Administrative Fees Bond Interest Payments Commercial Paper Note Payments Dividend Payments Interest Rate Derivative Payments Florida Progress Share Exchange Payments Lease Payments - ICT Financing Letter of Credit Fees Medical Benefits Rating Agency Fees Investment Purchases <u>Assistant Treasurer</u> <ul style="list-style-type: none"> Bond Principal Payments <u>Manager – Corporate Insurance</u> <ul style="list-style-type: none"> Corporate Insurance Payments <u>Director – Enterprise Risk Management:</u> Invoices and wire transfers for margining and related expenses for the following PEF and PEC transactions: <ul style="list-style-type: none"> Power Gas Oil Coal SO2 and NOX Emissions Allowances 		4. Unlimited	<ol style="list-style-type: none"> \$225,000,000 Up to Issuance Amt. \$225,000,000 Unlimited 	<ol style="list-style-type: none"> \$125,000,000 Up to Issuance Amt. \$125,000,000 \$25,000,000 	<ol style="list-style-type: none"> \$25,000,000 \$5,000,000 	

Notes: 1. The Executives' Administrative Assistants will have approval authority up to \$1,500 for miscellaneous items and will use the code of "SU."
2. Primary authorization addendums are identified in the matrix. In the case where the primary authorizer is not available, a higher level of management within the same organization may approve the expenditure under the same addendum.

Document title

Journal Entry Policy

Document number

ACT-HOCO-00005

Applies to: Progress Energy and all its wholly owned subsidiaries

Keywords: accounting; holding company policies; accounting policy; ACD – administration; ACD – financial reporting & general accounting

1.0 Overview

Timely completion, documentation, and review of journal entries are a fundamental part of the Progress Energy control structure. The purpose of this document is to establish the policy and minimum guidelines for control, approval, and documentation of manual journal entries, defined in Section 3, across all Progress Energy consolidating legal entities (Oracle and non Oracle). The term "journal" or "journal entry" used in this document refers to manual journal entries only.

This policy applies to all employees preparing or approving journal entries for Progress Energy, Inc. and its subsidiaries. All journal entries are to be prepared and maintained with appropriate supporting documentation. This includes support for any calculated amounts and related source documents. If source documentation is voluminous, it should be effectively cross-referenced and readily accessible. Each work group preparing journal entries should develop and communicate a plan to maintain journal entry support so that it is organized and accessible for future reference.

System specific procedures (referenced in sections 2.0 and 10.0) govern the step by step process for creating and posting journal entries within each major GL system used within Progress Energy. Additionally, the Liaison Review Procedures (referenced in section 10.0) governs the process for accounting review of journal entries created and released by groups outside of the Accounting Department.

2.0 General Ledger Systems

There are three primary GL systems used within Progress Energy:

Oracle General Ledger:

Oracle General Ledger refers to the general ledger applications utilized by all PGN legal entities except Progress Ventures (i.e. PEC, PEF, Service Company, etal). These applications include Oracle Projects (PA) and Oracle ADI. Step by step procedures and system specific instructions for creating journal entries using Oracle GL applications are provided in **ACT-SUBS-00013, Oracle Journal Entry Preparation** .

Solomon General Ledger:

Solomon General Ledger is the general ledger application utilized by the Competitive Commercial Operations section within Progress Ventures. Step by step procedures and system specific instructions for creating journal entries using Solomon GL are provided in **ACT-CCOD-00022, CCO Journal Entries**.

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PEF-NCR-7080

Multiview General Ledger:

Multiview General Ledger is the general ledger application utilized by Progress Fuels Corporation. Step by step procedures and system specific instructions on creating journal entries using Multiview are provided in ACT-SVCO-00005, Multiview Journal Entry Preparation.

3.0 Definitions

Manual Journal Entries – non-system generated journal entries.

Types of Manual Journal Entries -

- **Recurring** – A routine journal entry made on a monthly or quarterly basis that involves generally the same accounts and frequently for a fixed amount. Examples: amortization of prepaid items, revenue or expense accruals, depreciation expense, etc.
- **Non-recurring** – A one-time journal entry to record activity resulting from normal business activities. Examples: record an asset sale or transfer, reclass from CWIP to PPE for capital projects put in service, etc.
- **Correcting** – A one-time journal entry to make an adjustment that is required to correct an error. This does not include true-ups of an estimate. Examples: reclass charges that posted to the wrong account, sub-account or organization, etc.

Significant and Unusual Transactions – Any non-routine entry, which is unusual in nature and/or complexity, a true-up of an estimate or other transaction that will impact any line item of the income statement, balance sheet or cash flow statement by \$1,000,000 or greater.

4.0 Ownership Responsibilities

There are three defined roles identified in the journal entry process. Each role has different responsibilities. The three roles include the Journal Entry Preparer, the Journal Entry Approver (or Delegate) and the Business Unit Liaison, defined below.

Journal Entry Preparer:

- Must fully understand the purpose of the journal entry, the accounting, and underlying substance of the transaction.
- Must ensure supporting documentation is sufficient and attached to journal entry.
- Is required to complete the journal entry in compliance with corporate timelines.
- Is responsible for submitting the journal entry to the approver, ensuring that sufficient time is available for approver to review and approve the entry.
- Identifies and communicates with approver the details of any significant and unusual transactions, defined in Section 3.

Approver:

- Must be independent. (The person who prepared the majority of the support for an entry is not considered to be independent.)
- Must fully understand the purpose of the journal entry, the accounting, and underlying substance of the transaction.
- Is responsible for verifying the accuracy of the entry.
- Must ensure supporting documentation is sufficient and attached to journal entry.
- Identifies and communicates with applicable legal entity assistant controller or equivalent the details of any significant and unusual transactions, defined in Section 3.
- Provides access to entries for Business Unit Liaison, where applicable, for their review.

- Should ensure they have the proper authority to approve the journal entry as outlined below:
 - Lead-level individual contributors may approve journal entries with total debits less than \$1,000,000.
 - Unit managers or above must approve all other entries except post-closing journal entries (i.e. any entries that need to be posted after PGN has been consolidated).
 - Section managers must approve all post-closing journal entries.

Business Unit Liaison(s):

- Review journal entries prepared and approved by individuals outside the Accounting Department as outlined in ACT-SUBS-00368, Liaison Journal Entry Review Policy, to ensure proper accounting of transactions in accordance with GAAP, regulatory requirements and internal accounting policies and procedures.
- Ensure journal entries have been approved in accordance with this policy and by an individual with the proper authority level as described above and that proper and adequate documentation is attached to journal entries.
- Elevate issues arising from the journal entry review to the appropriate member of management.

5.0 Delegation:

In the event the normal approver is not available, journal entry approval can be delegated upward only. In the case of an extended absence (vacation, medical leave, etc.), the section manager can designate an alternate approver if the designee has the knowledge and background to approve the entries. This delegation should be for a specified time period only and documented in writing. For example, if a unit manager is on medical leave for a specified time, a lead in that area can be delegated the unit manager's approval level as long as they have the appropriate knowledge and background to do so. Any exceptions to upward delegation must be approved by the Legal Entity Controller or Chief Accounting Officer.

6.0 Minimum Requirements for each Journal Entry

Each journal entry should include detailed substantiation of line items comprising the entry. The journal entry should be completed in a manner to capture the following items:

- Company name and/or number (PEC-01, PEF-60, etc.)
- Journal Entry Name and/or Number
- Type of Journal Entry
- Date of Entry & Accounting Period
- Account number(s) and/or charging information and amount for each line item
- Descriptions for each line item and/or overall purpose of the entry
- Supporting documentation or schedules to justify the entry
- Manual Signature of the Journal Entry Preparer
- Manual Signature of the Journal Entry Approver or Delegate
- If applicable, signature of Business Unit Liaison

The standard journal entry template may differ slightly in format across companies, but must include the minimum requirements. Note that transfers in Oracle Project Accounting (PA) are different from other manual entries. Transfers are a system process with limited security. Transfers may be processed all during the month. The preparer should prepare documentation to support the transactions and the approver should sign and date by the last day of the following month.

7.0 Tracking Journal Entry Types -

For each journal entry, the journal entry preparer must identify the journal entry type as recurring, non-recurring or correcting, as defined in Section 3.0. This will enable the tracking of the volume of the different types of entries for quality control purposes. Each general ledger system has specific instructions as to how to identify the journal entry type. Refer to the system specific procedures (see Section 10.0 for references) for those instructions.

8.0 Journal Entry Work paper Documentation Standards:

The journal entry work papers (sometimes referred to as journal entry "back-up") should be sufficiently documented so as to be understood by a person with little background or explanation given. Documentation should be clear and complete such that individuals are able to readily determine the purpose of the entry and the source and/or calculations behind the dollar amounts in the transaction. To facilitate review and understandability of the journal entry, work papers should be organized, indexed and cross-referenced in a logical manner. The following tips are provided as guidance to assist journal entry preparer's in the preparation of journal entry work papers.

Suggested Guidance:

- Provide a brief description of the purpose of the entry on the journal entry template.
- Un-bundle transactions to create discrete journal entries. For example, instead of grouping Capital to O&M (or vice versa), O&M to O&M and Capital to Capital adjustments, separate out these three different types of adjustments into three separate journal entries.
- Number work papers to include total pages, i.e. 1/8 would mean this is page 1 of 8 total pages.
- Include number references on journal entry template to indicate the page within the work papers where the source of the dollar amount is provided.
- Organize backup in order of line item on the journal entry.
- Note the source for documents or persons interviewed.
- Use the insert filename function to show the filename and location (network path) for backup items saved to a network drive (For example \\Nt000095\program2\JLPWE Review\Procedures\Journal Entry Procedure.DOC).
- Foot and/or cross foot dollar amounts and/or re-compute analysis to verify dollar amounts (use F and CF in the work papers to show where footing (F) and cross footing (CF) have been completed).
- If special tick marks are used include a key on the first page of the entry to explain what the tick marks mean.
- If a calculation is the basis for a dollar amount in the entry, use references to show which values are included in the calculation so that it is clear how the calculation was derived. For example, if several different numbers add up to a line item amount in the journal entry use the sum symbol (Σ) to denote those items that sum to that total.
- Documentation to support accruals is strongest when third party information is included such as copies of invoices, estimates or quotes.
- Accruals related to contractual obligations should include a contract reference number, dates the work was performed and how it was determined the obligation exists, for example documentation of interviews with project managers and copies of the applicable portions of the contract in question.

9.0 Retention and Storage:

Journal entries and the supporting documentation must be stored and retained in accordance with all applicable regulatory requirements. In order to facilitate access to journal entries in case of audit or other inquiry each work group must establish and maintain a central location to store all journal entries completed by that work group. Under no circumstances should journal entries be stored and retained in the personal files of an individual preparer.

All journal entry documentation must be kept on file for a period of 50 years. Journal entry documentation should be stored on-site for 2 years and may be stored off-site for the remaining 48 years. Refer to the Corporate Services – Records Management intranet site at http://progressnet/cpl-information-solutions/recordsmanagement/records_home.shtm for records management policies and procedures and instructions for utilizing off-site storage. Boxes of journal entries and supporting documentation that are sent to off-site storage should be clearly labeled and described within the applicable records management system to allow items to be located and retrieved with ease. At a minimum, boxes should be described with which work group the journal entries originated in, the beginning month and year as well as the ending month and year for the period of journal entries included and for Oracle companies, what types of entries the box contains (i.e. ACC/ADJ/ADI and/or Transfer Entries). Also for work groups using the PEC off-site storage facility via corporate services, boxes should be identified as part of the record series of journal entries (ACT-041).

The following table illustrates specific responsibilities for storage and retention based on GL system:

System	Used by	Entry Category	Workgroup Documentation and Retention Requirement*	Systems Unit Documentation Requirement
Multiview	Progress Fuels	All	Original with signature & backup support	N/A
Solomon	Progress Ventures	All	Original with signature & backup support	N/A
Oracle	All Other PE Entities	ADI	Copy with signature & backup support	Original (or facsimile) with signature
Oracle	All Other PE Entities	ADJ/ACC/Transfer	Original with signature & backup support	None

*This area has the ultimate responsibility to provide for retention purposes as well as for future audits.

10.0 References:

ACT-CCOD-00022, CCO Journal Entries (Solomon procedure)
ACT-SUBS-00013, Oracle Journal Entry Preparation
ACT-SVCO-00005, Multiview Journal Entry Preparation
ACT-SUBS-00368, Liaison Journal Entry Review Policy
ACT-SUBS-00367, Service Company Liaison Journal Entry Review Procedure
ACT-SUBS-00369, PEC/PEF Liaison Journal Entry Review Procedure

Document title

Disbursement Services Procedure

Document number

ACT-SUBS-00225

Applies to: Progress Energy Carolinas, Inc.; Progress Energy Florida, Inc.; Progress Energy Service Company, LLC

Keywords: accounting; accounting practices and procedures

Disbursement Services is a unit of the Corporate Accounting Section. One of the purposes of the Disbursement Services unit is to ensure prompt and accurate payment to those vendors who provide materials or services to the Company. Materials and services are obtained using various methods. For your reference, the following policies and procedures set forth the detailed requirements for procuring materials and services:

- MCP-SUBS-00010 – Corporate Procurement Process – Materials
- CNT-SUBS-00001 – Contracts Development & Administration – PassPort Organizations
- MCP-NGGC-0002 – Purchasing Materials for NGG
- MCP-SUBS-00012 – Supply Chain Management

Disbursements are the outflow of Company funds. Therefore, all disbursements must have the appropriate documentation for adequate fiduciary control over and safeguard of Company cash. This includes, but is not limited to, the required approvals by authorized employees of the Company for each disbursement and control over the documents, information and instruments considered negotiable by the Company's bank. The failure to adhere to adequate internal controls with disbursement processing can result in the Company's liability for the misuse or intentional fraud by either an employee or a third party. Banks rely on reasonable assurances from its customers (our Company) that internal controls are in place to prevent fraud.

A. Definitions:

Accrued Invoice Liability – An authorized and approved vendor invoice which has been received but not yet entered into the accounts payable system by the end of the fiscal period and where the material has been received or the services have been provided. Such invoices must be accumulated and the dollar value estimated and accrued in the Company's financial records.

Cash Discount - An allowance extended by a vendor to encourage payment of an invoice on or before a stated date that is earlier than the NET (due) date and which is agreed to by the vendor and the Company. Per ADM-SUBS-00008, Policy for Governance of Payment Terms & Recommended Payment Methods, the minimum cash discount required by the Company for payment terms shorter than 30 days is:

Proposed Payment Term* (days, net)	10 days	15 days	20 days	25 days
Minimum Discount Required (% off total invoice amount)	2%	1.5%	1.25%	1%

*Disbursement Services must receive invoice no later than 5 business days prior to payment due date.

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Designated Representative – Company employee appointed by Progress Energy management responsible for ensuring proper fulfillment of contract requirements outlined in a PassPort generated contract.

Invoice - A vendor-generated list of goods or services, showing prices, terms, quantities, shipping charges, and other particulars sent to a purchaser in request for payment. Invoice types used by Progress Energy include:

Purchase Order Invoice – In general, purchase orders are used to procure hard goods and materials where no on-site labor is involved and for certain types of labor and services. The PassPort system is used to generate the purchase order, document receipt of the goods and/or services, and electronically approve the invoice for payment. This is the most effective method of procurement in these situations.

Contract Invoice – A contract invoice is the result of labor and services being obtained through the terms and conditions specified in a Company contract. The PassPort system is used to generate the contract, document receipt of the services, and electronically approve the invoice for payment. This is the most effective method of procurement in these situations.

Commercial Credit Card (OneCard) – OneCard is a credit card issued to an individual under a corporate account, used for business expenses (i.e. travel and entertainment; meals; registration fees for seminars and conferences; and miscellaneous expenditures such as dues and subscriptions). Refer to Corporate Commercial Credit Card (OneCard) Procedures ([ACT-SUBS-00222](#)) for more information on how to obtain and use the OneCard.

Miscellaneous Invoice - A miscellaneous invoice can only be used when acquiring material and/or services that cannot be procured by the use of a Company purchase order, contract or commercial credit card (OneCard). Processing payment of a miscellaneous invoice is the most costly for the Company, and *the use of miscellaneous invoices is strongly discouraged.*

"Net 30 days" Payment Terms - Terms whereby payment is expected to be disbursed in full 30 days from invoice date. "Net 30 days" is the Company's standard payment terms. Refer to Policy for Governance of Payment Terms & Recommended Payments Methods ([ADM-SUBS-00008](#)) for more information on establishing alternative payment terms.

Payment Method – A method to generate the transfer of value, the transfer of funds for the fulfillment of a debt or expense, or actual payment made for product or service to a contractor or vendor. Progress Energy payment methods (*listed by Company preference*) include:

Electronic ACH (EFT) - An electronic funds transfer that allows vendors to electronically obtain payment information (e.g., the date the funds are available and detailed invoice information) through their banks. Vendors can elect this payment type by completing an EFT Payment Agreement Form ([FRM-SUBS-01118](#)). This method is the most cost effective for the Company and provides vendors certainty about the timing of receiving payments; therefore, *electronic ACH is the Company's preferred payment method.*

Outsourced Paper Check – Checks that are printed by an outsourced third-party and mailed directly to the vendor on the payment date. This method is the second most cost-effective for the Company; *therefore, outsourced checks are the Company's second preferred payment method.*

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Commercial Credit Card (OneCard) - Payment is issued twice a month on the 4th and 17th to the credit card company upon a manager's approval of the expense reports submitted for purchases made with the commercial credit card (OneCard). Refer to Corporate Commercial Credit Card (OneCard) Procedures (ACT-SUBS-00222) for more information on how to obtain and use the OneCard.

Electronic Wire (EFT) - An electronic payment made to a vendor. Electronic wires are processed in Treasury after the required wire documentation has been provided by the requestor. A copy of the wire request form can be found at http://progressnet/tred/financial_operations/wire_transfer_form.htm. This payment method is the most expensive for the Company and vendor (up to 20x more than ACH and 10x more than outsourced paper check). ***Therefore, electronic wires are the least preferred payment method and their use is discouraged.***

In-House Paper Check - In-house checks are processed manually and are cost prohibitive. ***In-house checks should only be used for unusual circumstances when all other payment methods (i.e. purchase order, contract, or commercial credit card (OneCard)) have been exhausted or when the payee requires accompanying documentation to be submitted with the payment.*** Valid reasons for an in-house check include tax returns, government fees or permits, and legal settlements.

Manual Check - A handwritten form of payment to be used for ***emergency situations only***. All such checks are required to be pre-approved by Disbursement Services Unit Manager and requestor's Department Head.

Payment Request Form - A Disbursement Services form (FRM-SUBS-00526) that provides departments with a mechanism to pay companies and individuals for approved expenditures that **do not** require a purchase order or a Company generated contract in PassPort. Instructions on completing the Payment Request Form can be found on page 6 of this document.

Payment Terms - Provisions established initially and upon subsequent negotiations between the Company and the vendor regarding settlement of a transaction. Standard payment terms are "Net 30 days" unless the minimum discount from the stated invoice amount is provided. Refer to Policy for Governance of Payment Terms & Recommended Payment Methods (ADM-SUBS-00008) for more information on establishing payment terms.

Processing Schedule - The timing required to ensure prompt and accurate payment to vendors. Invoices should be sent to Disbursement Services once approved for payment, but no later than five (5) business days prior to payment due date referenced on the invoice. **This is critical to allow timely payment to vendors and ensure the Company can take advantage of invoice discount terms where appropriate.** (NOTE: This schedule assumes accuracy of invoices submitted.)

Purchase Originator - Company employee responsible for requesting a service or product from a vendor.

Statement - A written record of an account and/or a summary of outstanding (unpaid) invoices. Unlike an invoice or bill, a statement is not a formal request for payment but rather a reminder of amounts owed by a customer.

Voucher - A document that provides accounting and other information regarding how the invoice amount was charged in the General Ledger. Progress Energy vouchers are produced by Oracle after PassPort interfaces to Oracle.

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B. Invoice Submittal

Invoices within the Disbursement Services unit are categorized into three different invoice types: Purchase Order Invoices, Contract Invoices and Miscellaneous Invoices. To ensure prompt payment of the Company's liabilities, invoices should be approved and routed to Disbursement Services in a manner that ensures adequate lead time for processing and disbursement of payment.

- All invoices are to be received in Disbursement Services a minimum of five (5) business days prior to the payment due date referenced on the invoice.
- Invoices will be paid using Progress Energy's standard payment terms (Net 30 days) unless an appropriate discount is obtained or alternate payment terms have been established in accordance with the Policy for Governance of Payment Terms & Recommended Payment Methods (ADM-SUBS-00008).
- Disbursement Services requires original invoices in lieu of statements. This practice minimizes the risk for duplicate payment. If the vendor bills by statement, "Bills by Statement Only" **must** be noted on the statement.
- Self approval of invoices is prohibited. When preparing the Payment Request Form (FRM-SUBS-00526), the preparer must obtain the appropriate level approval prior to submission to Disbursement Services for payment. For more information on invoice approval levels, refer to Corporate Approval Level Policy (ACT-SUBS-00002). **NOTE: Authorized approver attests to the receipt of goods or services, correctness of accounting, invoice terms and conditions, review and approval of documentation, and appropriate approval authority.**
- A Payment Request Form is **not** required for purchase order invoices or contract invoices.
- All invoices submitted to Disbursement Services are scanned and become permanent corporate records.
- For scanning purposes, documents smaller than 5"x7" and/or torn should be taped on all sides to an 8 ½" x 11" sheet of paper.
- **Information should be typed or written in blue or black ink. Do not use highlighters as these markings do not scan.**

Invoice Submittal Summary Matrix

Purchase Order Invoice	Contract Invoice	Miscellaneous Invoice
Purchase order invoices mismatched for pricing or quantity require additional research. Resolution may delay invoice payment. Refer to Policy for Governance of Payment Terms & Recommended Payment Methods (<u>ADM-SUBS-00008</u>) for guidance on negotiated payment terms.	Corporate Contract Services should be consulted when negotiating contracts involving discounts or payment terms different from the Company's standard terms "Net 30 Days". Refer to Policy for Governance of Payment Terms & Recommended Payment Methods (<u>ADM-SUBS-00008</u>) for guidance.	The standard method of procurement is through purchase orders or contracts. Miscellaneous invoices are strongly discouraged. The use of the corporate commercial credit card (OneCard) is preferred as a more efficient and cost effective method of purchase and payment for certain materials and services. Refer to <u>ACT-SUBS-00222</u> for more information on obtaining and using the OneCard.
Payment Request Form (<u>FRM-SUBS-00526</u>): Not Required	Payment Request Form (<u>FRM-SUBS-00526</u>): Not Required	Payment Request Form (<u>FRM-SUBS-00526</u>): Required
Invoice mailed from Vendor: To Disbursement Services Carolinas, Florida & Service Co PO BOX 870 PEB 18A4 RALEIGH, NC 27602-0870	Invoice mailed from Vendor: To Designated Representative	Invoice mailed from Vendor: To Purchase Originator
Field Personnel Should (if invoice received in field): <ul style="list-style-type: none"> • Ensure purchase order number is on invoice. • Mail the original invoice to Disbursement Services (PEB 18A4) for processing. 	Designated Representative Should: <ul style="list-style-type: none"> • Review the invoice to ensure that the billing is in accordance with the corporate contract terms and conditions. • Verify accuracy of tax-billing amount. • Record the payment authorization number and PassPort contract number on the invoice. • Mail the original invoice to Disbursement Services (PEB 18A4) for processing. 	Purchase Originator should: <ul style="list-style-type: none"> • Complete a Payment Request Form (<u>FRM-SUBS-00526</u>). • If payment terms and/or discount are less than the minimum, attach Documentation of Exception Template <u>FRM-SUBS-20027</u>. • Attach Delegation/Assignment of Approval Authority Form (<u>FRM-SUBS-00973</u>) if applicable. • Mail the original invoice, Payment Request Form <u>FRM-SUBS-00526</u> and other attachments to Disbursement Services (PEB 18A4) for processing.

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Instructions for Completing the Payment Request Form (FRM-SUBS-00526):

- Record the proper Company, Facility and Work Breakdown Structure (WBS) or Account Key (AK) codes. As this information drives the accounting for the Company's financial statements, it is imperative that this be done accurately. Contact your Business Services representative for further assistance.
- **NOTE: The Payment Request Form is designed to accommodate one (1) invoice per form and no more than four (4) WBS or AK codes per invoice. Invoices containing more than four (4) WBS or AK codes will be returned to Purchase Originator.**
- Record the required tax information.
- Obtain appropriate level approval signature and indicate position code. For more information on invoice approval levels, refer to Corporate Approval Level Policy (ACT-SUBS-00002). **NOTE: Authorized approver attests to the receipt of goods or services, correctness of accounting, invoice terms and conditions, review and approval of documentation, and appropriate approval authority.**

Checklist for Invoice Approval:

- ✓ Review stated business purpose of invoice.
- ✓ Verify accounting information for invoice.
- ✓ Verify attached invoice information matches Payment Request Form (FRM-SUBS-00526).
- ✓ Verify Delegation/Assignment of Approval Authority Form (FRM-SUBS-00973) is attached (if applicable).
- ✓ Verify Documentation of Exception Template (FRM-SUBS-20027) is attached (if applicable).

- Mail Payment Request Form (FRM-SUBS-00526), original invoice, Delegation/Assignment of Approval Authority Form (FRM-SUBS-00973), and Documentation of Exception Template (FRM-SUBS-20027), if applicable, to Disbursement Services (PEB 18A4) for processing.
- If an invoice is not available for submission, all supporting documentation for the Payment Request must be retained for audit purposes in requestor's department. For more information on retention schedules, refer to Corporate Records Retention and Disposition (RDC-SUBS-00001).
- The Payment Request Form is not required on purchase order or contract invoices.

C. Request for In-House Paper Check (includes manual checks)

In-house paper checks should only be used for unusual circumstances when all other payment methods (i.e. purchase orders, contracts, or commercial credit card (OneCard)) have been exhausted or when the payee requires accompanying documentation to be submitted with the payment. Valid reasons for an in-house check include:

- Tax returns or tax payments
- Government fees or permits (railroad, right of way)
- Legal documents/settlements (only if accompanying documentation is required)

A Payment Request Form (FRM-SUBS-00526) must be completed and received in Disbursement Services a minimum of five (5) business days prior to the check request date referenced on the Payment Request Form. If applicable, Delegation/Assignment of Approval Authority Form (FRM-SUBS-00973) and Documentation of Exception Template (FRM-SUBS-20027) must be attached.

D. Month End Accrual Processing

The accrual process is used to accrue incurred, yet unpaid, expenses against the current month's budget if the invoice will not be processed for payment prior to month end close. The month end closing date is the last business day of each month. Disbursement Services unit will accrue unprocessed invoices received three (3) business days prior to month end close. Field personnel will accrue all other unprocessed invoices. No accrual is required for non-signature based purchase order invoices as receipt of the goods and/or services in PassPort records the liability.

Disbursement Services Unit Responsibilities:

- Accrue unprocessed invoices received in Disbursement Services three (3) business days prior to month end close.
 - Invoices < \$25k will be accrued at the Company level (i.e. Progress Energy Service Company, Progress Energy Carolinas, and Progress Energy Florida).
 - Invoices > \$25k will be accrued according to WBS or AK designation on the Payment Request Form or contract pay authorization.

Field Personnel Responsibilities:

- Accrue invoices not received in Disbursement Services prior to monthly cut-off date.
- Accrue miscellaneous invoices not processed due to invalid accounting, insufficient approval, new or inactive vendors or other necessary information not provided.
- Accrue contract invoices not processed due to incomplete PassPort payment authorizations and/or insufficient funds on contract.
- No accrual of non-signature based purchase order invoices is required as receipt of the goods and/or services in PassPort records the liability.

E. Customer Support

Internal Customer Invoice Inquiry

An invoice inquiry mailbox is available to provide Company employees assistance with vendor related issues not available through RapidNet. Vendor related questions and concerns should be directed to the *Disbursement Services* mailbox. This mailbox can be accessed through the Company address book.

Internal Vendor Request Desk

A vendor request mailbox is available to provide Company employees assistance with new vendor setup or changes to existing vendors. A Request for Vendor Number Form (FRM-SUBS-00533) is required for all new vendors. Changes to existing vendors can be made by emailing changes to the *Vendor Request Desk*. The mailbox can be accessed through the Company address book.

RapidNet

RapidNet is a web application invoice inquiry tool that provides Company employees the ability to access vendor-related information. Information can be retrieved and reviewed on processed/paid invoices, in-process invoices and vendor information. Images of invoices processed after August 6, 2001 are available. This tool can be accessed through the Accounting Department web page on the Intranet under the Financial Systems Section. To request RapidNet, submit a Generic Request at the IT& T Resource Center website.

Vendor Invoice Inquiry

An invoice inquiry mailbox is available to provide vendors with invoice assistance. Vendors should be directed to email invoice questions and concerns to invoice.inquiry@pgnmail.com.

Document title

Accrual Policy

Document number

ACT-SUBS-00372

Applies to: Progress Energy Carolinas Inc.; Progress Energy Florida, Inc.; Progress Energy Service Company, LLC;
All entities using Oracle financial system

Keywords: accounting; acd – administration; acd – expenditure – accounts payable; acd – financial reporting & general accounting; accrual procedures; acd – expenditure – O&M; acd – expenditure - capital

A. Purpose

An accrual is a journal entry made to the company books to record transactions in the period in which material has been received or a service rendered. The transaction may include Capital expenditures, O&M expenditures, or Balance Sheet Assets (ex. FERC account 154, 184, 163). Accruals are needed when invoices have not been received and processed for payment by Disbursement Services during the period. Recording accruals ensures expenses are properly booked in the correct time period. PGN files financial statements with the SEC and state utility commissions that must reflect the financial activity during that reporting period. This policy establishes the process and framework whereby accruals are recorded and formally assigns areas of responsibility to ensure that accruals comply with Generally Accepted Accounting Principles (GAAP), regulatory requirements (where applicable) and Progress Energy Carolinas, Inc., Progress Energy Florida, Inc. and Progress Energy Service Company, LLC accounting policies and procedures. Progress Energy follows Accrual Basis Accounting, which complies with GAAP.

B. Responsibilities

Managers – Understand and communicate this accrual policy and communicate expectations to their affected employees. Approve and send accrual information / invoices in a timely manner to employees who record accruals.

Accrual Journal Entry Preparer – Prepare accrual journal entries in compliance with this policy and the Journal Entry Policy (see ACT-HOCO-00005 for complete list of responsibilities).

Accrual Journal Entry Reviewer – Review and approve accrual entries (see definitions below). See Journal Entry Policy ACT-HOCO-00005 for a complete list of responsibilities.

Business Services Analysts - Provide guidance and support to all departments that record accruals to ensure completeness of accruals and to avoid duplication of accruals. Record accruals following the guidelines addressed in this policy.

Business Unit Liaison (PEC & PEF)/Svc. Co. Liaison – Review accrual entries prepared and reviewed by Business Services in accordance with the Liaison Journal Entry Policy. Prepare and document results of journal entry review for approval by PEC & PEF Controllers and the Service Company Assistant Controller. See Journal Entry Policy ACT-HOCO-00005 for a complete list of responsibilities.

Disbursement Services Manager and Staff – Process or accrue all invoices with proper accounting and approvals received by Disbursement Services by 5:00 pm three days *prior* to the last business day of the month in accordance with the guidelines addressed in this policy.

C. Definitions

Accrual – A journal entry made to the company books to record transactions in the period in which material has been received or a service rendered. The transaction may include Capital expenditures, O&M expenditures, or Balance Sheet Assets (ex. FERC account 154, 184, 163). An accrual can occur prior to receipt of an invoice.

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Accrual basis accounting – A method of accounting that matches revenues and expenses to the period they were earned and incurred, respectively. This method of accounting complies with Generally Accepted Accounting Principles. Under accrual basis accounting, revenue is recorded when services are provided and expenses are recorded in the period in which the related revenues were recognized or the expense has been incurred.

Oracle General Ledger – The General Ledger software system used by Progress Energy Carolinas, Inc., Progress Energy Florida, Inc. and Progress Energy Service Company, LLC.

Oracle Project Accounting (PA) – Tool utilized to create accruals and adjusting journal entries related to capital projects, company labor, O&M and material resource types. Journal entry types generated via Oracle PA are ACC entries and ADJ entries.

ACC Entries – Manual accrual entries posted to Oracle PA. All ACC entries automatically reverse in the following month.

ADJ Entries – Manual journal entries posted to Oracle PA.

ADI Entries – Manual journal entries created via Oracle ADI. ADI entries are made when the entry does not relate to capital projects, company labor, budgeted O&M or material resource types (i.e. ADI entries are made when they do not meet the criteria for entries made in Oracle PA).

Manual Journal Entries – Non-system generated journal entries.

Types of Manual Journal Entries –

- **Recurring** – A routine journal entry made on a monthly or quarterly basis that involves generally the same accounts and frequently for a fixed amount. Examples: amortization of prepaid items, revenue or expense accruals, depreciation expense, etc.
- **Non-recurring** – A one-time journal entry to record activity resulting from normal business activities. Examples: record an asset sale or transfer, reclass from CWIP to PPE for capital projects put in service, etc.
- **Correcting** – A one-time journal entry to make an adjustment that is required to correct an error. This does not include true-ups of an estimate. Examples: reclass charges that posted to the wrong account, sub-account or organization, etc.

D. Specific Responsibilities

See Disbursement Services Procedures ([ACT-SUBS-00225](#)) for additional details and complete Disbursement Services procedures.

INVOICES

Disbursement Services will accrue all approved but unprocessed contract and miscellaneous invoices received by 5:00 pm three business days *prior* to the last business day of the month provided the invoice has valid charging information, proper vendor information, sufficient approval, and completed Payment Request Form (if applicable). Unprocessed invoices are those invoices received by Disbursement Services but not yet entered into the Passport Accounts Payable system for payment by the last business day of the month. If an invoice is submitted with incomplete or invalid charging information or lacks the appropriate approval, Disbursement Services will contact the employee who submitted the invoice to inform him or her of the missing or incomplete information and advise them to contact their Business Services analyst to determine if the invoice needs to be manually accrued. If the information is corrected and the invoice resubmitted to Disbursement Services by 5:00 pm three business days *prior* to the last business day of the month, there is no need to contact their Business Services analyst. To check if an invoice has been processed by Disbursement Services, go to RapidNet. For other questions, email disbursementsservices@pgnmail.com.

Year-end processing deadlines may vary due to holiday schedules. Refer to the Close Memo distributed by the Financial & Reporting Systems group for specific deadlines.

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When Disbursement Services accrues invoices at month end, invoices for amounts greater than \$25,000 will be accrued at an organization/department level and invoices for amounts less than \$25,000 will be accrued at a company level only. A report is available on day one of close listing (a) invoices accrued by Disbursement Services and (b) invoices received after cutoff that were not accrued by Disbursement Services. To access the report go to ProgressNet > Business Units & Departments > Accounting > Financial Systems and Reporting > Financial Reports. The Report Group is "AP Reports" and the report name is "Accruals mmddyy".

See Section E for treatment of invoices not accrued by Disbursement Services.

Note that remote processing sites within Energy Supply will follow the same general guidance provided in this policy.

WIRE TRANSFERS

Any invoice that requires payment by wire transfer must be submitted to Treasury one day before the expected payment date. Once Treasury processes the wire transfer request for payment, Treasury sends the wire transfer request form and invoice to Disbursement Services to record the wire transfer on the company's books. Treasury must have the wire request form and invoice to Disbursement Services by noon two business days *prior* to the end of the month. Any wire requests that are not submitted to Treasury in time for them to wire funds and send to Disbursement Services by noon two business days *prior* to the end of the month must be accrued by the department requesting the wire. Invoices to be paid by wire transfer should not be sent directly to Disbursement Services.

To illustrate this timing, if Friday is the last day of the month, an invoice and wire request form must be submitted to Treasury on Wednesday. Treasury then must have the invoice and wire request form processed for payment and submitted to Disbursement Services no later than noon on Thursday. A report is available on day one of close listing (a) wires accrued by Disbursement Services and (b) wires received after cutoff that were not accrued by Disbursement Services. To access the report go to ProgressNet > Business Units & Departments > Accounting > Financial Systems and Reporting > Financial Reports. The Report Group is "AP Reports" and the report name is "Accruals mmddyy". It is the responsibility of the department requesting the wire transfer to ensure that an accrual is recorded by their department if necessary.

OneCard CORPORATE CREDIT CARD

An extract for posting to the general ledger is run at 5:00 am on the next to the last business day of the month. Concur transactions listed on expense reports and appropriately approved by 5:00 am on the next to the last business day of the month automatically post to the general ledger. All credit card transactions posted, listed on expense reports and/or approved after this time should be accrued by the originating department. To illustrate the timing, if the 31st is the last day of the month, any transactions posted in Concur after 5:00 am on the 30th should be accrued by the originating department. An accrual report can be accessed at ProgressNet > Expense Reporting > Business Objects Reports > "Unprocessed Corporate Card Transactions by Org" and should be refreshed the morning of day one of close for accrual information.

See Section E for materiality threshold.

PURCHASE ORDERS

Purchase order related invoices for items received are not accrued because this financial information is automatically interfaced with the General Ledger after the item is received in Passport.

REPAIR/RETURN PURCHASE ORDERS

Charges related to items received on repair/return purchase orders (for both cat-id and non-cat-id items) for which an invoice has not been received or has not been processed for payment in accordance with the Disbursement Services process, should be accrued. For example, an item on a repair/return purchase order that is received and entered as received in Passport on the last day of the month more likely than not would not have been invoiced or paid. Charges associated with that repair would need to be accrued using the same charging information that was used when the repair/return purchase order was created. For accruals on repair and return purchase orders where repairs for significant components are complete but the item has not been received, evaluation of the contract terms for the repair work would be necessary to determine if a liability exists.

E. Process and Minimum Requirements for Accruals

Every reasonable effort should be made to identify and accrue items greater than \$5,000 related to services performed and/or non-purchase order materials received in the reporting period for which invoices will not be accrued through Disbursement Services, as described above (for example, talk to project managers, communication with vendors, etc.). **Work must have been performed or materials received in order for the expense to be accrued.** A legal entity controller can establish a threshold requirement lower than \$5,000 for certain processes if a business need exists. Such exceptions must be documented.

Accruals should be made through an ACC entry in Project Accounting or with a manual ADI (auto-reversing) entry and have appropriate approvals and supporting documentation. Accruals should be made through Project Accounting (ACC entry) whenever possible. Accruals that impact capital projects should not be made through an ADI entry because this will not interface with Power Plant, the company's fixed asset system. Reports are generated using data from Power Plant, and any accruals not recorded in Power Plant (i.e. by using an ACC entry) would not be reflected in these reports. If an accrual entry cannot be completed by using an ACC, approval must be obtained by the Property, Plant & Materials (PP&M) group. See Journal Entry Policy ACT-HOCO-00005 for further journal entry requirements.

All accrual entries should be auto-reverse entries to ensure that the accrual automatically reverses in the following month. The system default set-up for an ACC entry is for the entry to be auto-reversing, which means that the exact opposite entry is automatically recorded by the system in the following month. If an ADI is used to record an accrual (based on approval from PP&M if accruing charges to a capital project), the auto-reverse option must be selected on the ADI Template. Re-accruals are necessary in the following month and subsequent months if the invoice remains unprocessed.

Supporting Documentation

All entries should have proper journal entry support as required per ACT-HOCO-00005, Journal Entry Policy.

Suggested Guidelines:

1. For individual invoices greater than \$10,000 a copy of the invoice or an excerpt from or reference to a contract (if available - see #3 below for accruals based on estimates) should be attached to the journal entry.
2. When accrual information is provided by field personnel, a spreadsheet with an indication of field approval (for example, a copy of an approval email or a signed list of items to accrue) should be attached to the accrual entry. This includes accruals based on estimates (see #3 below).
3. For accruals that are based on estimates (invoice has not been received), documentation should be included to support the estimate for accruals greater than \$10,000. This support may be an excerpt from or reference to a contract, a previous invoice, or communication from the vendor.

F. Special Circumstances

Guidant

The hours worked and approved that should be accrued by the originating department will vary month-to-month due to the timing of the pay week in relation to last day of the month. Cut-off dates are communicated by the Financial Systems and Reporting group in the close memo.

Disputed Invoices / Completed Work

In general, an accrual should be made for the most reasonable estimate of the anticipated liability when a dispute occurs. Unusual or special dispute circumstances (i.e. potential litigation) should be discussed with the Legal Entity Assistant Controller.

Accounting for Contingencies

Questions related to recording contingencies should be directed to the Legal Entity Assistant Controller.

FASB Statement No. 5 Accounting for Contingencies "requires accrual by a charge to income (and disclosure) for an estimated loss from a loss contingency if two conditions are met: (a) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and (b) the amount of loss can be reasonably estimated." The definition of "probable" in this statement is that "the future event or events are likely to occur".

Major Storm Accruals

The monthly storm accruals (for major storms only) are recorded through an ADI entry prepared by the Accounting Storm Team Roll-up Lead. This accrual is based on total storm estimates provided by members of the Accounting Storm Team less any actual charges recorded. Any accruals recorded by the Business Units related to storm charges are excluded from the accrual recorded by the Accounting Storm Team Roll-up Lead. For detailed information related to the Accounting Storm Team and the definition of a major storm versus a minor storm, see ACT-SUBS-00340 Accounting Storm Team Procedures.

FOB (free on board) Shipping Point

When the terms of a contract include FOB Shipping Point, the title passes to the buyer when the goods are loaded at the shipping point. As such, goods in transit at period-end that have this specific term may need to be accrued. If a significant shipment with terms FOB Shipping Point occurs just prior to a period-end, contact your Business Services Analyst for additional guidance.

Expense Reports

Reimbursable employee out of pocket expenses that have been entered by the employee in the expense reporting system (Concur) but that have not been approved by the manager by the cut-off date for processing with the current period's payroll processing should be accrued. Cut-off dates are communicated by the Financial Systems and Reporting group.

G. References

- ACT-HOCO-00005, Journal Entry Policy
- ACT-SUBS-00210, Expense Account
- ACT-SUBS-00225, Disbursement Services Procedure
- ACT-SUBS-00013, Oracle Journal Entry Preparation Procedure
- ACT-SUBS-00367, Service Company Liaison Journal Entry Review Procedure
- ACT-SUBS-00368, Liaison Journal Entry Review Policy
- ACT-SUBS-00369, PEC/PEF Liaison Journal Entry Review Procedure

Account Reconciliation Policy

Document number

ACT-HOCO-00006

Applies to: Progress Energy and all its wholly owned subsidiaries

Keywords: accounting; holding company policies; acd – administration; acd – financial reporting & general accounting

1.0 Overview

This policy defines the roles, responsibilities and requirements to ensure consistent application of the account reconciliation process across all Progress Energy consolidating legal entities (Oracle and non Oracle). Account ownership has been assigned for each balance sheet account currently in use on each legal entity's books. Ownership for each balance sheet account has been determined based on the unit or manager with the most knowledge of that particular area. As new accounts are added or Account Owners change, the Account Ownership Master File is updated. The Oracle Account Reconciliation Tracking Tool must be used by Oracle Companies to aid in the tracking of Account Reconciliations.

2.0 Ownership Responsibilities

There are three defined roles identified in the account reconciliation process. Each role has different responsibilities. The three roles include the Account Owner, the Account Reconciliation Preparer, and the Account Controller, defined below. In some cases, the Account Owner and the Account Controller is the same person. In addition, see the Account Reconciliation Tracking Tool procedures for further responsibilities related to the tool. Procedures can be found in Outlook at Public Folders/All Public Folders/Financial Services/Accounting/Account Reconciliation/Training/RT Training Rev 7.doc

2.1 Account Owner = Manager

The Account Owner:

- should be a unit manager or above.
- must fully understand the purpose of the account, the components of the account balance, the monthly account activity and the data entry sources for the account.
- is responsible for making sure that the reconciliations are prepared and reviewed in accordance with this policy.
- may delegate the review task, but will remain ultimately responsible for ensuring that account balances are materially correct and fairly stated.
- is responsible for maintaining a tracking file of when account reconciliations have been reviewed/approved.
- must attest quarterly that all owned accounts have been appropriately reconciled in accordance with this policy.
- must provide the appropriate account reconciliation documentation for the self-assessment process as requested, as discussed herein.

2.2 Account Reconciliation Preparer = Manager's Assignee

The Account Reconciliation Preparer:

- is responsible for reconciling the account in accordance with the minimum requirements defined in Section 3.0.
- must fully understand the purpose of the account, the components of the account balance, the monthly account activity and the data entry sources for the account.
- ensures agreement to subsidiary ledgers as appropriate.
- must complete each account reconciliation in sufficient time to be reviewed and approved.
- should make substantial effort to research and identify unreconciled out of balance amounts, as defined in Section 6.0.
- Should maintain account reconciliation documentation in a file/folder or binder to be easily accessed by the Account Owner.

2.3 Account Controller = Legal Entity (LE) Assistant Controller or Equivalent

The Account Controller:

- monitors the overall account reconciliation process for compliance and consistency.
- requests samples of reconciliations for the company or companies they monitor, if they do not directly review all accounts. The sample reconciliations will be reviewed for compliance with this policy and for any issues with the accounts. Section 7.0.
- provides assistance to Account Owners in resolving 90-day unreconciled balances, as defined in Section 6.0.
- ensures that account reconciliation frequency is consistent with regard to account functionality and characteristics. The LE Assistant Controllers or Equivalent will review Account Owners' requests for exceptions to performing monthly account reconciliations.
- runs Reconciliation Tracking reports to ensure all account reconciliations have been prepared and reviewed in accordance with this policy at quarter end.

3.0 Minimum Requirements for each Account Reconciliation

Reconciliations are used to explain the activity in an account during the period and should include detailed substantiation of items comprising the balance. Subsidiary ledgers or aging back-up should be included with each account reconciliation as supporting documentation. If there is no physical subsidiary ledger for the account, then manual spreadsheets, copies of invoices, memorandums, e-mails, or any other applicable items that substantiate the balance should be included as support. The reconciliation should be completed in a manner to capture the following items:

- Company name and number (PEC-01, PEF-60, etc.)
- Account number and name
- Balance sheet date
- Ending balance for period
- A brief description of the account (i.e. what does the account balance represent)
- Supporting documentation or schedules to justify the account balance
- Calculate any current or short-term portion of the account
- Copies of support for any material or unusual items/entries, which affected the account
- Notes on any significant or noteworthy items/transactions
- Unreconciled amounts clearly identified with actions being taken and estimated date of resolution
- Manual Signature of the Account Reconciliation Preparer and the date

ACT-HOCO-00006	Rev. 4 (01/07)	Page 2 of 4
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PEF-NCR-7098

- Manual Signature of the Account Owner or Delegate and the date
- Individual preparers should be able to provide separate reconciliations by company for those accounts normally reconciled across all companies.
- Entry of reconciled balance, date prepared, date reviewed and comments related to any unreconciled differences in the Account Reconciliation Tool.

A standard account reconciliation template should be used. The standard account reconciliation template may differ slightly in format across companies, but must include the minimum requirements. A standard template can be obtained by contacting the Legal Entity Assistant Controller, if needed.

4.0 Timing and Frequency

All reconciliations are to be initially completed by the preparer no later than the last working day of the month following the closed month. The Account Owner or Delegate has until the 15th day of the following month to review and have changes made by the preparer (Example: April recons will be due from the Account Reconciliation Preparer by the 31st of May and the Reviewer will need to review/approve by the 15th of June). **Exception: quarter-end months must be approved by the end of the following month (example: September reconciliations must be reviewed/approved by the 31st of October).**

Most accounts should be reconciled monthly. Some accounts lend themselves to less frequent reconciliations due to the cycle or nature of the transactions. Account Owners may request from the LE Assistant Controllers or Equivalent less frequent basis for reconciling specific accounts or classes of accounts. Account Owners will provide a justification when requesting a less than monthly reconciliation cycle. The frequency for reconciliation for each balance sheet account is maintained in the Account Ownership Master File.

The Controller's units will run a Reconciliation Tracking report on Day 1 of the month following the quarter close deadline (e.g., for September reconciliations a RT report will be run on November 1st) to ensure all account reconciliations have been prepared and reviewed by the last working day of the month following the quarter end month.

In the rare event that prior period books are re-opened to make an adjustment after the period's reconciliations are final, the account reconciliation for the account(s) affected by the prior period adjustment should be completed in accordance with the timing and frequency noted above. In addition, a roll forward schedule should be included with the reconciliation to reflect the impact of the prior period adjustment.

For example, in the event of a prior period adjustment posted in May which impacts the balances as of the end of March, the reconciliation for May would show a roll forward starting with the beginning balance in March and ending with the ending balance in May. In accordance with the timing and frequency noted above, the reconciliation in this example would need to be completed by June 30th. A copy of first page of the reconciliation that shows the roll forward schedule should also be attached to prior month's reconciliations that would have been impacted by the change. In the preceding example, a copy of the May reconciliation would be attached to the March and April reconciliations for the account(s) that were impacted by the prior period adjustment.

5.0 Zero- Balance Accounts

- Accounts that net to zero but have activity
 - Ensure balance nets to zero monthly
 - Must have a formal reconciliation performed at least semi-annually; will be included in the Account Reconciliation Tool
- Accounts that have no activity (n/a for a specific legal entity)
 - Does not display on the trial balance
 - No formal reconciliation performed; will **not** be included in the Account Reconciliation Tool.

6.0 Unreconciled Items

Every effort should be made to clear significant (over \$1,000) unreconciled or outstanding items within thirty (30) days from the date of preparation. Unreconciled or outstanding items over \$1,000 that remain uncleared after ninety (90) days should be formally communicated in writing to the proper LE Assistant Controller or Equivalent. Account Owners should provide the LE Assistant Controller or Equivalent with an estimate of the time frame and an action plan for resolving the issue(s).

7.0 Self-Assessments (Semi-Annually)

If all accounts are not directly reviewed by the LE Assistant Controller or Equivalent, requests will be made for samples of account reconciliations for the company or companies they monitor. The sample reconciliations will be reviewed for compliance with the policy herein and for any issues with the accounts. The requestor will follow up with the Account Owner on progress made resolving any identified issues.

8.0 Retention of Documentation

Refer to the Accounting Department's Retention Schedule Record Series # ACT-161.

10 Years

- On-site = 1 year
- Off-site = 9 years

Best practice is to keep current year and one full prior year on-site for quick reference.

**PEF's response to
Staff's Second Set of Interrogatories
(Nos. 27 - 28)
in Docket No. 080009-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

JUL 29 2008

In re: Nuclear cost recovery clause.

DOCKET NO. 080009-EI

Served: July 28, 2008

**PROGRESS ENERGY FLORIDA'S RESPONSES TO STAFF'S
SECOND SET OF INTERROGATORIES (Nos. 27-28)**

Progress Energy Florida, Inc., ("PEF" or "Company"), responds to Staff's Second Set of Interrogatories (Nos. 27-28), as follows:

27. Please provide the following information for each project included in the Nuclear Cost Recovery Clause. For purposes of preparing a response to this question, please use the definitions that appear in Rule 25-6.0423, F.A.C. and those discussed in Order No. PSC-08-0295-DS-EI.

Answer:

On July 18, 2008, PEF filed a petition, in this docket, to recover its costs for the Levy nuclear project through the Nuclear Cost Recovery Clause. Accordingly, PEF has responded to these interrogatories for both the CR3 Uprate and the Levy nuclear project.

CR3 Uprate

Project Description	Projected Start and End Dates			
	Site Selection	Pre-Construction	Site Clearing	Construction
1. CR3 Uprate	N/A	N/A	N/A	11/2006-03/2012

PEF does not have any site selection, pre-construction and/or site clearing activities/projects for the CR3 Uprate because this is an existing site location. All activities/projects for the CR3 Uprate are included in construction. The project includes multiple phases which are discussed in detail in the response to interrogatory question number 28.

Levy nuclear project

Project Description	Site Selection	Pre-Construction	Site Clearing	Construction
Levy Unit 1	4/2006-3/2008	3/2008-12/2011	* - 12/2011	8/2007**-6/2016
Levy Unit 2	4/2006-3/2008	3/2008-12/2011	* - 12/2011	8/2007**-7/2017
Transmission	3/2007-3/2008	3/2008-*	*	12/2007-12/2015

* Site clearing schedules will be available following the completion of EPC negotiations.

**Land acquisition activities for units 1&2 occurred in August 2007. Additional land was acquired for heavy haul access later in the year. Land acquisition is considered part of construction.

Levy nuclear project (generation)

PEF notes that it is currently negotiating with the Consortium to execute the Engineering, Procurement, and Construction ("EPC") contract. Because many of the dates provided in this interrogatory response have been developed based upon the project schedule information currently available from the negotiations, the dates provided in this response will likely change once the Company finalizes and executes the EPC contract. In addition, there may be certain sub-projects, currently within the scope of work in the EPC contract, which will ultimately be outside the scope of the EPC contract. This change in scope of work will not be known until the EPC contract is executed, and thus the project schedules for any work outside the EPC contract may change at that time. This response therefore represents PEF's best efforts, using currently available information, at identifying major sub-projects and the project schedules for each sub-project.

Levy nuclear project (transmission)

PEF is currently in the process of developing contract bid packages for its transmission projects. Therefore, at this point in PEF's project development, detailed schedules for the various sub-projects, such as specific transmission lines and substations, have not been created. PEF currently has only identified major project milestones, which are identified on the schedule found at Bates number PEF-NCR-8924 produced in response to Staff's Second Request for Production

of Documents. This high level schedule is subject to further refinement as the project planning progresses. PEF will supplement its response to this interrogatory, and provide more detailed project schedules as that information is developed in the course of its transmission project development and planning.

28. Please provide the following information for each sub-project included in the Nuclear Cost Recovery Clause. For purposes of preparing a response to this question, please use the definitions that appear in Rule 25-6.04 6.0423, F.A.C. and those discussed in Order No. PSC-08-0295-DS-EI.

Answer:

CR3 Uprate

Project Description	Each Sub-project	Projected Start and End Dates			
		Site Selection	Pre-Construction	Site Clearing	Construction
1. CR3 Uprate	Phase I (MUR)	N/A	N/A	N/A	11/2006-1/2008
1. CR3 Uprate	Phase II (BOP)	N/A	N/A	N/A	2/2007-3/2010
1. CR3 Uprate	Phase III (EPU)	N/A	N/A	N/A	4/2007-3/2012
1. CR3 Uprate	Phase III (POD)	N/A	N/A	N/A	5/2007-9/2011

Levy nuclear project

Sub-Project***	Site Selection	Pre-Construction	Site Clearing	Construction
Licensing & Permitting	4/2006-3/2008	3/2008-12/2011	• - 12/2011	N/A
Phase 1 Planning & Design – Shaw Stone & Webster	12/2007-3/2008	3/2008-12/2009	* - 12/2011	N/A
Pre-Construction – Shaw Stone & Webster	N/A	1/2010-12/2011	* - 12/2011	N/A
Engineering & Procurement	N/A	4/2008-12/2011	* - 12/2011	1/2012-10/2015
AP1000 Plant construction Unit 1	N/A	1/2010-12/2011	* - 12/2011	8/2007**-6/2016

AP1000 Plant construction Unit 2	N/A	3/2011-12/2011	* - 12/2011	8/2007**-7/2017
Programs	4/2006-3/2008	3/2008-12/2011	* - 12/2011	1/2012-12/2016
Plant Operations - Staffing	N/A	1/2010-12/2011	* - 12/2011	1/2012-12/2016

* Site clearing schedules will be available following the completion of EPC negotiations.

**Land acquisition activities for units 1&2 occurred in August 2007. Additional land was acquired for heavy haul access later in the year. Land acquisition is considered part of construction.

***For a further breakdown of these subprojects please see schedule provided in response to Staff's 2nd Request for Production of Documents bates labeled PEF-NCR-8925.

Levy nuclear project (generation)

PEF notes that it is currently negotiating with the Consortium to execute the Engineering, Procurement, and Construction ("EPC") contract. Because many of the dates provided in this interrogatory response have been developed based upon the project schedule information currently available from the negotiations, the dates provided in this response will likely change once the Company finalizes and executes the EPC contract. In addition, there may be certain sub-projects, currently within the scope of work in the EPC contract, which will ultimately be outside the scope of the EPC contract. This change in scope of work will not be known until the EPC contract is executed, and thus the project schedules for any work outside the EPC contract may change at that time. This response therefore represents PEF's best efforts, using currently available information, at identifying major sub-projects and the project schedules for each sub-project.

Levy nuclear project (transmission)

Please see the transmission portion of PEF's response to Interrogatory 27 above.

AFFIDAVIT

STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

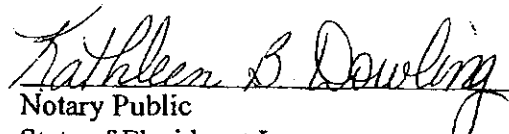
Before me, the undersigned authority, personally appeared Dale Oliver, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's Second Set of Interrogatories to Progress Energy Florida, Inc., Nos. 27-28 in Docket 080009 are true and correct based on his personal knowledge.



Dale Oliver

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 23 day of July, 2008.



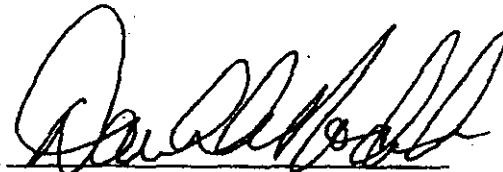

Notary Public
State of Florida, at Large
My Commission Expires:

AFFIDAVIT

STATE OF FLORIDA)


COUNTY OF CITRUS)

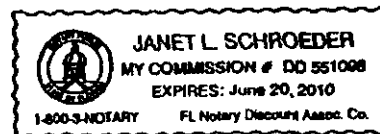
Before me, the undersigned authority, personally appeared Daniel L. Roderick, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's Second Set of Interrogatories to Progress Energy Florida, Inc., Nos. 27-28 in Docket 080009 are true and correct based on his personal knowledge.



DANIEL L. RODERICK

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 24th day of July, 2008.


Notary Public
State of Florida, at Large
My Commission Expires: 06/20/2010



BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant Cost Recovery Clause

Docket No. 080009

**PROGRESS ENERGY FLORIDA'S
RESPONSE TO STAFF'S 2ND
SET OF INTERROGATORIES
NO. 28**

**ATTACHMENT
PEF-NCR-8925
REDACTED**

**PEF's response to
Staff's Third Set of Interrogatories
(Nos. 29 - 49)
in Docket No. 080009-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant Cost
Recovery Clause

Docket No. 080009-EI


Submitted for Filing: August 21, 2008

PROGRESS ENERGY FLORIDA'S NOTICE OF SERVICE

Progress Energy Florida, Inc. hereby gives notice of service of Progress Energy Florida's Responses to Staff's Third Set of Interrogatories (Nos. 29-49) via electronic delivery and U.S. Mail to Lisa Bennett/Jennifer Brubaker, Staff Counsel.

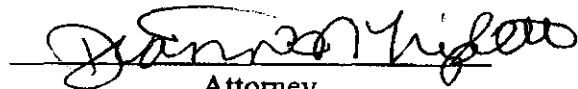
Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via U.S. Mail this 21st day of August, 2008.


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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant Cost
Recovery Clause

Docket No. 080009-EI

**PROGRESS ENERGY FLORIDA'S RESPONSES TO STAFF'S
THIRD SET OF INTERROGATORIES (Nos. 29-49)**

Progress Energy Florida, Inc., ("PEF" or "Company"), responds to Staff's Third Set of Interrogatories (Nos. 29-49), as follows:

29. Please refer to <http://www.progress-energy.com/aboutus/news/article.asp?id=19062>.

The second paragraph in the Company's new release states "Today's vote does not represent a decision to build the nuclear plant. Progress Energy Florida expects to make that decision by early next year."

- a) Please explain this statement in light of PEF's petition to recover costs of the Levy Units 1 & 2 through the Nuclear Cost Recovery Clause.

Answer:

PEF petitioned to recover its costs for Levy Units 1 & 2 nuclear power plants (the Levy Nuclear Project), after the Commission granted the Company's petition for determination of need, pursuant to Section 366.93(3), Florida Statutes, and Rule 25-6.0423(4) and (5), F.A.C., for Levy Units 1 & 2 and their associated transmission facilities. PEF's petition is consistent with the nuclear cost recovery statute enacted by the Florida Legislature to promote the development of nuclear generation and the Commission's nuclear cost recovery rule enacted for the same purpose.

PEF is committed to the development of the Levy Nuclear Project but the actual decision to build the plants is a milestone in the Project development that has not yet occurred. The process related to siting, designing, constructing and operating a nuclear power station is by its nature a complex series of sequential assessments and decisions. This process begins with project initiation and proceeds to site selection and certification. Once a site is secured, obtaining needed local, state and federal permits and regulatory approvals constitutes a complex series of activities, each requiring that the outcome be assessed and a decision with regard to continuing be made. Developing and executing an acceptable EPC contract requires evaluation of labor and commodity markets and the definition of price and risk for each party. The commencement of physical construction can proceed only after all of the above, plus finalization of the site specific design, are complete. The decision to proceed with this project was made at the point of initiation. The submittal and approval of the need case clearly represents a major decision by PEF and the PSC in this sequence. However, neither of those decisions signal that the project will continue regardless of circumstance. Buying the property does not imply that we have decided on a technology ; deciding on a technology does not imply that we will sign a particular EPC; etc. It is prudent to assess the situation and make a conscious decision to take the next significant step, at each major milestone.

PEF, however, has been working diligently on the Project since 2006, when it first began investigating building a new nuclear plant, and first determined to include a nuclear unit in its Ten Year Site Plan in 2007. The Company has taken several steps to successfully complete the project and place the nuclear units in commercial operation, including:

- investigating and determining a location suitable for development of additional nuclear generation;
- purchased the land necessary to house additional nuclear generation;

- investigated and narrowed the transmission corridors for the associated transmission facilities;
- evaluated and initially selected the reactor technology vendor, and engaged in detailed, on-going negotiations with that reactor vendor for the terms of an engineering, procurement, and construction ("EPC") contract;
- completed the integrated resource planning process to determine that the unit should be a future generation source for customers, including obtaining a unanimous, affirmative need determination from the PSC;
- prepared and submitted in June 2008 the site certification application for Levy Units 1 & 2 and associated transmission facilities to the Florida Department of Environmental Protection; and
- submitted the Combined Operating License Application ("COLA") to the Nuclear Regulatory Commission ("NRC") for approval of Levy Units 1 & 2.

PEF has, therefore, committed the time, resources, and effort necessary to develop new nuclear power generation in Florida, as the Florida Legislature intended when it enacted Section 366.93, Florida Statutes, with the intent to place Levy Units 1 & 2 in commercial operation.

PEF is fully committed to continuing the process of development of the Levy Nuclear Project. The Levy Nuclear Project is unique, however, in that more than ten years is necessary to bring the Project to fruition, involving many project steps or milestones along the way toward commercial operation of the Levy Units. As a result, the Company will continually evaluate the continued development of the Project as these project milestones arise under the circumstances, business and financial risks, and regulatory environment at the time to prudently decide if further development of the Project is in the best interests of the Company's customers and the Company.

- b) What specific factor(s), criteria, condition(s), and/or event(s) cause PEF to wait until early next year to decide whether to build the nuclear plant?

Answer:

Please see PEF's answer to interrogatory 29(a) above. PEF is not "waiting" to make the decision to build Levy Units 1&2, rather, PEF will make that decision at the appropriate time in the development of the Project when it has sufficient information to fully evaluate that decision. That information includes the final EPC contract terms and conditions. Execution of an EPC contract is a major Project milestone. As indicated above, EPC negotiations are on-going and they have not been concluded. When they are concluded, and PEF is presented with a final EPC contract, PEF will need to evaluate the decision to execute that contract based on the terms and conditions, market conditions, business and financial risks, and regulatory environment, among other factors, at that time. Other factors or risks are identified and discussed in the Company's Business Analysis Package, specifically Revision 2, which has been produced at Bates number PEF-LEVY-0002 through 0173 in this docket.

- c) When is it prudent for PEF to decide to build the nuclear plant?

Answer:

Please see PEF's answers to interrogatories 29 (a) and (b) above.

- d) What specific factor(s), criteria, condition(s), and/or event(s) does PEF use to determine that it is prudent to build the nuclear plant?

Answer:

Please see PEF's answers to interrogatories 29 (a) and (b) above.

30. Please reconcile the statement presented by PEF's news release referenced in the previous question regarding a pending decision to build a nuclear plant until early next year with PEF's testimony filed in Docket No. 080149-EI, by Witness Roderick, at page 19, (Document Number 05911-08) asserting that project approval has been given by the Company's Project Evaluation and Authorization Process.

Answer:

The statements are not inconsistent so no reconciliation is necessary. Please see PEF's answers to interrogatories 29 (a) and (b). The Company's Project Evaluation and Authorization Process, which Mr. Roderick referred to in his testimony, is one step in the development of the Levy Nuclear Project. Project approval is necessary at each step in the Project development process.

The initial BAP for the project was approved in March 2006, reflecting the Company's initial commitment to develop Levy Units 1 & 2. This BAP approved funding and provided authorization for the Company to move forward with investigating potential sites for the Levy project, as well as to evaluate and select a reactor technology. The BAP was revised in September 2007, specifically to update the Company's analysis with information current at that time and to approve additional funding for the purchase of the Levy site, yet another step in the Project development. Revision 2 to this BAP was approved in April 2008, and this revision provided for additional funding for work scope items which were identified after more site-specific work had been completed. As explained in this Revision 2 to the BAP, the Company will seek further project approval, through the Integrated Project Plan ("IPP") process, once the EPC negotiations have been completed and the Company has a final EPC contract for execution.

Mr. Roderick's testimony that project approval had been received was and is accurate – the Levy Nuclear Project was approved under the Company's Project Evaluation and

Authorization Process and, as a result of that approval, the Company invested the time, resources and effort necessary to move the Project further toward completion. There are further steps or milestones for the Levy Nuclear Project, one being the execution of the EPC contract as noted above, that will require Company approval to commit further time, resources, and effort to the Levy Nuclear Project.

31. When does PEF plan to file a State Certification Application for Levy Units 1 &2?

- a) Describe the activities currently under way, if any, that must be completed prior to PEF's filing for a State Certification Application.

Answer:

PEF filed its Site Certification Application ("SCA") with the Florida Department of Environmental Protection ("FDEP") on June 2, 2008.

- b) Describe the pending activities, if any, that PEF has yet to initiate that must be completed prior to PEF's filing for a State Certification Application.

Answer:

See PEF's response to subpart (a) above.

32. Is it PEF's understanding that nuclear power plant site selection expenses can be found reasonable and can be prudently incurred during the pendency of a utility's decision to commit to building a nuclear plant? If so, please explain and describe any such conditions or circumstances that apply to PEF.

Answer:

Yes. Please see PEF's answers to interrogatories 29 and 30 above. In addition, the Florida Legislature and the Commission enacted Section 366.93, Florida Statutes, and Rule 25-6.0423, F.A.C., respectively, to promote electric utility investment in nuclear power plants and allow for recovery of all prudently recovered costs. To advance that Legislative directive, the Florida Legislature and Commission provided that an electric utility may petition for cost recovery after a petition for determination of need for the nuclear power plant is granted and the Commission shall allow for recovery of all prudently incurred costs, including preconstruction costs and, by rule, site selection costs.

Preconstruction costs are those costs incurred after a site has been selected through and including the completion of site clearing work, site selection costs are those costs expended prior to site selection (defined as the filing date for the need determination petition), and both costs include site and technology selection costs, COLA application preparation and defense costs, and engineering, design, and permitting costs, among others. By definition, these costs can and will be incurred over several years. Further, the operation of the nuclear cost recovery mechanism under the statute and rule contemplates that such costs will be incurred and recovered over several years. As defined by the Florida Legislature and/or Commission, then, the recovery of site selection and preconstruction costs under the nuclear cost recovery mechanisms recognizes

that the development of new nuclear generation is a long-term process and that the electric utility must incur these costs to continue to develop nuclear generation during that long-term process.

An electric utility must, therefore, be allowed to recover site selection and preconstruction expenses reasonably and prudently incurred in that process pending the decision to build the nuclear power plant so that the electric utility is both prepared to make that decision and to successfully implement it should the decision to build the nuclear power plant be in the best interests of the electric utility's customers and the electric utility. This understanding is consistent with the Legislative purpose to promote electric utility investment in nuclear power plants and the construction and operation of the statute and rule. Indeed, no contrary understanding is expressed in the statute and rule and any other understanding would be in direct conflict with the Legislative purpose. PEF's understanding is also consistent with how other jurisdictions have treated such costs. PEF's site selection and preconstruction costs were reasonably and prudently incurred as part of the necessary steps to continue to develop the nuclear power plants for PEF's customers and, accordingly, the Commission should allow PEF to recover them under the nuclear cost recovery statute and rule.

33. Is it PEF's understanding that nuclear power plant preconstruction expenses can be found reasonable and be prudently incurred during the pendency of a utility's decision to commit to building a nuclear plant? If so, please explain and describe any such conditions or circumstances that apply to PEF.

Answer:

Please see PEF's answer to interrogatory 32.

34. Is it PEF's understanding that nuclear power plant construction expenses can be found reasonable and be prudently incurred during the pendency of a utility's decision to commit to building a nuclear plant? If so, please explain and describe any such conditions or circumstances that apply to PEF.

Answer:

Yes. Please see PEF's answer to interrogatory 32. PEF's current construction costs for the Levy Nuclear Project were incurred to purchase the Levy County site. PEF had to purchase the land at the time it did for the need determination proceeding and to complete the detailed analyses and other site-specific work required for NRC approval of the site, the SCA application, the COLA application, and to obtain site-specific pricing information for the nuclear power plants. These costs were reasonably and prudently incurred as a necessary step in the development of the Project and, for all the reasons provided in answer to interrogatory 32, PEF should be allowed to recover them.

35. Is it reasonable to expect that a utility make an affirmative decision to build a nuclear power plant prior to commencement of preconstruction?

Answer:

Please see PEF's answers to interrogatories 29, 30, and 32.

a) Would it be reasonable to delay such a decision and make it during preconstruction?

Answer:

Please see PEF's answers to interrogatories 29, 30, and 32.

b) If PEF believes some level of cost recovery should occur prior to a utility's affirmative decision, please explain.

Answer:

Please see PEF's answers to interrogatories 29, 30, and 32.

36. Is it PEF's understanding that 366.93, Florida Statutes, contemplates, requires, or provides for full utility cost recovery even in the absence of PEF's affirmative decision to begin constructing a nuclear power plant? If so, please explain.

Answer:

Yes. Please see PEF's answers to interrogatories 29, 30, and 32. In addition, Section 366.93(3) states that a utility may petition for cost recovery after a petition of determination of need is granted. PEF's petition for cost recovery is proper because the Commission has granted the determination of need for the Levy project, and PEF's request for cost recovery in this proceeding is fully consistent and in compliance with Section 366.93 and Rule 25-6.0423.

37. Is it PEF's understanding that 25-6.0423, Florida Administrative Code, contemplates, requires, or provides for full utility cost recovery even in the absence of PEF's affirmative decision to construct a nuclear power plant? If so, please explain.

Answer:

Yes. Please see PEF's answers to interrogatories 29, 30, and 32. In addition, Rule 25-6.0423(4) and (5) state that a utility may petition for cost recovery after a petition of determination of need is granted. PEF's petition for cost recovery is proper because the Commission has granted the determination of need for the Levy project, and PEF's request for cost recovery in this proceeding is fully consistent and in compliance with Section 366.93 and Rule 25-6.0423.

38. Is it PEF's understanding that 366.93, Florida Statutes, requires the Commission to make a finding on the prudence of costs PEF incurred for a nuclear power plant that PEF has not yet decided to construct? If so, please explain.

Answer:

Yes. Please see PEF's answers to interrogatories 29, 30, and 32. Also, please see Sections 366.93(1), (2), (3), and (6), Florida Statutes.

39. Is it PEF's understanding that 25-6.0423, Florida Administrative Code, requires the Commission to make a finding on the prudence of costs PEF incurred for a nuclear power plant that PEF has not yet decided to construct? If so, please explain.

Answer:

Yes. Please see PEF's answers to interrogatories 29, 30, and 32. Also, please see Sections 366.93(1), (2), (3), and (6), Florida Statutes, and Rule 25-6.0423(1), (2), (4), (5), and (6), F.A.C.

40. If PEF does not affirmatively decide to construct a nuclear power plant and continues to develop the project, does PEF believe the statutes or rules provide for full recovery of all project costs if PEF later does not to complete the construction of the nuclear power plant? If so, please explain.

Answer:

PEF is not entirely clear what this interrogatory means but the Florida Legislature provided that an electric utility shall be allowed to recover all prudent preconstruction and construction costs incurred after the utility has petitioned for a determination of need for the nuclear power plant and that need determination has been granted even if the utility later elects not to complete or is precluded from completing construction of the nuclear power plant. See Sections 366.93(3) and (6), Florida Statutes. Consistent with the Legislative directive, the Commission enacted Rule 25-6.0423(6), F.A.C. PEF, therefore, is entitled to recover all its prudent and reasonable Project costs if PEF elects not to complete construction of the nuclear power plant.

PEF has, however, explained its commitment to the Levy Nuclear Project and the status of current project milestones in answer to interrogatory 29 above. PEF continues to pursue the development and construction of Levy Units 1 & 2 consistent with the reasonable and prudent development process PEF has implemented for the Project.

41. Subsequent to filing its NCRC testimony and schedules for 2007, has PEF received any internal audits (internal audits include contract audits, accounting audits, management audits, process audits, etc.), or initiated or made plans to initiate any internal audits addressing PEF's site selection expenses and activities through December 31, 2007? If so, please provide the following:

a) If internal audits have been received are audit results reflected in the 2006 and 2007 site selection testimony? Explain.

Answer:

Subsequent to PEF filing its NCRC testimony and schedules on May 1, 2008 for 2007 Site Selection expenses and activities, PEF has received the following completed internal audits:

1. Levy Nuclear Financial & Regulatory Project Team Review, dated July 9, 2008
2. Florida Nuclear Plant Cost Recovery Rule Compliance, dated July 21, 2008
3. Levy County Data Repository, dated July 11, 2008

The Audit Services Department has begun the following audits which are planned to be completed in 2008:

4. Levy County
5. New Plant Cost Model

Completed audits #1, #2 and #3 were not received until after testimony was filed and therefore the results were not reflected in the testimony. However, audits #1, #2, and #3 did not have any findings related to Site Selection project expenses.

b) How does PEF plan to reflect such internal audit results, including any reversals and associated carrying charges that may become known to PEF after it has filed the site selection testimony and exhibits?

Answer:

Please see PEF's response to Interrogatory 41(a).

- c) Is it appropriate for the Commission to make a finding regarding prudence of the incurred expenses for the site selection filings prior to PEF completing and reflecting all audit results in testimony? If so, explain.

Answer:

Yes, the Commission can appropriately make a finding regarding the prudence of incurred expenses for Site Selection, as reflected in PEF's filings, based on the Company's testimony and exhibits, the Commission's audits and discovery directed at the reasonableness and prudence of such expenses, which can include reviewing PEF's internal audit reports, if applicable and available before the Commission must make its findings pursuant to Rule 25-6.0423(4) and (5), F.A.C.

42. Subsequent to filing its NCRC testimony and schedules for 2007, has PEF received internal audit results (internal audits include contract audits, accounting audits, management audits, process audits, etc.) or has it initiated or does it plan to initiate any internal audits addressing PEF's CR3 uprate project expenses and activities through December 31, 2007? If so, please provide the following:

- a) Are the internal audit results responsive to this question reflected in the 2006-2007 CR3 uprate project testimony? Explain.

Answer:

PEF has not received any completed internal audits related to CR3 Uprate subsequent to testimony and schedules filed on February 29, 2008. The Audit Services Department will begin the CR3 Uprate Project audit in 2008.

- b) How does PEF plan to reflect such internal audit results, including any reversals and associated carrying charges that may become known to PEF after it has filed the 2006-2007 CR3 uprate project testimony and exhibits?

Answer:

Internal audits are part of the on-going project management process. If an internal audit relating to the CR3 Uprate project is undertaken by audit services and completed before the filing of testimony and exhibits, the audit results can be reflected in the Company's filing and can be one of many things the Commission may consider in its annual determination of the prudence of the Company's actual costs pursuant to Rule 25-6.0423(5)(c)2. The Commission can also audit the project itself and, in fact, has audited the CR3 Uprate project. Further, the Commission can take whatever discovery the Commission deems necessary to determine the reasonableness and prudence of such costs prior to its annual determination that the prior year's actual construction costs and associated carrying costs are prudent. If the CR3 Uprate Project audit in 2008 referenced in answer to interrogatory 42 reveals an accounting, mathematical or scrivener's error in the costs reflected in the 2006-2007 CR3 Uprate project testimony and exhibits, PEF will, of course, correct the error and reflect the true cost in the next filing made by the Company pursuant to Rule 25-6.0423 as the Company would do if such an error were discovered in the normal course of business, outside of a formal internal audit.

- c) Is it appropriate for the Commission to make a finding regarding prudence of the incurred expenses for the 2006-2007 CR3 uprate project filings prior to PEF completing and reflecting all audit results in testimony? If so, explain.

Answer:

Yes. Please see PEF's response to Interrogatory 41(c) and 42(b).

43. Subsequent to filing its NCRC testimony and schedules for 2007, has PEF received internal audit results (internal audits include contract audits, accounting audits, management audits, process audits, etc.) or initiated any or made plans to initiate any internal audits addressing PEF's Levy Units 1&2 project expenses and activities through December 31, 2007? If so, please provide the following:

a) Are the internal audit results responsive to this question reflected in the 2006-2007 Levy Units 1&2 project testimony? Explain.

Answer:

Subsequent to PEF filing its NCRC testimony and schedules on April 22, 2008 for 2007 Levy Units 1 & 2 expenses and activities, PEF has received the following completed internal audits:

1. Levy Nuclear Financial & Regulatory Project Team Review, dated July 9, 2008
2. Florida Nuclear Plant Cost Recovery Rule Compliance, dated July 21, 2008
3. Levy County Data Repository, dated July 11, 2008

The Audit Services Department has begun the following audits which are planned to be completed in 2008:

4. Levy County
5. New Plant Cost Model

Completed audits #1, #2 and #3 were not received until after testimony was filed and therefore the results were not reflected in the testimony. However, audits #1 and #3 did not have any findings related to Levy Units 1&2 project expenses. Similarly, audit #2 did not have any significant audit findings related to Levy Units 1&2 project expenses. Audit #2 did report one minor finding related to a \$20,612 duplicate payment for land expenses that occurred in September 2007.

b) How does PEF plan to reflect such internal audit results, including any reversals and associated carrying charges that may become known to PEF after it has filed the 2006-2007 Levy Units 1&2 project testimony and exhibits?

Answer:

Consistent with PEF's answer to interrogatory 42(b), PEF will reflect the internal audit results from the Florida Nuclear Plant Cost Recovery Rule Compliance audit referenced in response to interrogatory 43(a) in the March 1 filing by the Company. A refund of the duplicate payment noted in this audit has since been recovered and credited to the land project. The corrected amount was not sufficiently material to warrant a prior period adjustment and has been reflected in 2008 expenditures.

- c) Is it appropriate for the Commission to make a finding regarding prudence of the incurred expenses for the 2006-2007 Levy Units 1&2 project filings prior to PEF completing and reflecting all audit results in testimony for the applicable period?
If so, explain.

Answer:

Please see PEF's response to Interrogatory 41(c) and 42(b).

44. Based on PEF's current updated data, what are the NCRC estimated 1000 kwh residential average monthly bill impact amounts for 2009 through the estimated commercial operation date of Levy Units 1 & 2.

Answer:

PEF assumes that this question is requesting the monthly impacts for Levy Units 1 & 2 costs. As indicated in the table below, PEF's estimated average monthly bill impacts to be recovered through the CCRC under the Nuclear Cost Recovery Rule for 2009-2017 are as follows:

	1,000 kWh	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Est. Residential Rate Impact		█	10.45	16.51	15.07	21.89	27.39	28.73	18.58	3.59

REDACTED

45. In any year, does PEF's estimated 1000 kwh residential bill impact in response to question (PEF INT+44) exceed 10% of the December 2008 1000 kwh residential bill amount? If so, what rate impact mitigation efforts, if any, is PEF considering?

Answer:

In 2009 the total estimated residential impact exceeds 10% of the 2008 1000 kWh residential bill by a small amount. In years 2011-2016 the total estimated residential impact exceeds 10% of the 2008 1000 kWh residential bill. PEF is unaware of any requirements to mitigate rate impacts associated with the new Levy units under either 366.93 F.S. or FPSC Rule No. 25-6.0423. PEF has demonstrated and the Commission has approved the Need for Levy Units 1 & 2. Rule 25-6.0423 clearly lays out what a utility can recover through the Nuclear Cost Recovery Clause prior to the units going in-service. As always, PEF is mindful of the rate impact to our customers and PEF will continue to do everything we can to minimize the potential for large year over year increases.

46. Please refer to the audit reports and finding by the Florida Public Service Commission, Division of Regulatory Compliance and Consumer Assistance, Bureau of Auditing, pursuant to Audit Control Numbers 08-087-2-1, 08064-2-1, and 08-087-2-2, including any supplemental reports.

- a) Assume PEF is required to implement (make reversals) for all audit findings and all disclosures. For each disclosure and audit finding please provide the impact on PEF's requested 2007, 2008, and 2009 NCRC amounts.

Answer:

For purposes of adjustments necessary to the Nuclear Cost Recovery Clause (NCRC) filings, PEF's treatment would reflect adjustments consistent with any under or over recovered balance as defined therein through the Capacity Cost Recovery Clause (CCRC) as stated in Rule 25-6.0423 and Florida Statute 366.93.

Based on the above, PEF would have realized an impact to the CR3 Uprate filings resulting in 2007, 2008, and 2009 refunds of \$161, \$6,128, and \$16,161 respectively (Audit Control No. 08-064-2-1). The impact to PEF's Site Selection filings for 2007 and 2008 respectively would have been a \$2,739 and \$13,263 increase to the total revenue requirement (Audit Control No. 08-087-2-2). Lastly, PEF would have recorded a decrease of \$1,346, \$15,531, and \$15,302 to revenue requirements for periods 2007, 2008, and 2009 respectively (Audit Control No. 08-087-2-1). Because these adjustments are not sufficiently material, PEF will include these adjustments with its subsequent true-up filing on March 1st.

- b) List each audit finding and disclosure which PEF disagrees with and explain why.

Answer:

PEF does not concur with the alternative land evaluations presented as part of Audit Finding #1 in Audit Control No. 08-087-2-1. Please see Will Garrett's Rebuttal Testimony which will be submitted for filing on August 21, 2008.

47. For purposes of this question, assume that in the NCRC the Commission adopts a policy that an investment amount clearing to plant-in-service is equivalent to a portion of the total project becoming commercially available. Furthermore, cost recovery amounts associated with that investment amount shall be calculated pursuant to 366.93(4), F.S., and 25-6.0423(7), F.A.C. Additionally, such cost recovery amounts shall remain in the NCRC for only the year in which the investment amount clears to plant-in-service. Finally, at any time during the construction of the power plant the utility can request a limited scope change to base rates specifically addressing such assets consistent with the requirements of 366.93, F.S. and 25-6.0423(7), F.A.C.

a) Is this a reasonable implementation of 366.93, F.S., and if not why not?

Answer:

Yes, this is a reasonable implementation of Section 366.93, F.S., provided that it does not result in any decrease in PEF's revenue requirements for that particular portion of the project. In its NFR filing, PEF proposed including the MUR portion of its CR3 Uprate project in the NCRC until the next piece went into service, which will be at the end of 2009 for the uprate. PEF treated the MUR costs in this manner because it was more efficient and practical to continue clause recovery rather than incur the costs associated with initiating a separate base rate increase for such a relatively small amount of costs. While PEF believes that its suggested implementation is somewhat more reasonable, the proposed policy described above is also reasonable. The Commission has discretion, where the costs for a system or portion of a nuclear project are relatively small, to determine how long the costs can be recovered in the clause.

Under this policy, however, PEF will have to file for a base rate increase for the MUR costs within the next few months, so that the base rate increase can take effect in 2009.

- b) Is this policy consistent 366.93(2), F.S., in promoting utility investment in new power plants?

Answer:

Yes, this policy is consistent with the goal of promoting utility investment in new power plants. PEF only notes that greater administrative efficiencies may be achieved by allowing the utility to wait to request the base rate increase until a larger portion of the project is placed into commercial service, and making one base rate increase.

- c) Is this policy consistent with 366.93(4), F.S., in ending NCRC treatment for assets that are placed in commercial service and if not why?

Answer:

Yes, this policy is consistent with Section 366.93(4), F.S.

- d) Is this policy consistent with 25-6.0423(7), F.A.C., and if not why not?

Answer:

Yes, this policy is consistent with 25-6.0423(7), F.A.C.

48. Please refer to PEF's response to staff's first set of interrogatories, number 23 and 24, issued in docket number 080009-EI, addressing PEF's proposed treatment of revenue requirements of an asset that become commercially available or had an amount that cleared to plant-in-service prior to the entire project becoming commercially available.

- a) For purposes of the NCRC, does PEF believe that when an investment amount is cleared to plant-in-service that event is equivalent to an asset becoming commercially available prior to completing the entire project? If not, please clarify PEF's petition concerning the MUR cost recovery amounts for February 2008 through December 2009.

Answer:

Yes, when an investment amount is cleared to plant-in-service, that event is equivalent to that asset (or an operating unit or system associated with the power plant) becoming commercially available or placed in commercial service prior to completing the entire project, pursuant to 25-6.0423(7).

- b) Does PEF believe that it is reasonable for purposes of efficient NCRC administrative oversight to include in the NCRC the revenue requirement associated with amounts that clear to plant-in-service for at least the remaining portion of the year in which the clearing to plant-in-service occur?

Answer:

Yes, PEF believes that it is reasonable to include that amount for at least the remaining portion of the year in which the clearing to plant-in-service occurs. PEF notes, however, that

there may be circumstances where it is necessary or more appropriate to include it for more than one year.

- c) Does an adjustment of -\$1,233,443, which is an estimated residential bill impact in 2009 of -\$0.03 per 1000 kwh, remove from the NCRC the 2009 revenue requirements for assets that cleared to plant-in-service prior to 12/31/2008. If not, what is the appropriate amounts?

Removing -\$1,233,443 from the amount being requested for recovery through the CCRC under the NCRC would have the effect of removing the revenue requirements associated with the MUR from PEF's 2009 CCRC rates. This is equivalent to approximately -\$0.03 per 1000 kWh on the residential bill in 2009. There would be no impact on the total customer bill as those revenue requirements would simply shift to base rates in accordance with Rule 25-6.0423.

- d) Is it reasonable to allow for any true-up amount associated with such assets in the factor for the following year.

Answer:

Yes, it is reasonable to allow for such true-up.

49. In its need filing, (document number 01800-08, page 3) PEF noted a need "to add approximately 120-150 miles of new 500 kv and 230 kv and need to rebuild and upgrade various existing 69 kv, 115 kv and 230 kv transmission facilities and transmission lines through 10 counties."

a) Please list each known Levy Units 1&2 transmission line activity using the same format shown on Table 2 of the Review of 2007 Ten-Year Site Plans for Florida's Electric Utilities (<http://www.psc.state.fl.us/publications/pdf/electricgas/tysp2007.pdf>) including the approximate distance in miles from the Levy site and whether cost recovery pursuant to 366.93 F.S. is anticipated.

Answer:

PEF proposes to provide a response to a) above using the same format shown on Table 12 of the Review of 2007 Ten-Year Site Plans for Florida's Electric Utilities as shown below.

The projects listed below were submitted to FRCC for review. The projects are based on preliminary reviews and are subject to refinement as the project planning progresses.

The Distance (Miles) from Levy Plant reflects the distance from the Plant site to the approximate closest point of the activity.

The Line Length (Miles) reflects the distance between end points.

The in-service dates are based on preliminary planning target dates as of June-2008.

LINE OWNER	TRANSMISSION LINE	DISTANCE (MILES) FROM LEVY PLANT	LINE LENGTH (MILES)	NOMINAL VOLTAGE (KV)	NEED APPROVED	DATE IDENTIFIED	IN SERVICE	DATE COST RECOVERY
PEF	LEVY-CITRUS #1	0-1	9	500kv	7/2008	-	1/2012	Y
PEF	LEVY-CITRUS #2	0-1	9	500kv	7/2008	-	7/2012	Y
PEF	LEVY-CRYSTAL RIVER PLANT	0-1	14	500kv	7/2008	-	7/2012	Y
PEF	LEVY-CENTRAL FL SOUTH	0-1	60	500kv	7/2008	-	5/2014	Y
PEF	CITRUS-CRYSTAL RIVER EAST - two (2) new circuits	6	1	230kv	7/2008	-	11/2013	Y
PEF	CRYSTAL RIVER-BROOKRIDGE-BROOKSVILLE WEST	7	8	230kv	7/2008	-	4/2015	Y

LINE OWNER	TRANSMISSION LINE	DIS. (MILES FROM L&P)	LINE LENGTH (MILES)	3 PHASE VOLTAGE (KV)	DATE APPROVED	DATE CERTIFIED	SERVICE	W/IRREVE. COST RECOVERY
PEF	KATHLEEN-LAKE TARPON	66	50	230kV	7/2008	-	8/2013	Y
PEF	TAPLINE TO ADMIN NORTH (note 1)	0-1	0.2	69kV	7/2008	-	12/2009	Y
PEF	TAPLINE TO ADMIN SOUTH (note 1)	0-1	3	69kV	7/2008	-	5/2010	Y
PEF	LOOP IN EXISTING CRYSTAL RIVER-CENTRAL FL LINE-NEW CITRUS SUBSTATION	6	0.3	500kV	7/2008	-	7/2013	Y
PEF	LOOP IN EXISTING HOLDER-CENTRAL FL-THRU ROSS PRAIRIE & ANDERSEN	22 & 32	0.3	230kV	7/2008	-	2/2014	Y
PEF	CONVERT EXISTING CRYSTAL RIVER-CR EAST-BROOKRIDGE CIRCUIT TO CRYSTAL RIVER-BROOKRIDGE DIRECT	8	0.3	230kV	7/2008	-	9/2012	Y
PEF	LOOP IN EXISTING BROOKRIDGE-HUDSON CIRCUIT THRU BROOKSVILLE WEST	38	0.3	230kV	7/2008	-	11/2013	Y
PEF	LOOP IN EXISTING BROOKRIDGE-BROOKSVILLE WEST-GULFPINE/SEVEN SPRGS CIRCUIT THRU HUDSON SUB	49	0.3	230kV	7/2008	-	5/2015	Y
SUPPLEMENTAL PROJECTS (note 2)								
PEF	REBUILD LAKE BRYAN-ORANGEWOOD	83	5	69kV	7/2008	-	2016	Y
PEF	NORTH LONGWOOD-WINTER SPRINGS	81	0	69kV	7/2008	-	2016	Y
PEF	CORRIDOR-LK LOUISA	66	3	69kV	7/2008	-	2016	Y
PEF	REBUILD GEORGIA PACIFIC-TRENTON	36	10	69kV	7/2008	-	2016	Y
PEF	REBUILD COUNTRY CLUD TP-CHIEFLAND	34	1	69kV	7/2008	-	2016	Y
PEF	REBUILD OTTER CREEK TP-USHER TP	20	6	69kV	7/2008	-	2016	Y
PEF	REBUILD USHER TP-CHIEFLAND SWITCH	27	7	69kV	7/2008	-	2016	Y

LINE OWNER	TRANSMISSION LINE	DISTANCE FROM LEVY PLANT	LINE LENGTH (MILES)	NOMINAL VOLTAGE (KV)	TESTS		IN SERVICE	ANNUAL IN-SERVICE RECOVER
					TESTED / RECOVERED	TESTED / CERTIFIED		
PEF	REBUILD CHIEFLAND TP-CHIEFLAND SWITCH	33	1	69kV	7/2008	-	2016	Y
PEF	REBUILD OTTER CREEK TP-OTTER CREEK	20	0.1	69kV	7/2008	-	2016	Y
PEF	REBUILD AIRPORT TAP-LEESBURG EAST	52	5	69kV	7/2008	-	2016	Y
PEF	REBUILD ANDERSEN-WILDWOOD TP	33	3	69kV	7/2008	-	2016	Y
PEF	REBUILD CAMP LAKE-HANCOCK ROAD SUB	62	5	69kV	7/2008	-	2016	Y
PEF	REBUILD CAMP LAKE-MINNEOLA	62	2	69kV	7/2008	-	2016	Y
PEF	REBUILD HAINES CREEK-CENTRAL FL	44	11	230kV	7/2008	-	2016	Y
PEF	REBUILD CENTRAL FL-LEESBURG NORTH	44	4	69kV	7/2008	-	2016	Y
PEF	REBUILD CENTRAL FL SOUTH-CAMP LAKE	44	19	230kV	7/2008	-	2016	Y
PEF	REBUILD CENTRAL FL SOUTH-TURNPIKE	44	5	230kV	7/2008	-	2016	Y
PEF	REBUILD HAINES CREEK-AIRPORT TAP	44	1	69kV	7/2008	-	2016	Y
PEF	REBUILD TURNPIKE-CLERMONT EAST	48	19	230kV	7/2008	-	2016	Y
PEF	REBUILD WILDWOOD TAP-WILDWOOD CITY TAP	36	2	69kV	7/2008	-	2016	Y
PEF	REBUILD CENTRAL FL-LAKE ELLA	44	5	69kV	7/2008	-	2016	Y
PEF	REBUILD CIRCLE SQUARE-OAK RUN	21	1	69kV	7/2008	-	2016	Y
PEF	UPRATE TWIN CO. RANCH-HAMMOCK TAP	25	6	115kV 168/208MVA summer 212/242 MVA winter	7/2008	-	2016	Y

Note 1 – Line required for administration and construction power to Levy plant site.

Note 2 – Supplemental projects include an In-service date of 2016 based on Levy plant's projected on-line date. The projects are based on preliminary reviews and are subject to refinement as the project planning progresses.

b) Please list each known Levy Units 1&2 transmission facility (substations etc.,) activity using the same format shown on Table 2 of the Review of 2007 Ten-Year Site Plans for Florida's Electric Utilities

(<http://www.psc.state.fl.us/publications/pdf/electricgas/tyasp2007.pdf>) including the approximate distance in miles from the Levy site and whether cost recovery pursuant to 366.93 F.S. is anticipated.

Answer:

PEF proposes to provide a response to b) above using the same format shown on Table 12 of the Review of 2007 Ten-Year Site Plans for Florida's Electric Utilities as shown below.

The substations listed below are based on preliminary reviews and are subject to refinement as the project planning progresses.

The in-service dates are based on preliminary planning target dates as of June-2008.

FACILITY OWNER	SUBSTATION	DIST. (MILES) FROM LEVY SITE	NOMINAL VOLTAGE (KV)	SCHEDULE DATES		IN SERVICE	ANTICIPATED COST RECOVERY
				DESIGN APPROVED	PLANS COMPLETED		
PEF	CITRUS	6	500kV / 230kV	7/2008	N/A	6/2013	Y
PEF	CENTRAL FL SOUTH	45	500kV / 230kV	7/2008	N/A	5/2014	Y
PEF	BROOKRIDGE	35	500kV / 230kV	7/2008	N/A	7/2012	Y
PEF	CRYSTAL RIVER	9	500kV / 230kV	7/2008	N/A	6/2014	Y
PEF	BROOKSVILLE WEST	38	230kV	7/2008	N/A	11/2013	Y
PEF	KATHLEEN	68	230kV	7/2008	N/A	12/2014	Y
PEF	LAKE TARPON	70	230kV	7/2008	N/A	5/2014	Y
PEF	LEVY PLANT	0	500kV / 230kV	7/2008	N/A	8/2015	Y
PEF	GRIFFIN DEMOLITION	77	230kV / 115kV	7/2008	N/A	2/2014	Y
PEF	ROSS PRAIRIE	22	230kV	7/2008	N/A	7/2013	Y
PEF	ANDERSEN	32	230kV	7/2008	N/A	12/2013	Y
PEF	CENTRAL FLORIDA	44	500kV / 230kV / 115kV	7/2008	N/A	6/2015	Y
PEF	HUDSON	49	230kV	7/2008	N/A	10/2014	Y
PEF	SEVEN SPRINGS	60	230kV	7/2008	N/A	5/2015	Y

PROJECT OWNER	SUBSTATION	DISTANCE IN MILES FROM LEVY SITE	NOMINAL VOLTAGE (KV)	DATES		DATE SERVICE	ANTICIPATE COST RECOVERY
				NEED APPROVED	PERISA CERTIFIED		
PEF	HOLDER	14	230kV	7/2008	N/A	9/2013	Y
PEF	ADMIN NORTH	0-1	69kV	7/2008	N/A	12/2009	Y
PEF	ADMIN SOUTH	0-1	69kV	7/2008	N/A	5/2010	Y

- c) For each of the listed transmission activities describe how PEF uniquely identified the activity as needed only because of the additional 2,200 MWs of generation capacity compared to other reasons such as those normally arising from growth and aging facilities.

Answer:

Studies were conducted over several iterations and were completed using Cases from the FRCC 2007 data bank.

Base cases represented the generation at CR3 including the uprated unit capability.

Only transmission elements that were overloaded and had an increased flow of 3% or greater were reported. Furthermore, the list of projects attributable to Levy consists only of transmission elements that 1) were not overloaded prior to the insertion of the Levy units into the study cases and 2) became overloaded after insertion of the Levy units.

All 69 kV and above facilities within the FRCC region were monitored for any overloads greater than 100% of Rate A and with voltages between 0.90-1.05 p.u.

AFFIDAVIT

STATE OF FLORIDA

)

)

COUNTY OF CITRUS

)

Before me, the undersigned authority, personally appeared Daniel L. Roderick, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's Third Set of Interrogatories to Progress Energy Florida, Inc., Nos. 29 b-d, 30, and 31 in Docket No. 080009-EI are true and correct based on his personal knowledge.



Daniel L. Roderick

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 21st day of August, 2008.



Notary Public

State of Florida, at Large

My Commission Expires:



Eileen M. Clark

Commission # DD593488

Expires September 10, 2010

Bonded Troy Fahn Insurance, Inc. 800-366-7019

AFFIDAVIT

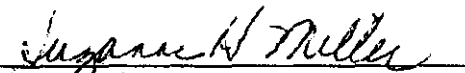
STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

Before me, the undersigned authority, personally appeared Will Garrett, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's Third Set of Interrogatories to Progress Energy Florida, Inc., Nos. 41, 42, 43, and 46 in Docket No. 080009-EI are true and correct based on his personal knowledge.


Will Garrett

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 21st day of August, 2008.

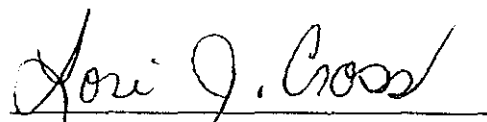



Notary Public
State of Florida, at Large
My Commission Expires:

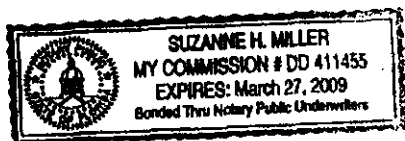
AFFIDAVIT

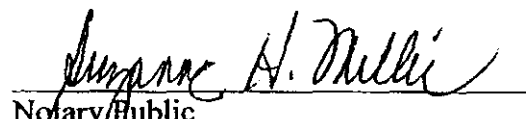
STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

Before me, the undersigned authority, personally appeared Lori Cross, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's Third Set of Interrogatories to Progress Energy Florida, Inc., Nos. 29(a), 32 through 40, 44, 45, 47 and 48 in Docket No. 080149-EI are true and correct based on her personal knowledge.


Lori Cross

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 22nd day of August, 2008.

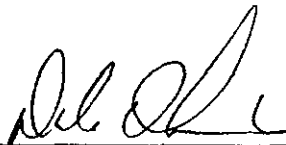



Notary Public
State of Florida, at Large
My Commission Expires:
3/27/09

AFFIDAVIT

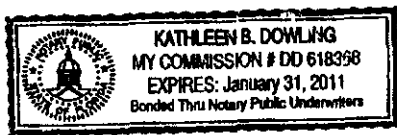
STATE OF FLORIDA)
)
COUNTY OF PINELLAS)

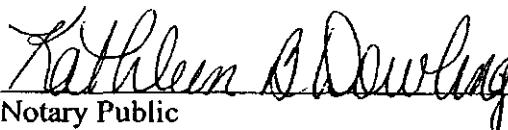
Before me, the undersigned authority, personally appeared Dale Oliver, who is personally known to me, and who, being duly sworn, deposes and says that the foregoing answers to the Staff's Third Set of Interrogatories to Progress Energy Florida, Inc., No. 49 in Docket No. 080009-EI are true and correct based on his personal knowledge.



Dale Oliver

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 22 day of August, 2008.





Notary Public
State of Florida, at Large
My Commission Expires:

**FPL's response to
Staff's First Set of Interrogatories
(Nos. 1 - 32)
in Docket No. 080009-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 080009-EI
Filed: June 20, 2008

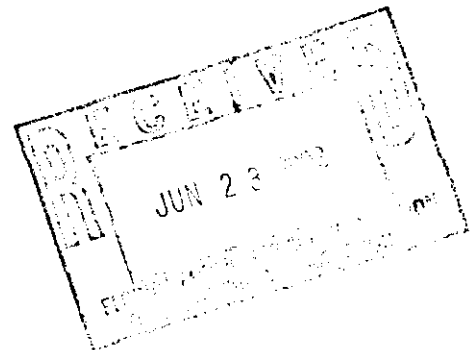
**NOTICE OF SERVICE OF FLORIDA POWER & LIGHT COMPANY'S
OBJECTIONS AND RESPONSES TO THE STAFF OF THE FLORIDA PUBLIC
SERVICE COMMISSION'S FIRST SET OF INTERROGATORIES (NOS. 1-32)**

Florida Power & Light Company hereby gives notice of service of its Objections and Responses to the Staff of the Florida Public Service Commission's First Set of Interrogatories (Nos. 1-32), to Lisa Bennett.

Respectfully submitted this 20th day of June, 2008.

R. Wade Litchfield, Vice President and
Associate General Counsel
John T. Butler, Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Telephone: (561) 304-5253
Facsimile: (561) 691-7135

BY: /s/ John T. Butler
John T. Butler, Esquire
Fla. Bar No. 283479



CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by United States mail this 20th day of June, 2008, to the following:

Lisa Bennett, Esquire
Keino Young, Esquire
Jennifer Brubaker, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Joseph A. McGlothlin, Esquire
Steve Burgess, Esquire
J. R. Kelly, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399

J. Michael Walls, Esquire
Diane M. Tripplet, Esquire
Carlton Fields Law Firm
P.O. Box 3239
Tampa, Florida 33601-3239

John T. Burnett, Esquire
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, Florida 33733-4042

John W. McWhirter, Jr., Esquire
McWhirter, Reeves Law Firm
Attorneys for FIPUG
400 North Tampa Street
Suite 2450
Tampa, FL 33602

Michael B. Twomey, Esquire
Attorney for AARP
Post Office Box 5256
Tallahassee, FL 32314-5256

By: /s/ John T. Butler
John T. Butler, Esquire
Fla. Bar No. 283479

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 080009-EI
Served: June 20, 2008

**FLORIDA POWER & LIGHT COMPANY'S OBJECTIONS AND RESPONSES
TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S
FIRST SET OF INTERROGATORIES (NOS. 1-32)**

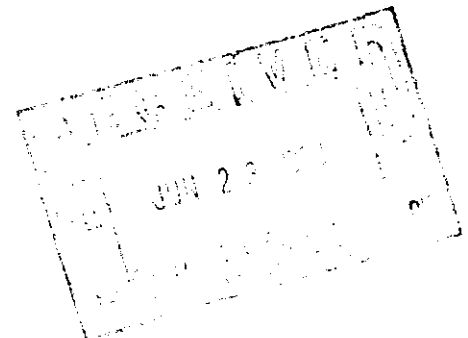
Florida Power & Light Company ("FPL") submits the following Objections and Responses to the Staff of the Florida Public Service Commission's ("Staff's") First Set of Interrogatories (Nos. 1-32) which were served June 3, 2008.

I. General Objections

FPL objects to each and every discovery request, to the extent it calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time response is first made or is later determined to be applicable for any reason. FPL in no way intends to waive any such privilege or protection. The nature of the any such document(s) will be described in a privilege log filed/prepared by FPL.

FPL objects to providing information that is proprietary, confidential business information without provisions in place to protect the confidentiality of the information. FPL in no way intends to waive claims of confidentiality.

FPL objects to each discovery request and any instructions that purport to expand FPL's obligations under applicable law.



FPL is a large corporation with employees located in many different locations. In the course of its business, FPL creates numerous documents that are not subject to Florida Public Service Commission or other governmental record retention requirements. These documents are kept in numerous locations and frequently are moved from site to site as employees change jobs or as business is reorganized. Therefore, it is possible that not every relevant document may have been consulted in developing FPL's responses to the discovery requests. Rather, these responses provide all the information that FPL obtained after a reasonable and diligent search conducted in connection with these discovery requests. To the extent that the discovery requests propose to require more, FPL objects on the grounds that compliance would impose an undue burden or expense on FPL.

FPL objects to each discovery request to the extent that it seeks information that is not relevant to the subject matter of this docket and is not reasonably calculated to lead to the discovery of admissible evidence.

FPL objects to each and every discovery request to the extent it is vague, ambiguous, overly broad, imprecise, or utilizes terms that are subject to multiple interpretations but are not properly defined or explained for purposes of such discovery requests.

FPL expressly reserves and does not waive any and all objections it may have to the admissibility, authenticity or relevancy of the information provided in its responses to Staff's discovery requests.

II. Responses

Attached hereto are FPL's answers to Staff's First Set of Interrogatories (Nos. 1-32), consistent with its objections, together with the affidavits of the person providing said answers.

Respectfully submitted this 20th day of June, 2008.

R. Wade Litchfield, Vice President and
Associate General Counsel
John T. Butler, Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Telephone: (561) 304-5253
Facsimile: (561) 691-7135

BY: 

John T. Butler, Esquire
Fla. Bar No. 283479

CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by U.S. Mail this 20th day of June, 2008, to the following:

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Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

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St. Petersburg, Florida 33733-4042

Michael B. Twomey, Esquire
Attorney for AARP
Post Office Box 5256
Tallahassee, FL 32314-5256

By:


John T. Butler, Esquire
Fla. Bar No. 283479

Q.

In responding to this question, please refer to the Appendices I, II and III dated May 1, 2008 filed in this docket. Please provide a schedule that shows the capital structure, components, and cost rates relied upon for calculating the revenue requirement rate of return. Please include in this schedule the derivation of all the debt and equity components used in the Appendices I, II, and III. (Example: Return on average Net CWIP Investment, lines 8 (a), (b), and (c) contained within the appendices). Please cite all sources and include the rationale for using the particular capital structure and cost rates.

A.

The attached schedule shows the capital structure, components and cost rates relied on in the calculation of the revenue requirement rate of return as well as the derivation of the monthly debt and equity return components used in Appendices I, II, and III.

This capital structure and cost rates were used because they were the basis for determining the 7.42% AFUDC rate in effect on June 19, 2006 (PSC-05-042-PAA-EI issued April 20, 2005). Per the Nuclear Cost Recovery Rule, that is the appropriate pretax AFUDC rate to be used in calculating the new nuclear plant carrying costs. See the attached Requested AFUDC Rate Schedule from the December 2004 FPSC Surveillance Report.

FLORIDA POWER & LIGHT AND SUBSIDIARIES
CAPITAL STRUCTURE BY CLASS, RATIO & COST RATES
DECEMBER 2004 SURVEILLANCE REPORT - SCHEDULE A-1

AFUDC RATE CALCULATION	AMOUNT (\$000)	RATIO %	COST RATE %	WEIGHTED AVERAGE
TOTAL LONG TERM DEBT (A)	2,890,461	27.07%	5.301%	1.43%
SHORT TERM DEBT	239,605	2.24%	2.050%	0.05%
CUSTOMER DEPOSITS	345,583	3.24%	5.938%	0.19%
PREFERRED STOCK	21,788	0.20%	4.500%	0.01%
COMMON STOCK EQUITY	5,574,423	52.20%	11.000%	5.74%
ACC. DEF TAXES	1,522,968	14.26%		0.00%
DEFERRED ITC 3%	0	0.00%		0.00%
DEFERRED ITC POST 1970	84,139	0.79%	0.000%	0.00%
AFUDC RATE	10,678,967	100.00%		7.42%
DEBT COST				
LONG TERM DEBT			1.43%	
SHORT TERM DEBT			0.05%	
CUSTOMER DEPOSITS			0.19%	
TOTAL DEBT COST	A		1.67%	
AFTER TAX EQUITY COST				
PREFERRED STOCK			0.01%	
COMMON STOCK EQUITY			5.74%	
TOTAL AFTER TAX EQUITY COST	B		5.75%	
PRETAX EQUITY COST	C	$= 5.75\% / (1 - .38575)$	9.36%	
TOTAL PRETAX COST OF CAPITAL	D	$= B + C$	11.04%	
PRE TAX DEBT / EQUITY RATIO				
DEBT	E	$= A / D$	0.151268116	
EQUITY	F	$= C / D$	0.848731884	
MONTHLY PRETAX COST OF CAPITAL	G	$= (1 + D)^{(1/12)} - 1$	0.008764881	
DEBT / EQUITY COMPONENTS				
MONTHLY DEBT COST RATE		$= E * G$	0.001325847	
MONTHLY PRETAX EQUITY COST RATE	I	$= F * G$	0.007439034	
MONTHLY AFTER TAX EQUITY COST RATE		$= I * (1 - .38575)$	0.004569427	

FLORIDA POWER & LIGHT COMPANY
AND SUBSIDIARIES
BASIS FOR THE REQUESTED AFUDC RATE
FPSC ADJUSTED BASIS
DECEMBER, 2004

SCHEDULE A: PAGE 1 OF 1

CAPITAL COMPONENTS	JURISDICTIONAL AVERAGE	CAPITAL RATIO	COST OF CAPITAL	AFUDC WEIGHTED COMPONENTS
LONG TERM DEBT	\$ 2,890,461,068	27.07%	5.30%	1.43%
SHORT TERM DEBT	239,804,929	2.24%	2.05% *	0.05%
PREFERRED STOCK	21,788,111	0.20%	4.50%	0.01%
CUSTOMER DEPOSITS	345,583,068	3.24%	5.94% *	0.19%
COMMON EQUITY	5,574,422,793	52.20%	11.00%	5.74%
DEFERRED INCOME TAX	1,522,967,993	14.28%	0.00%	0.00%
INVESTMENT TAX CREDITS	84,138,635	0.79%	0.00%	0.00%
TOTAL	\$ 10,678,966,618	100.00%		7.42%

* 13-MONTH AVERAGE

NOTE:
EFFECTIVE JANUARY 1, 2005 THE COMMISSION APPROVED AFUDC RATE IS 7.42%

Q.

For each project included in the Nuclear Cost Recovery Clause (NCRC), list and describe all program management and oversight controls FPL has implemented, or plans to implement. Include in your response the date such program management and /or control was or will be implemented. Identify the document that memorializes the specific program management and /or oversight control.

A.

For the Uprate Project:

FPL Nuclear Administrative Procedure (NAP), NAP-401, Project Management is the major document used for the EPU project, as it is for other projects undertaken by the Nuclear Division. It incorporates project management best practices from the experiences gained through project management from small to large projects. The procedure provides direction for project initiation through completion and vaulting. There are several attachments to the procedure. They include a Process Overview Chart, Scope Change Notice, Project Management Checklist, Project Team Roles and Responsibilities, Task Plan Content, Project Plan Content and Implementation Readiness Checklist. The procedure provides guidance for project management yet allows flexibility for adapting the process to the various phases needed for project success.

Expert witness Reed testimony dated May 1, 2008, provides the descriptions of 5 processes he evaluated for preparing his testimony. They include:

- Project Estimating and Budgeting Process;
- Project Schedule and Management;
- Contract Management and Administration;
- Internal Oversight Mechanisms;
- And External Oversight Mechanisms.

The testimony for his review begins on page 11, line 11.

Generally, documents, policies, procedures, and guidelines were used from the beginning of the EPU feasibility study in 2007. They are used as appropriate and continue to be developed and revised as the project matures. The indices for these are attached and include when they were used or plan to be used. They include Nuclear Policies (NP), Nuclear Administrative Procedures (NAP), Nuclear Projects Department Instructions (NPDI) and Extended Power Uprate Project Instructions. (EPPI). Additionally, each site has processes driven by procedures that must be followed by EPU Project personnel.

The project has developed, uses, and continues to develop and revise Extended Power Uprate Project Instructions (EPPI). The index for these documents is attached with the dates that they became effective.

NP #	Rev. #	Title
NP-104	2	CHANGE MANAGEMENT
NP-300	14a	SIGNATURE AUTHORITY
NP-301	18	AUTHORIZATION LIMITS
NP-302	7	PROFESSIONAL ACTIVITIES AND PRESENTATIONS
NP-303	18	NOTIFICATION OF CHIEF NUCLEAR OPERATING OFFICER
NP-304	4	CONTAMINATED CLOTHING REPLACEMENT POLICY
NP-312	6a	SPECIAL ISSUE GROUPS
NP-314	5	REIMBURSEMENT OF TEMPORARY ASSIGNMENT EXPENSES
NP-315	2a	BUSINESS CASES
NP-317	1a	SECURITIES AND EXCHANGE COMMISSION DISCLOSURE REQUIREMENTS
NP-318	0	SERVICE LEVEL AGREEMENT
NP-319	1a	SARBANES-OXLEY SECTION 404: ROLL FORWARD PROCESS
NP-400	13	FITNESS FOR DUTY
NP-402	13	INPO LOANED EMPLOYEE PROGRAM
NP-404	7	PROCEDURAL NON-COMPLIANCE
NP-406	9	DELIBERATE MISCONDUCT
NP-407	11	ORGANIZATIONAL CHANGES/HIRING AND PROMOTION OF DIVISION PERSONNEL
NP-410	10	EXEMPT EMPLOYEE OVERTIME COMPENSATION
NP-411	4	USE OF OUTSIDE CONSULTANTS
NP-412	2	DOCUMENTATION OF EMPLOYEE PERFORMANCE
NP-413	4	INVOLUNTARY TERMINATION OF DIVISION EMPLOYEES
NP-414	1	RELATIONSHIPS WITH OUR REGULATORY AUTHORITIES
NP-415	3a	DENIAL OF UNESCORTED ACCESS TO FPL'S NUCLEAR FACILITIES
NP-416	2a	EXPECTATIONS RELATED TO PROFESSIONALISM IN THE WORKPLACE
NP-417	0	TEMPORARY RELIEVING
NP-418	3	EMPLOYEE COMMUNICATIONS AND FEEDBACK PROCESSES
NP-419	3	NON-BARGAINING APPLICANT SELECTION PROCESS
NP-500	2	RELATIONSHIPS WITH CONTRACTORS AND VENDORS
NP-600	11	EVENTS WARRANTING PUBLIC DISSEMINATION VIA CORPORATE COMMUNICATIONS
NP-603	2	CONFIDENTIALITY AND CONTROL OF INPO EVALUATION REPORTS AND ASSOCIATED INFORMATION
NP-604	5	NRC INVESTIGATIONS
NP-605	8a	SELF-ASSESSMENT
NP-606	4	REPORTING ENVIRONMENTAL EVENTS AND NON-COMPLIANCE
NP-607	0	CYBER SECURITY
NP-701	2	CONFIGURATION MANAGEMENT
NP-702	4a	USE OF PROBABILISTIC SAFETY ASSESSMENT
NP-703	6a	LONG RANGE PLAN
NP-704	1a	ENVIRONMENTAL QUALIFICATION (EQ) OF ELECTRICAL EQUIPMENT
NP-706	3a	PROJECT REVIEW BOARD (PRB) EMPLOYEE CONCERNS PROGRAM
NP-801	4a	INDUSTRIAL SAFETY
NP-805	7	QUALITY ASSURANCE
NP-806	9	CONDITION REPORTING
NP-807	3a	FOUNDATIONS OF QUALITY
NP-808	5	EVALUATING AND REPORTING DEFECTS AND FAILURES TO COMPLY FOR SUBSTANTIAL SAFETY HAZARDS IN ACCORDANCE WITH 10CFR PART 21
NP-809	0	SAFETY CONSCIOUS WORK ENVIRONMENT
NP-811	0	POINT BEACH CA PROGRAM IMPLEMENTATION
NP-900	4	SYSTEMATIC APPROACH TO TRAINING (SAT)
NP-902	3	NUCLEAR FAILED FUEL ACTION POLICY

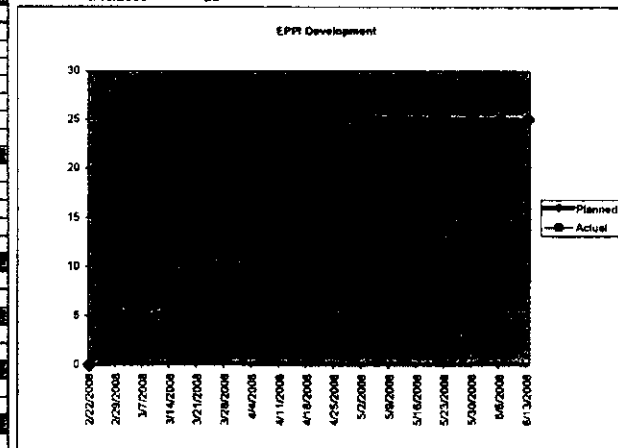
NP #	Rev. #	Title
NP-904	5a	OPERATING EXPERIENCE FEEDBACK PROGRAM
NP-905	3a	EQUIPMENT SELECTION
NP-906	3	ADMINISTRATIVE RADIATION EXPOSURE LIMITS AND PRENATAL RADIATION EXPOSURE POLICY
NP-907	7a	ENTRY INTO LCO'S AT POWER (MODE 1) TO PERFORM MAINTENANCE
NP-909	5	SHUTDOWN RISK
NP-910	8	PLANT READINESS FOR OPERATIONS
NP-911	2	TRAINING EXAMINATION STANDARDS
NP-912	2	RESPIRATORY QUALIFICATIONS REQUIREMENTS
NP-913	3	HANDLING OF LOST OR MISPLACED EMPLOYEE BADGES
NP-914	4a	MANAGEMENT OBSERVATION OF TRAINING AND QUALIFICATION PROGRAMS
NP-915	4	POLLUTION PREVENTION WASTE MINIMIZATION
NP-916	4a	NUCLEAR PLANT CHEMISTRY PARAMETERS
NP-917	1a	REACTOR CORE DESIGN AND OPERATION CONSIDERATIONS
NP-918	2	SPECIAL NUCLEAR MATERIAL CONTROL PROGRAM
NP-919	2	BORIC ACID CORROSION CONTROL
NP-920	1a	EMERGENCY PREPAREDNESS EXPECTATIONS
NP-921	1	REACTOR COOLANT SYSTEM MATERIALS DEGRADATION MANAGEMENT
NP-923	0	CORPORATE NOTIFICATION OF TRAINING ISSUES
NP-924	0	PARTICIPATION IN THE NUCLEAR SUPERVISORY DEVELOPMENT ACADEMY AND LEADERSHIP FORUM
NP-1000	10a	PROCUREMENT OR DEVELOPMENT OF INFORMATION TECHNOLOGY ASSETS
NP-1002	4a	NUCLEAR SOFTWARE CONTROL
NP-1100	15	PROCUREMENT CONTROL
NP-1101	5	CONFIDENTIALITY OF PROCUREMENT OR PROPRIETARY DOCUMENTS
NP-1103	6	NUCLEAR DIVISION STOCKING
NP-1105	3	INVESTMENT RECOVERY
NP-1200	1a	COLLEGE OF NUCLEAR POWER
NP-1201	2	TURKEY POINT TRAINING-MANAGEMENT REVIEW MEETINGS

Project Instructions Index

Florida Power & Light Company
Docket No. 080009-EI
Staff First Set of Interrogatories
Interrogatory No. 2 - EPU
Attachment No. 2
Page 1 of 2

Title	PI #	Lead	Due	Issued	Status
Project Administration [Ball]	100	ALL	5/1/2008		
Project Instruction Preparation, Revision, Cancellation	100	AS	2/28/2008	2/20/2008	
Expectation & Conduct of Project	110 R 1	BB	2/28/2008	5/20/2008	R 2 in review
Project Staffing	130	YG	3/31/2008	4/7/2008	
Roles & Responsibilities	140 R2	BB	4/30/2008	5/29/2008	
Nuclear Business Ops Interface	150	BB	4/30/2008		In Review
Procurement [Warrick]	200	ALL	5/1/2008		
Contract Administration	210	ME	3/31/2008	3/10/2008	
Project Req's & Purchase Orders	220	CN	3/31/2008	3/19/2008	
Project Invoices	230	LM	3/31/2008	5/15/2008	
Contract Compliance Matrix	240	PB	3/31/2008	3/4/2008	
Contract Technical Specifications - Equipment & Services	250	AS	4/30/2008	5/20/2008	
Dormant Material Expense (DME)	260	EM	3/31/2008		Awaiting for DME coordinator
Project Controls [Shahryar]	300	ALL	5/1/2008		
Schedule Maintenance & Milestones	310 R1	KB	3/15/2008	5/20/2008	
Cost Estimating	320	CN	3/31/2008	3/26/2008	
Cost Tracking & Reporting	330	CN	3/31/2008		In development by C. Newson 5/16 (f)
Risk Management Program	340	BB	2/28/2008	2/21/2008	
Margin Management Program	350	AS	3/31/2008	Review	In Review by S. Hale
Project Controls File Management	360	CN	7/1/2008		
Scope Control	300	AS	2/28/2008	3/4/2008	
Project Management [Ball]	400	ALL	5/1/2008		
Project Plans & Hierarchy	410	BB	3/31/2008	5/7/2008	
Project Governance & Oversight (& KPIs)	420	BB	3/31/2008	2/28/2008	
Task Plans (included in Project Plans)	430	BB	4/30/2008	N/A	
Field Activity Monitoring Plan	440	BB	4/30/2008	5/7/2008	
Final Project/Task Plan Closeout	450	BB	4/30/2008		
Lessons Learned and Opex	460	JN	4/30/2008		J Niles to write by 6/30
Recovery Plans	470	BB	6/30/2008		In Review
Project Training [Mercer]	500	ALL	10/1/2008		
EPU Project Training Program	510	DM	7/31/2008		Drafted
EPU Project Personnel Training	520	DM	8/31/2008		
Maintenance of Qualification Matrix & Training Records Retention	530	DM	8/31/2008		
EPU Site Personnel Training	540	DM	9/30/2008		
Engineering & Licensing	600				
EPU Upgrade License Amendment Request	610	HO	4/30/2008	5/7/2008	License Amendment Request
Point Beach Specific	700				
Saint Lucie Specific	800				
EPU Severe Weather Preparation		PB	N/A	5/7/2008	
Turkey Point Specific	900				

Date	Planned	Actual
2/22/2008	0	0
2/29/2008	5	3
3/7/2008	5	7
3/14/2008	8	7
3/21/2008	12	9
3/28/2008	17	11
4/4/2008	18	11
4/11/2008	19	11
4/18/2008	22	12
4/25/2008	23	12
5/2/2008	25	12
5/9/2008	25	16
5/16/2008	25	17
5/23/2008	25	18
5/30/2008	25	18
6/6/2008	25	
6/13/2008	25	



Nuclear Projects department Instructions (NPDI)

ENG-101	Hurricane Response Plan - Juno Beach
NBS-007 -	Nuclear Division Business Cases Guideline
NPDI-101 -	Departmental Instruction for Developing, Revising or Cancelling NPDI's
NPDI-201 -	Contract Formation Process for Nuclear Projects RFP Phase
NPDI-202 -	Contract Formation Process for Nuclear Projects Bid Evaluation Phase
NPDI-203 -	Contract Formation Process for Nuclear Projects Negotiation Phase
NPDI-204 -	Contract Formation Process for Nuclear Projects Contract Award Phase
NPDI-205 -	Contract Formation Process for Nuclear Projects Contract Administration Phase
NPDI-206 -	Contract Formation Process for Nuclear Projects Contract Closeout Phase
NPDI-302 -	Scope Change Control (Replaces NPDI-317)
NPDI-304 -	Estimate Preparation
NPDI-305 -	Measurement and Reporting
NPDI-306 -	Plant Work Authorization (PWA)
NPDI-309 -	Scheduling Expectations
NPDI-318 -	Outage Daily Summary Report
NPDI-401 -	Nuclear Projects Training

NAP #	Rev. #	Title	Used or planning to be used by EPU
NAP-202	10	SELF ASSESSMENT	2008
NAP-203	2	PERFORMANCE IMPROVEMENT	2008
NAP-204	17	CONDITION REPORTING	2007
NAP-401	5	PROJECET MANAGEMENT	2007
NAP-406	3	ON-SITE REVIEW GROUP	2008
NAP-408	7	LICENSE MAINTENANCE AND ACTIVATION PROGRAM	
NAP-409	2	PROCESSING AND IMPLEMENTATION OF LICENSE AMENDMENT REQUESTS	2007
NAP-424	2	EMPLOYEE CONCERNS PROGRAM	2007
NAP-426	4	QUALITY ASSURANCE PROGRAM ADMINISTRATION	2007
NAP-600	1	BUSINESS PLANNING AND BUDGETING	2007

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Q.

For each project included in the Nuclear Cost Recovery Clause (NCRC), list and describe all program management and oversight controls FPL has implemented, or plans to implement. Include in your response the date such program management and /or control was or will be implemented. Identify the document that memorializes the specific program management and /or oversight control.

A.

For Turkey Point 6, 7, please see attached.

A. Items listed below, previously provided as responses 1, 2, 6, and 7a to FPSC Audit Document/Record Request Notice of Intent No. DR-3, did 4-8-08, constitute the fulfillment of current program management and oversight controls that FPL has implemented for the Turkey Point 6&7 project. Generally, a program management or oversight control is memorialized through the act of implementation. However, the Bluegrass Project Plan, currently under revision, also addresses management and oversight controls to be used for the Turkey Point 6&7 project. Through the normal course of project reviews and management reporting, FPL regularly assesses existing controls and the need for enhancements to existing practices.

Title	Date Implemented	Description
BlueGrass Project Plan Rev 0	20/2006	Strategic plan for development and issuance of a Combined Construction and Operating License Application (COLA) to construct two new nuclear units within the current Florida Power & Light Company (FPL) Florida utility system.
New Nuclear Update	4Q/2006	High-level project planning schedule and risk management plan
FPL Turkey Point COL PEP Rev 0	1Q/2006	Bechtel Combined License Application Project Execution Plan
PTN 6 & 7 Schedule	1Q/2006	Overall Combined License Application (COLA) project schedule
COLA Agenda	1Q/2006	Agenda for weekly COLA status meeting
FPL Action Item List	1Q/2006	COLA action items tracker - issued weekly
Environmental Weekly Call	1Q/2006	Agenda for weekly environmental meeting to review status of non-COLA project activities
2006 revised budget plan Rev 1	1Q/2006	2006 detailed project budget - Development only
Monthly Mtg Agenda	1Q/2006	Agenda for monthly meeting to review overall project status and issues
Drilling Status	1Q/2006	Daily Core Drilling Status Report
Bechtel AII	1Q/2006	Bechtel COLA Action Item List
Bechtel Monthly Project Status Report	1Q/2006	Provide Monthly Progress and Performance
COLA Schedule Performance Indicator	1Q/2006	Monitors COLA Performance and Trends
Bechtel Manpower Burn Curve	1Q/2006	Monitors COLA Performance and Trends
Six COLA Week Look Ahead	1Q/2006	Six-week look ahead schedule - subset of overall COLA schedule; issued weekly
COLA Resource Profiles (Histograms)	1Q/2006	Effective utilization of COLA resources
Development Meeting	1Q/2006	Weekly meeting to provide status of project activities and highlight issues
EC&D FPL Project Review Meeting	1Q/2006	Comprehensive monthly project status report covering schedule, budget, costs, performance, permitting, safety, and risks
Corporate Risk Committee	3Q/2006	Standing meeting provides comprehensive reviews of major projects and discussion of potential risks
Due Diligence Report	3Q/2006	Quarterly report summarizing project status and potential liabilities that may require disclosure in company financial reports
Corporate Variance Report	2Q/2006	Monthly meeting to discuss financial status to budget including CM, OTR, YTD and EOV variance explanations
Monthly Coordination Meeting	2Q/2006	Monthly meeting to coordinate activities between NNP and Development

A. Items listed below, previously provided as responses 1, 2, 6, and 7a to FPSC Audit Document/Record Request Notice of Intent No. DR-3, dtd 4-8-08, constitute the compliment of current program management and oversight controls that FPL has implemented for the Turkey Point 6&7 project. Generally, a program management or oversight control is memorialized through the act of implementation. However, the Bluegrass Project Plan, currently under revision, also addresses management and oversight controls to be used for the Turkey Point 6&7 project. Through the normal course of project reviews and management reporting, FPL regularly assesses existing controls and the need for enhancements to existing practices.

Title	Date Implemented	Description
Bechtel Monthly COLA Project Review Meeting	1Q/2008	Monthly review and discussion of Bechtel's progress, schedule and cost status
Senior Management Vetting Session	4Q/2006	Senior management meeting to vet and discuss current project status, key activities and issues
Operating Committee	3Q/2006	Committee comprised of FPL senior management that provides oversight and direction for major company projects and initiatives
Board of Directors	2Q/2007	Among other things, reviews, and where appropriate, approves the major strategies and financial and other objectives and plans of the Company
GO 2 FPL Group Internal Control Policy	2Q/2006	Defines the responsibility for establishing, maintaining and communicating internal controls to all employees
GO 7 FPL Documents - Monthly Closing Schedule	2Q/2006	Schedule of monthly closing dates for reports and online input
GO 300 Cash Disbursement	2Q/2006	Provides guidelines for authorizing cash disbursements for the acquisition of materials and services and determining the method of payment
GO 354 Non-PO Invoice - General	2Q/2006	Provides general information for entering Non-PO invoices into SAP
GO 356 Creating an Account Assignment Model	2Q/2006	Provides instructions for creating an accounting assignment model in SAP
Go 358 Framework PO Invoice - Entering an Invoice	2Q/2006	Provides instructions for entering a framework PO invoice into SAP
GO 362 Entering a Framework PO Credit Memo	2Q/2006	Provides instructions for entering a framework PO credit memo into SAP
GO 606 Specific ER - General	2Q/2006	Provides general guidelines for the use of specific expenditure requisitions
NNP-PI-01 RFIs Rev 0	1Q/2008	Provides administrative requirements for processing Request for Information (RFI)
NNP-PI-02 Preparation of PIs Rev 0	1Q/2008	Provides administrative requirements for the preparation, revision, review and approval of New Nuclear Projects Project Instructions
NNP-PI-06 NRC Correspondence Rev 0	1Q/2008	Establishes the guidelines for controlling correspondence between FPL and the Nuclear Regulatory Commission
NNP-PI-07 Training Rev 0	1Q/2008	Provides administrative requirements of New Nuclear Projects personnel who perform activities affecting quality
NNP-PI-10 COLA related Document Review Rev 0	1Q/2008	Provides administrative requirements for processing requests for review COLA related documents and also provides an administrative form for management review and approval of COLA project management briefs
Records Management Policies #800.2	2Q/2006	Provides recordkeeping requirements and guidelines for records created and stored using computer software applications
Records Management Policies #800.4	2Q/2006	Provides electronic mail retention policy guidelines

A. Items listed below, previously provided as responses 1, 2, 6, and 7a to FPSC Audit Document/Record Request Notice of Intent No. DR-3, dtd 4-6-08, constitute the compliment of current program management and oversight controls that FPL has implemented for the Turkey Point 6&7 project. Generally, a program management or oversight control is memorialized through the act of implementation. However, the Bluegrass Project Plan, currently under revision, also addresses management and oversight controls to used for the Turkey Point 6&7 project. Through the normal course of project reviews and management reporting, FPL regularly assesses existing controls and the need for enhancements to existing practices.

Title	Date Implemented	Description
Records Management Policies #800.6	2Q/2006	Provides guidelines for using the Corporate Record Retention Schedules
Records Management Policies #800	2Q/2006	Provides record management policy, responsibility and guidance related to managing FPL Group, Inc. and its subsidiaries records
E&C_Monthly Invoice Processing & Accrual Schedule_2008	2Q/2006	Provides Invoice and Accrual timeline requirement dates
FPL Utility Development Accountabilities Matrix_cost & schedule Rev 1	2Q/2006	Provides Division of Responsibility
Desktop online Authorization Procedure_rev17_12_17_06	1Q/2007	Provides instructions on the use of the Electronic Approval Database
E&C Accrual Process rev 03-28-08	2Q/2006	Provides instructions for timely recognition and recording of all material project costs / liabilities
E&C Project Controls Process Overview_04-7-08	2Q/2006	Establishes accountabilities and define the process and procedures required to effectively execute Project Controls Department project responsibilities from project inception through project closeout.
E&C Utility Fixed Assets_process narrative_03-31-08	2Q/2006	Provides instructions for acquiring/developing FPL Fixed Assets and ensures fixed assets are properly classified as capital expenditures, are timely and accurately recorded and work order(s) are closure in a timely manner
PTN 6&7 Project Controls Inst_draft	1Q/2008	Supplemental instructions for controlling costs and budgets

Q.

Describe the review process, if any, that FPL uses to verify that the program management and oversight controls identified in response to interrogatory 2 are effective. Include in your response any auditing process for future year that FPL has instituted or will institute to verify program management and oversight controls remain effective.

A.

For the Uprate Project, there are several review processes that FPL uses to verify the program management and oversight controls are effective.

FPL performs internal financial audits. One is being conducted presently on the actual expenditures for 2007. Others will follow as the EPU Project progresses.

Each of the meetings listed below provide EPU management and FPL senior and executive management direct involvement providing them opportunities to evaluate the EPU project to ensure established controls remain effective.

The following is a list of the review processes used by the EPU Project:

1. Daily Conference Call Meetings – Each morning at 8:30 AM there is a conference call between Juno Beach Management and the EPU Project Sites, St. Lucie and Turkey Point. This meeting is used to identify safety issues, and daily project status. This permits EPU Project Management to respond quickly to any safety or site project issues which may need assistance or direction.

2. Weekly Meetings –

a. EPU Contracts Meeting – EPU Project Management and Integrated Supply Change (ISC) personnel assigned to the EPU Project. Agenda includes but is not limited to long-lead materials, contracts log review, Contracts compliance matrix review, major contracts status, contract issues, special topics, and action items.

b. EPU Project Controls Staff Meeting – EPU Management and project controls personnel, cost and schedule. Agenda includes but is not limited to weekly report by site, long-lead items schedule, contracts log by site, major contract status, cost reporting, trends and forecasts by site, special topics, action items.

c. EPU Management Strategy Meeting – EPU Management and site Project Managers (PM). Agenda includes but is not limited to each site PM report, recent EPPI and procedure changes, significant condition reports (CRs), Operating Experiences (OEs) and/or Lessons Learned, weekly topic, key performance indicators, and action items.

d. EPU Leadership Meeting – EPU Project Director, EPU Engineering Director, EPU Special Projects Director and EPU Project Vice President. The agenda includes but is not limited to changes in the FPL organization structure, budget status report, schedules and expectations, License Amendment Request (LAR) status including vendors and FPL support, special topics.

e. EPU Project & Integrated Supply Chain (ISC) Meeting – EPU Vice President, EPU Project Director, EPU Engineering Director, EPU ISC Manager, Vice President Integrated Supply Chain. The agenda includes but is not limited to key lookahead meetings, contract award issues and challenges, major contracts status, long-lead items and vendor strategy, and action items.

f. Licensing & Engineering Meeting – EPU Project and engineering management, each site EPU Project Manager and Project Engineering Manager. The agenda includes but is not limited to a review of action items, schedule report and exceptions, recovery plans status, other engineering or licensing issues.

g. EPU Risk Management Meeting – EPU Project Management and each site Project Manager and Project Engineering Manager. The agenda includes but is not limited to assessment of newly identified risk items, status of high-risk mitigation plans, and any open items.

3. EPU weekly and monthly reports are generated by each site. These reports are used by FPL management to evaluate the progress of the EPU Project to ensure established controls remain effective. The reports include but are not limited to site weekly reports, monthly budget summary, site cash flow graphs including budget and forecast, milestone schedules, contracts report, risk management matrix, licensing milestone schedule, major contracts status, major Balance of Plant (BOP) Project Change Modification (PCM) by site, major BOP long-lead equipment milestones.

4. Monthly Operating Performance Reports (MOPR) are prepared and submitted monthly. These are “dashboard” style reports which highlight the EPU overall project and are reviewed by FPL senior and executive management. The report includes but is not limited to costs, schedule adherence, permitting and licensing activities, safety, and project highlights.

5. In addition to the EPU Project reports generated, EPU Project Management prepares two presentations monthly. One presentation is for the Executive Steering Committee and the other is the Project Steering Committee.

The Executive Steering is made up of FPL executive management. The EPU Project Management presents an update of the EPU Project with emphasis on the financial status which also includes costs, schedule milestones, contracts, vendor strategy, and licensing progress. FPL executive management evaluates the EPU project to ensure established controls remain effective and provides direction as appropriate.

The Project Steering Committee is made up of FPL senior management and contracted vendor senior management. The EPU Project management presents an update of the EPU Project with emphasis on technical status and issues which includes costs, schedule milestones, contracts and licensing issues. Here, FPL senior management and vendor senior management team members evaluates the EPU Project to ensure established controls remain effective and provide direction as appropriate.

Q.

Describe the review process, if any, that FPL uses to verify that the program management and oversight controls identified in response to interrogatory 2 are effective. Include in your response any auditing process for future year that FPL has instituted or will institute to verify program management and oversight controls remain effective.

A.

For Turkey Point 6, 7, please see FPL's answer to Staff's First Set of Interrogatories No. 4. In addition, through the normal course of project reviews and management reporting, FPL regularly assesses existing controls and the need for enhancements to existing practices.

Q.

For each project included in the NCRC, list and describe all accounting and costs oversight controls FPL has implemented, or plans to implement. Include in your response the date such accounting and/or cost oversight control was or will be implemented. Identify the document(s) that memorializes the specific accounting and/or costs oversight control.

A.

Please see the prefiled testimony of witnesses Ousdahl, Scroggs and Hale for a description of the control environment, processes and procedures for controlling and accounting for the costs associated with capital projects. In addition, these witnesses described certain unique or enhanced control activities associated with the EPU and Turkey Point 6 & 7 projects. Please refer to the below list of documents provided in response to OPC's Third Request for Production of Documents No. 16. FPL utilized the list below in determining the appropriate costs to be recovered under the Nuclear Cost Recovery Rule. Original or revised dates may be found on each of the documents.

- Florida Administrative Code Rule 25-6.0423, Nuclear or Integrated Gasification Combined Cycle Power Plant Cost Recovery (the Rule)
- Florida Statute 366.93 "Cost recovery for the siting, design, licensing, and construction of nuclear and integrated gasification combined cycle power plants"
- Florida Power & Light internal accounting policies and procedures
- FPSC Rule 25-6.0142 – "Uniform Retirement Units for Electric Utilities"
- Code of Federal Regulations 18, Part 101 – "Uniform System of Accounts"
- FPSC Rule 25-6.0141 – "Allowance for Funds Used During Construction"
- FAS 34 – "Capitalization of Interest Cost"
- Internal Memo – "Accounting for Nuclear Cost Recovery Rule" provided by Peaches Libkie
- Internal Memo – "Consideration of AFUDC rate and the equity component of carrying charge" provided by Peaches Libkie
- Internal Memo – "Compliance with FPSC Nuclear Power Plant Cost Recovery Rules" provided by K.M. Davis and Kim Ousdahl
- Sarbanes-Oxley 404 Narrative #04.10.00 "Acquiring and Developing Fixed Assets: ER Development & Authorization, Recording Expenses (O&M vs. Capital)"
- FPL internal accounting policy – Property Accounting #601 "Property Records and Work Order System – General"
- Sarbanes-Oxley 404 Narrative #04.25.00 "Planning & Execution of Capital Work Orders"
- FPL internal accounting policy – Property Accounting #606 "Specific ER – General"
- FPL internal accounting policy – Property Accounting #606.1 "Specific ER – Processing Specific ERs"
- FPL internal accounting policy – Property Accounting #601.2 "Property Records and Work Order System – Work Order Estimating"
- FPL internal accounting policy – Property Accounting #601.4 "Property Records and Work Order System – Plant Accounts by Functional Groups"

- Sarbanes-Oxley 404 Narrative #04.05.00 "Capitalization Policy and Procedures"
- Sarbanes-Oxley 404 Narrative #04.04.00 "Fixed Asset Register (CATS) and Fixed Asset Month End Processing"
- PRUC Catalog for Nuclear and Transmission – "Property Retirement Unit Catalog"
- Expenditure Requisition (ER 70) – Specific Guidelines CONFIDENTIAL
- FPL internal accounting policy - Policy #7.7 "Accounting for Certain Employee-Related Costs"
- FPL relies on guidance provided by Generally Accepted Accounting Principles

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Q.

Describe the review process, if any, that the Company uses to verify that the accounting and costs oversight controls identified in response to interrogatory 4 are effective. Include in your response any future year auditing process which the company will use to verify that the accounting and costs oversight controls continue to be effective.

A.

The Company believes that its current control environment as described in prefiled testimony and in the responses to OPC's Third Request for Production of Documents No. 16 is effective and can be relied on to ensure that costs are incurred and recorded properly. At the outset of an effort as significant as implementation of the NCRC, additional oversight such as the internal audits we are conducting is a prudent course of action. As the projects progress, we may find that additional and/or revisions to reporting and testing may be developed to enhance controls and oversight. At this time, however, we believe the process, procedures and reporting are in place to ensure effective internal controls.

Q.

Please describe the process FPL has traditionally used, prior to passage of 366.93, F.S., for identification and recording of operation and maintenance (O &M) expenses for activities directly associated with major projects such as power plant and transmission line construction. a) Describe all revision and changes to FPL's traditional process, if any, developed and included in FPL's pre-filed testimony and schedules in this docket. Included in your response the identification and description of each revised accounting and cost oversight control procedures and guidelines. b). If FPL has revisions and changes, how much would FPL's requested amounts for 2007, 2008, and 2009 change absent such revisions or changes? Included in your response copies of all schedules impacted by the revisions and changes.

A.

FPL's traditional practice for identifying and recording O&M expenses for activities directly associated for all new construction projects is to follow internal capitalization policies, the Property Retirement Unit Catalog and the FERC Code of Federal Regulations 18, Part 101 "Uniform System of Accounts." For new projects, FPL historically has capitalized costs related to construction based on these guidelines. For modifications to existing property, FPL adheres to the Property Retirement Unit Catalog to identify retirement units and determine capital versus O&M expenses. FPL retires the old components and capitalizes new components to the extent they reflect property units, otherwise, charges are expensed to O&M.

a) For costs to be recovered under the Nuclear Cost Recovery Rule, FPL used the guidelines established in the Rule for categorizing costs. Additionally, due to the special recovery mechanism provided in the Rule, the Company issued a memo requiring the use of an incremental approach for charging costs to projects to ensure no double recovery of costs through base rates and in the Capacity Cost Recovery Clause.

Please refer to Staff's First Set of Interrogatories No. 7 for further discussion on how the Company plans to ensure no double recovery of costs.

b) As a result of this incremental approach, FPL adjusted its NFRs for payroll determined to be recovered in base rates. Please refer below for the impact of the above-noted payroll adjustment.

Summary: Impact to revenue requirements - Site Selection, Pre-Construction and Uprates

Site Selection	Rev. Req. per 5/2008 filing	Rev. Req. without payroll adjustment	Difference - Increase
2007 Site Selection (Schedule AE-1, Line 6)	6,539,498	6,669,302	129,804
2008 Site Selection (Schedule AE-1, Line 6)	729,564	744,044	14,480
2009 Site Selection (Schedule P-1, Line 6)	535,351	545,975	10,624
Total Revenue Requirements	7,804,413	7,959,321	154,908

Pre-Construction	Rev. Req. per 5/2008 filing	Rev. Req. without payroll adjustment	Difference - Increase
2007 Pre-Construction (Schedule AE-1, Line 6)	2,543,239	2,543,239	-
2008 Pre-Construction (Schedule AE-1, Line 6)	108,441,513	108,447,180	5,667
2009 Pre-Construction (Schedule P-1, Line 6)	119,696,175	119,696,577	402
Total Revenue Requirements	230,680,927	230,686,996	6,069

Uprates	Rev. Req. per 5/2008 filing	Rev. Req. without payroll adjustment	Difference - Increase
2008 Uprates (Schedule AE-1, Line 6)	3,746,283	3,770,820	24,537
2009 Uprates (Schedule P-1, Line 6)	16,748,149	16,749,682	1,533
Total Revenue Requirements	20,494,432	20,520,503	26,071

Q.

Please describe the process FPL uses or plans to use to identify, calculate, and separate the O&M expenses pertaining to the projects included in the NCRC from similar activities whose expenses are not recovered through the NCRC or other clauses.

A.

As described in response to Staff's First Set of Interrogatories No. 6, the following is directly from the memo provided to FPL from K.M. Davis, VP Accounting & Chief Accounting Officer and Kim Ousdahl, Controller:

"The Florida Public Service Commission adopted the Nuclear Cost Recovery Rule which allows FPL to recover certain prudently incurred costs during specified nuclear construction projects, and provides for cost recovery through a base rate increase when qualified projects are placed into service.

FPL's uprates of St. Lucie Units 1 and 2, Turkey Point Units 3 and 4 and the new nuclear units of Turkey Point Units 6 and 7 (the Projects) qualify for Nuclear Cost Recovery Rule treatment. As part of the Nuclear Cost Recovery Rule process, until completed and placed into service, each of the Projects will undergo annual Florida Public Service Commission reviews of the prudence and reasonableness of FPL's costs and management of the Projects as well as, from time to time, regulatory audits and internal audits.

Especially due to the rapid pace and ongoing nature of these regulatory reviews over the course of the Projects, it is essential that affected FPL employees take actions to help the company ensure compliance with the applicable Nuclear Cost Recovery Rule. A primary method of providing such assurance is to ensure that the Company's established processes for work orders be carefully and consistently followed.

Each area is responsible for keeping a copy of source documents and ensuring they are submitted for input into Documentum (payments) or Accounting (JV's) on a timely basis.

Work orders have been established to appropriately capture costs for use in reporting labor and expenditures associated with the Projects to correctly record the company's costs for the Projects.

All costs charged to the Project are subject to rigorous Company and regulatory review and scrutiny. The guidelines established below are to be followed to conform to costs being recovered outside of base rates.

The following work order charging guidelines have been established. Eligible costs for purposes of work order charging for the Projects are as follows:

· Employee labor for 1) employees dedicated to the project and whose position prior to service on the project has been filled by another employee; and 2) new employees hired specifically to be assigned to the project.

· Employee labor that was included in the Company's test year (2006) as O&M are not eligible to be charged to the Nuclear Cost Recovery project. These costs must be charged to the appropriate business unit budget as O & M. If an individual was charged to O & M and capital in 2006 and the department can substantiate this, then the percentage charged to capital in 2006 can be charged to the nuclear project as capital. As an example, if an employee previously included in the test year was split 60 percent capital and 40 percent O & M, then no more than 60 percent of that employee's time could be charged to the nuclear project. It will be the responsibility of the business unit to maintain adequate documentation to support this type of an allocation.

Please also note that it is important to review all other charges to the nuclear work orders to ensure that only those appropriate are included. Pay close attention to employee related expenses charged to ensure they are legitimate, necessary charges in support of the nuclear project."

This incremental approach is to be utilized for employees who were not already recording their costs to capital projects.

Q.

Please describe the process FPL uses or plans to use to identify, calculate, and separate the O&M expenses pertaining to the Turkey Point Units 6&7 Project from those associated with the Uprate Project.

A.

Each project has unique work orders to track project specific costs. There are no common work orders between the two projects. Turkey Point 6 & 7 is new nuclear construction and all costs are capitalized according to FPL's capitalization policies which follow the guidance provided in the FERC Code of Federal Regulations "Electric Plant Instructions." The uprate project may have costs related to O&M due to the fact that it is a modification to an existing operating facility. These costs will be collected in a project specific work order.

Q.

Please describe the process FPL uses or plans to use to identify and separate the Turkey Point Units 6&7 Project and the Uprate O&M expenses as Pre-Construction or Construction costs.

A.

FPL uses the definitions provided in Rule 25-6.0423 related to the determination of costs as Pre-Construction or Construction. Because those definitions depend on the timing of the work, it is straightforward to identify and separate work that is Pre-Construction vs. Construction. Consistent with the Rule, FPL is treating all EPU costs as construction costs and so there are no pre-construction costs.

Q.

How does FPL identify and segregate transmission site selection activities and associated costs from construction activities and associated costs for: a) Nuclear? b) Non-nuclear?

A.

a) and b) There were no transmission-related costs (defined as costs related to the engineering, design, procurement or construction of transmission facilities) in the site selection activities that FPL is requesting to recover in this docket.

Q.

How does FPL identify and segregate transmission pre-construction activities and associated costs from preconstruction activities and associated cost for: a) Nuclear? b) Non-nuclear?

A.

a) Transmission-related costs are tracked in the same manner as all costs associated with the PTN 6 & 7 project. The budgets are developed for each sub-activity and work orders are assigned following the appropriate approval and documentation processes.

b) The process to identify and segregate transmission-related costs by using different sub-activities and work orders is the same for all development and construction projects, nuclear or non-nuclear.

Q.

Please state FPL's definition of site selection costs for purposes of the NCRC.

A.

FPL follows the definition of site selection costs as described in the Florida Administrative Code Rule 25-6.0423, Nuclear or Integrated Gasification Combined Cycle Power Plant Cost Recovery (the Rule):

(2)(f) "Site selection costs" are costs that are expended prior to the selection of a site... (e) "Site selection." A site will be deemed selected upon the filing of a petition for a determination of need for a nuclear or integrated gasification combined cycle power plant pursuant to Section 403.519, F.S... (h) Site selection costs and pre-construction costs include, but are not limited to: any and all costs associated with preparing, reviewing and defending a Combined Operating License (COL) application for a nuclear power plant; costs associated with site and technology selection; costs of engineering, designing, and permitting the nuclear or integrated gasification combined cycle power plant; costs of clearing, grading, and excavation; and costs of on-site construction facilities (i.e., construction offices, warehouses, etc.).

Q.

Please state FPL's definition of pre-construction costs for purposes of the NCRC. A) Additionally, describe FPL's criteria used to determine when costs for activities begin to be classified as pre-construction and when costs are no longer classified as pre-construction costs? B) Additionally, describe FPL's basis for not reporting pre-construction O&M expenses?

A.

"Pre-construction costs" are defined in Rule 25-6.0423 section 2 (e) F.A.C. as "costs that are expended after a site has been selected in preparation for the construction of a nuclear power plant, incurred up to and including the date the utility completes site clearing work."

a) FPL has selected the Turkey Point site for the construction of a nuclear power plant and communicated that selection in its October 16, 2007 Need Filing. Costs are classified as pre-construction costs for this project following that date. Costs will continue to be classified as pre-construction costs up to the date FPL completes site clearing work at the Turkey Point site.

The specific features and associated facilities that will be a part of the construction of PTN 6 & 7 will be described in FPL's Site Certification Application, anticipated to be submitted in early 2009. These include the power plant power island, ancillary buildings and laydown areas, water and transmission infrastructure and other facilities necessary to support the construction and operation of the nuclear power plant. When the final site clearing work has been completed on all features and associated facilities that are a part of the Site Certification process, costs will no longer be classified as pre-construction costs.

b) FPL has not incurred recoverable O&M expenses at this time and therefore has not reported any.

Q.

Please provide a detailed explanation of how FPL proposes to establish that site clearing activity has ended for purposes of the NCRC. In your response, include: a) a description of FPL's criteria for determining when site clearing for a project ends; b) a description of FPL's criteria for determining when site clearing for associated facilities ends; c) and why FPL believes the criteria for determining the end of the site clearing activities are reasonable and consistent with both 366.93, F.S and rule 25-6.043, F.A.C.?

A.

a) and b) The criteria for determining the end of site clearing work is the same for a project feature or an associated facility. Technically, the site clearing work is complete when the property has been prepared to a condition that can allow the initiation of the first construction activity. Generally, this means the removal of existing vegetation and soils to allow for the initiation of engineered civil work activities such as foundations and buried infrastructure.

c) Each feature or associated facility defined in the Site Certification process will be the subject of a detailed construction schedule. In that schedule, activities describing site clearing work will be defined by start and completion dates. As the project proceeds, the construction schedule will be maintained with the most up-to-date information as a project management document, including the status and projected completion of site clearing work for each feature or associated facility. Of the many individual features and associated facilities, there will be one that has a site clearing activity with the latest completion date. This activity would be the controlling activity by which the project would determine the end of site clearing work. During annual cost recovery reviews, the project schedules will be available for review. FPL will clearly indicate the expected end of site clearing work and the controlling activity in those project schedules.

FPL believes this criterion is reasonable and consistent with both 366.93, F.S and rule 25-6.0423, F.A.C. as it uses an accepted project management practice as the basis for estimating, communicating and determining when site clearing work is complete for all features and associated facilities approved for the project.

Q.

Please state FPL's definition of construction costs for purposes of the NCRC. Include in the response why FPL believes the definition is reasonable and consistent with both 366.93, F.S and rule 25-6.043, F.A.C.

A.

The Statute defines costs to include, "but is not limited to, all capital investments, including rate of return, any applicable taxes, and all expenses, including operation and maintenance expenses, related to or resulting from the siting, licensing, design, construction, or operation of the nuclear or integrated gasification combined cycle power plant." The Florida Administrative Code Rule 25-6.0423, Nuclear or Integrated Gasification Combined Cycle Power Plant Cost Recovery (the Rule) expands the Statute's definition of costs to include the following for construction costs:

(2)(i) "Construction costs" are costs that are expended to construct the nuclear or integrated gasification combined cycle power plant including, but not limited to, the costs of constructing power plant building and all associated permanent structures, equipment and systems.

In addition, section (2)(g) of the Rule defines "Pre-construction costs" as costs that are expended after a site has been selected in preparation for the construction of a nuclear or integrated gasification combined cycle power plant, incurred up to and including the date the utility completes site clearing work. For the uprate project, while there are pre-construction expenditures associated with the projects as described in the Rule, FPL proposed in its Need Determination filing, and the Commission approved that all project costs be classified as construction for purposes of cost recovery.

Q.

Please state the criteria FPL believes determines when alternative cost recovery through the NCRC ends for associated facilities that begin commercial service prior to the balance of the project. Include in the response why FPL believes the criteria are reasonable and consistent with both 366.93, F.S and rule 25-6.0423, F.A.C.

A.

Section 366.93, Florida Statutes, states, "when the nuclear or integrated gasification combined cycle power plant is placed in commercial service, the utility shall be allowed to increase its base rate charges by the projected annual revenue requirements of the nuclear or integrated gasification combined cycle power plant based on the jurisdictional annual revenue requirements of the plant for the first 12 months of operation." In Florida Administrative Code Rule 25-6.0423, Nuclear or Integrated Gasification Combined Cycle Power Plant Cost Recovery (the Rule), this concept is reiterated.

The intent of the Rule is to provide companies the opportunity to recover currently a return on dollars invested throughout the construction of the plant, and once construction is complete and commercial operation is realized, to begin to recover immediately the appropriate revenue requirement through a change in base rates. FPL has set up 8 separate work orders to coincide with each phase of the uprate project to be completed at each unit's outage. As the unit is brought back into commercial service, the work order will be closed to account 106 "Plant in Review" and will be considered "in service." At this point the Company needs to have the ability to implement multiple base rate changes for projects such as these in order to realize the benefits the Rule provides and to ensure that it has the opportunity to recover all the uprate costs as provided for under the Rule.

For the new nuclear projects, one work order has been set up for site selection and one work order pre-construction for both Turkey Point 6 & 7. Once construction begins, two individual work orders will be set up for each unit. As each unit reaches commercial operation, the work order will be closed to account 106 "Plant in Review," unitized then transferred to account 101 "Plant in Service."

Q.

In responding to this interrogatory, please refer to schedule AE-4 in Appendix I, II, and III filed May 1, 2008 in this docket. In addition, please refer to Document Nos. 0356601, and 03561-08, lines 25 through 30 filed by Progress Energy Florida in this docket. These are Progress Energy Florida's AE-4 schedule. a) Under what conditions, facts, or circumstances does FPL believe it is appropriate to include in the calculation of jurisdiction revenue requirements, the cost of short-term commercial paper rate interest on the itemized O&M amounts that may appear on schedule AE-4. b) List all instances and identify the documents where FPL was authorized by the Commission to record the cost of short-term commercial paper rate interest on O&M expenses for siting, licensing, designing, construction or operation of a new transmission facility or a new power plant within the past 10 years and that was not part of a clause true-up provision. c) List all documents that show FPL incurred or expects to incur short-term commercial paper rate interest on O&M expenses for the Turkey Point Unit 6&7 project.

A.

FPL is not currently requesting any recovery of O&M expenses; therefore, FPL has not developed or evaluated the type of information requested in this interrogatory.

Q.

Please refer to appendix III filed May 1, 2008 in this docket. Did FPL use the same methodology to calculate revenue requirements for site selection costs as pre-construction costs? a) If so, why does FPL believe the same methodology is applicable to site selection costs? b) Explain how FPL's approach provides alternative cost recovery?

A.

a) Under the Rule, the Company is eligible to recover site selection and carrying costs in their entirety similar to the recovery method for pre-construction costs.

FPL's request is consistent with the recovery mechanism indicated within the Rule for pre-construction costs. As stated in FPL's petition that the need for and timing of Turkey Point 6 & 7 site selection costs are closely inter-related with the Turkey Point 6 & 7 pre-construction costs that FPL is currently incurring.

b) While the Rule does provide for alternative cost recovery, it does not preclude a utility from including cost recovery determination for site selection costs in the same cost recovery mechanism provided for pre-construction costs incurred in the same project.

Early review and approval of site selection costs is in FPL's and its customers' interest as it reduces the period of regulatory uncertainty as to recovery of the costs and will minimize the period over which carrying charges will accumulate resulting in an overall lower amount to be recovered from customers. Additionally, the Rule lays out the methodology for recovery of site selection which coincides with that for pre-construction. Therefore, FPL believes it would be logical to utilize the same methodology.

Q.

Has FPL completed all site selection activities for all facilities associated with the Turkey Point Units 6&7 Project? a) If not, how will FPL identify the costs for ongoing site selection activities? b) Provide a list of all associated facilities for which FPL has not completed site selection and an estimated completion date.

A.

Yes. As defined by Rule 25-6.0423, F.A.C., site selection was completed upon filing a petition for a determination of need for PTN 6 & 7, which occurred on October 16, 2007. Please note, however, that FPL has not completed the preliminary engineering necessary to identify the physical location of all features and associated facilities that will be a part of the Site Certification Application.

a) Not applicable.

b) Not applicable.

Q.

Please refer to schedules AE-4, AE-5, P-4 and P-5 in Appendix III filed May 1, 2008 in this docket. a) Do schedules AE-5 and P-5 show that FPL's site selection O&M revenue requirements, if any, are recovered through base rate charges? If not, please explain why no amounts for O&M costs are reported on those schedules. b) Do schedules AE-4 and P-4 show that FPL is not incurring any site selection O&M costs associated with the projects included in the NCRC? If not, please explain why no amounts for O&M costs are reported on those schedules. c) Please state FPL's definitions and methods used or which FPL is planning to use to identify, calculate, and segregate each of the O&M activities and costs reported on schedule 5 from those reported on schedule 4 for 2006 through 2009.

A.

a) No costs are included on AE-5 and P-5 as the Company is not requesting recovery of any O&M expenses that may have been incurred related to site selection activities. Although some incidental O&M costs were likely incurred, the Company did not track those O&M costs and thus is not requesting recovery.

b) No costs are included on AE-4 and P-4 as the Company is not requesting recovery of any O&M expenses that may have been incurred related to site selection activities. Although some incidental O&M costs were likely incurred, the Company did not track those O&M costs and thus is not requesting recovery.

c) Please refer to FPL's answer to Staff's First Set of Interrogatories Nos. 20 (a) and (b).

Q.

On page 10 of witness Steven Scroggs' direct testimony filed in this docket, he testifies to the preparation of a Combined Operating License Application (COLA). On pages 5 and 6 of witness Scroggs testimony, he testifies regarding evaluation that FPL made in selecting the AP1000 technology. a) Please identify all owner(s) of the AP1000 nuclear reactor design. b) Identify FPL's agent that participated in the negotiations with the owner(s) of the AP1000 nuclear reactor design for purpose of the COLA. c) Identify and describe each product, process or service rendered to or for FPL by the agent identified in response to (b) above. d) Describe how the fees for such products, processes, or services by such agent are determined.

A.

- a) The AP1000 nuclear reactor design is owned by Westinghouse Electric Corporation.
- b) FPL did not use an agent in the negotiations with Westinghouse for their support of the COLA. The COLA is being developed by Bechtel under FPL direction, and requires only minor support from Westinghouse.
- c) None.
- d) None.

Q.

On page 5 of his May 1, 2008 direct testimony, witness Scroggs testifies that membership in NuStart will likely reduce the costs and risks associated with licensing and constructing the AP1000 technology. a) Please list all members and stake-holders of NuStart. b) Please explain what role, if any, FPL's participation in NuStart facilitates FPL in the Turkey Point Units 6&7: (ii) design phase, and (iii) construction phase of the project. c) Identify and describe each product, process or service rendered to or for FPL for the period 2006-2009 by NuStart. d) Please identify the annual expenditures, if any, for the period 2006-2009 for FPL's participation in NuStart that are allocated or charged to FPL's Turkey Point Units 6&7 project. Is FPL requesting recovery of any of those costs through the NCRC. e) Identify each schedule and line number that includes NuStart participation costs or benefits.

A.

a) DTE Energy, Duke Energy, EDF International, Entergy, Exelon, FPL Group, Progress Energy, Scana, Southern Company, and TVA are members of NuStart Energy Development, LLC. GE Energy and Westinghouse Electric Corporation are participating as Reactor Designers.

b) (ii) NuStart was formed to provide a collaborative effort in the development of Reference COLAs (R-COLA) for the AP1000 and the ESBWR. NuStart entered into a cost sharing agreement with the Department of Energy (DOE) to develop the R-COLAs. The benefit to FPL is the timely development of the R-COLA for the AP1000, sharing of the development costs for the R-COLAs and potential recovery of those development costs at a later date. FPL will reference the R-COLA for the AP1000 in the development of its Turkey Point COLA and not have to develop certain sections on its own. The sections that will be referenced and not developed are those sections that are standard to all AP1000 plants. This is a cost savings to FPL. FPL will develop the remainder of the COLA sections, which are primarily site specific such as the environmental report. This phase of the project is more appropriately called the licensing phase of the project.

b) (iii) Membership in NuStart will continue to provide FPL access to valuable information emerging from the construction projects in China and U.S. FPL expects that this important information will help to reduce the risk of construction delay or cost excursions through its affiliation with NuStart.

c) Please see the response to b(ii). The primary product is the production of the R-COLA, which FPL will reference in its own application. However, it should be noted that the NuStart consortium has played a critical role for many years in working with the NRC to establish a realistic process for the submission and review of license applications. Without this seminal work, work that continues today, it is unlikely that nuclear generation would be a realistic alternative in the near future. FPL's customers will benefit from the efforts of the NuStart consortium that has contributed to making nuclear generation a realistic alternative.

d) An annual membership fee of \$1,000,000.00 was charged to PTN 6 & 7 during 2007 and 2008.

e) Schedule AE-6 for 2007 licensing line item 4; Schedule AE-6 for 2008 licensing line item 3.

Q.

In responding to this interrogatory, please refer to pages 11-12 of witness Scroggs' May 1, 2008, direct testimony. A) What specific license applications result in the cost projections for 2008 and 2009? B) What specific permitting activities result in the cost projections for 2008 and 2009? C) What is the status and degree of completion of the site specific comprehensive engineering review? D) When does FPL estimate the first portion of any portion or associated system of the Turkey Point Unit 6&7 Project will become commercially available? E) When does FPL estimate the clearing of the CWIP account to the plant in service account will begin to occur?

A.

a) The following licenses have been identified to date for the PTN 6 & 7 project and are a part of the cost projections for 2008 and 2009:

- Nuclear Regulatory Commission (NRC)
 - Combined Operating License(COL) for Construction and Operation of a Nuclear Reactor
- Florida's Power Plant Siting Board
 - Site Certification for a Power Generation Plant

b) The following is a listing of permits that may be required for the PTN 6 & 7 project and are a part of the cost projections for 2008 and 2009:

- US Army Corps of Engineers areas:
 - Section 404 Dredge and Fill
 - Section 316 b, surface water intake
- Florida Department of Environmental Protection (FDEP) areas:
 - Prevention of Significant Deterioration (PSD) Permit (delegated under Clean Air Act), Title V and Title IV
 - Stormwater
 - Spill Prevention and Control
 - Water Conservation
 - Underground Injection Control
 - Wetlands Mitigation
 - Industrial Waste Water
- South Florida Water Management District (SFWMD) areas:
 - Investigational wells
 - Water wells
 - Easements for crossing surface canals in the region

- Miami Dade County
 - Unusual Use Variances and associated conditions of approval
 - Building, various
 - Water wells
 - Domestic sewage
 - Potable water connections
 - Tank registrations, various

Local, state and federal agencies will also have a consultative role in the review of the primary applications (SCA and COLA).

c) FPL is conducting a number of site specific engineering reviews and studies in support of the applications for licenses and permits. The progress to date has maintained schedule for submission of the applications in early 2009. The work on these reviews and studies began in Fall 2007; therefore they are, in aggregate, halfway completed.

d) FPL targets June 2018 for the commercial operation of Unit 6. However, to support that schedule certain ancillary buildings, and infrastructure (e.g., transmission, water supply and wastewater disposal) will be in operation in advance of this date. A detailed construction schedule has not yet been developed; therefore, dates projecting completion of project sub-components cannot be estimated. It is likely that certain components of the necessary transmission infrastructure for the project would represent the first portion of commercially operating components of the project, several years in advance of the commercial operation of the units.

e) FPL estimates the clearing of the CWIP account to the plant in service account will begin as follows: Turkey Point 6 - June 2018 and Turkey Point 7 - June 2020.

Q.

In responding to this interrogatory, please refer to page 11, of the May 1, 2008, testimony of witness Scroggs. A) How often is the budget revised, reviewed by a management team, a summary report presented to FPL senior management, and a critical review by FPL corporate executive management performed? B) What are conditions or factors that trigger each of the activities in questions (a)? C) What are the primary reasons that could cause any of the four extended power uprate activities to no longer be reasonable? D) How does the response to (b) above address matters FPL identified in its response to question (c) above?

A.

a) The budget is reviewed by the project management team on a monthly basis using the routine business reporting process. A summary report is provided to senior management under the monthly variance reporting process.

When project management feels that the sufficient new information is available a budget revision is considered. If the results indicate that a budget revision is warranted, increasing or decreasing the project budget, a revision is developed. As a general guideline, a change to the overall budget of +/- 10 % would be the threshold for considering a revision. Any proposed revisions are reviewed by senior management and approved or disapproved.

b) See response to a).

c) Please see FPL's answer to Staff's First Set of Interrogatories No. 27f.

d) Please see FPL's answer to Staff's First Set of Interrogatories No. 27g.

Q.

Please refer to schedules AE-4, AE-5, P-4 and P-5 in Appendix II filed May 1, 2008 in this docket. A) Do schedules AE-5 and P-5 show that FPL's O&M revenue requirements, if any, are recovered through base rate charges? If not, please explain why no amounts are reported. B) Do schedules AE-4 and P-4 show that FPL is not incurring any O&M costs associated with the projects included in this Clause? If not, please explain why no amounts are reported. C) Please state FPL's definitions and methods used or the definitions and methods FPL is planning to use to identify, calculate, and segregate each of the O&M activities and costs reported on schedule 5 from those reported on schedule 4. D) Does FPL anticipate, at this time, ever reporting any O&M expenses on schedule T-4, T-5, AE-4, AE-5, P-4, and P-5? If so, under what conditions would FPL report amounts other than zero on these schedules?

A.

A. Please refer to the answer to Staff's First Set of Interrogatories No. 20(a).

B. Yes, that is correct. FPL is not currently requesting any recovery of O&M expenses.

C. Please refer to the answer to Staff's First Set of Interrogatories No. 20(b).

D. Please refer to the answer to Staff's First Set of Interrogatories No. 20(a).

Q.

FPL schedules AE-4, and P-4 report zero O&M expenses during 2008 and 2009 for the Uprate project. Are the reasons FPL reported zero Uprate O&M amounts for inclusion in the NCRC the same as FPL's responses in interrogatory 25? If not, please explain FPL's reasons and why reporting zero O&M expenses is appropriate.

A.

Yes, the reasons FPL reported zero Uprate O&M amounts for inclusion in the NCRC are the same as FPL's answers to Staff's First Set of Interrogatories Nos. 20 and 25.

Q.

In responding to the following interrogatory, please refer to pages 6&7 of the May 1, 2008, direct testimony of Steven T. Hale. A) After the initial proposed budget was reviewed by Shaw, Stone and Webster (SSW) are there additional reviews by SSW of the budget? If yes, how often? B) Witness Hale testifies that a SSW summary report of the proposed budget was presented to FPL senior management? Please indicate whether there are additional summary reports of the budget which SSW will provide to FPL? If yes, how often? C) Witness Hale states that a critical review of the proposed budget was performed by FPL corporate executive management. Are additional reviews of the budgeted performed by FPL's corporate executive management? If so, how often? D) How often is the budget revised? In responding, compare and contrast the review process of the proposed budget to that of any budget revision. E) What are the conditions or factors that can trigger any new report, review or budget revision described in response to (b), (c), and (d) above? F) What are the primary reasons that could cause any of the four extended power uprate activities to be longer be reasonable? G) How does the response to (e) address matters identified in question (f)?

A.

a) SSW performed a one-time scoping study to validate the initial proposed budget, which resulted in identification of some incremental changes to the budget. There have been no subsequent reviews by SSW, nor are any planned. SSW was used to provide the EPU project validation as the foremost expert in nuclear power uprates. That being accomplished, the EPU Project has made scope and budget adjustments as identified by SSW. Prospectively, the EPU Project budget will be evaluated and controlled using established FPL change control processes with changes approved by the appropriate level of FPL management.

b) FPL has requested no additional or future summary reports on the budget from SSW.

c) The project budget is reviewed and revised annually in conjunction with the Company's regular budgeting cycle, which includes a critical review by FPL corporate executive management. The budget summary report with discussion of variance is presented to FPL senior management monthly; however, the discovery of a significant budget variance can result in a budget revision at any time, and such variances are subject to management approval based on the dollar value.

d) See the answer to (c) above.

e) The project budget is reviewed and revised annually in conjunction with the Company's regular budgeting cycle, which includes a critical review by FPL corporate executive management. Thereby, the "trigger" for these activities is time. The budget summary report with discussion of variance is presented to FPL senior management monthly. Thereby, this review is also triggered by the passage of time. Note also that discovery of an unforeseen project scope change that affects the project budget may result in a project variance which will be subject to management review. Upon approval, the variance will effect a change to the budget. Thereby, another trigger for a budget revision would be an unforeseen project scope change that results in an approved variance to the budget.

f) Industry precedent and the specific FPL preliminary studies provide a high confidence that the four FPL units can be uprated within the project budget. Several possible challenges could affect the project, including, but not limited to:

1. **Changing Regulatory Requirements**, such as: (a) FPL has done several successful power uprate projects and is familiar with the Nuclear Regulatory Commission's (NRC) requirements and expectations. However, NRC requirements and policies are subject to change and could impact the license amendment request (LAR) review schedule, and needed plant modifications, and (b) The Florida Power Plant Siting Act and its attendant requirement for Site Certification introduces environmental regulatory reviews and approvals that may delay completion of schedule milestones or result in physical modifications not previously required.

2. **Availability and Cost of Specialty Metals and Commodities**. The rapidly changing global economy makes predicting the effects of competition for material difficult to predict until firm contracts are in place.

To make any of the power uprates unreasonable, the cost of any of these improbable events would have to be of such a magnitude that the next-best alternative would become more prudent in terms of cost and fuel-mix diversity.

g) As noted above, the budget summary report with discussion of variances is presented to FPL senior management monthly. Significant emergent issues that could affect project outcomes will be discussed and addressed in a timely manner.

Q.

Please refer to Witness Steven T. Hale's May 1, 2008, testimony at page 3. a) What specific license applications result in the cost projections for 2008 and 2009? b) What is the status and degree of completion of the detailed comprehensive engineering review of the nuclear steam supply system to determine the amount of power that the plant can be increased within the original design parameters of each of the four units? c) When does FPL estimate the first portion of the capacity uprate will become commercially available for each of its projects? d) When does FPL estimate clearing (moving the dollars out of CWIP account) to plant in service account will begin to occur in each of the uprate projects?

A.

a) License applications include license amendment requests (LARs) to NRC for: (1) Extended Power Uprate (EPU) for Turkey Point Units 3 & 4, (2) EPU for St. Lucie Unit 1, (3) EPU for St. Lucie Unit 2.

b) Nuclear Steam Supply System (NSSS) analyses are required to be completed for incorporation into the NRC LAR submittals. The LAR submittals are scheduled to be submitted in the fourth quarter of 2009. The principal focus of these analyses is plant safety. The analyses must demonstrate that hypothetical accidents can be adequately handled at the new elevated power level. These analyses that are in their early stages may identify changes to the original design parameters. This work is performed for each unique LAR.

FPL has no plan for any further detailed comprehensive engineering review of the NSSS with respect to the amount of uprate that can be achieved within the original design parameters. The NSSS vendor (Westinghouse) has provided a feasibility study that calculates the power uprate projection for each respective reactor plant, recognizing that some NSSS design parameters will necessarily have to change. That one-time study provides the basis for equipment specifications, engineering specifications, and ensuing project contracts. FPL's project team will periodically monitor designs, analyses, and contracts to ensure the respective plant output achieves the target power uprate goals to the extent possible.

c) For each of the EPU projects, the full capacity uprate will not be significantly manifest until startup from the project's second implementing refueling outage, when all equipment upgrades are installed and the respective NRC license amendment is approved. Respectively, these startups correspond with the in-service dates provided in Hale Testimony of September, 2007, which are repeated below:

St. Lucie Unit 1	Fall 2011
St. Lucie Unit 2	Spring 2012
Turkey Point Unit 3	Spring 2012
Turkey Point Unit 4	Fall 2012

d) Each uprate project will go through two outages. As such, transfer of costs from the CWIP account to plant in service will occur upon completion of each individual outage, currently estimated to be:

St. Lucie Unit 1	May 2010
St. Lucie Unit 1	November 2011
St. Lucie Unit 2	December 2010
St. Lucie Unit 2	June 2012
Turkey Point Unit 3	November 2010
Turkey Point Unit 3	April 2012
Turkey Point Unit 4	June 2011
Turkey Point Unit 4	November 2012

Q.

In responding to this interrogatory, FPL is requesting to refer to the direct testimony of Progress Energy Florida (PEF's) witness Lori Cross in support of the actual/estimated costs, filed May 1, 2008, in Docket No. 080009-EI. On page 6 of her testimony witness Cross states "Due to the relatively small nature of the dollars associated with this phase of the project and for purpose of administrative efficiency, PEF proposes to recover the revenue requirements on these costs through the Capacity Cost Recovery Clause until the remaining phases of the project go in service." a) Does FPL intend to follow PEF's approach to recover revenue requirements of certain small costs through the Capacity Cost Recovery Clause until remaining phases or portions thereof, go into service? b) If your response to (a) above is affirmative, regarding the "relatively small nature" of the base rates revenue requirements proposed to remain in the Clause, how large would the amount have to become for the base rates revenue requirements to be moved out of the Clause? b) If your response to (a) above is affirmative, explain where 366.93, F.S., establishes or expresses a materiality threshold for purposes of ending cost recovery through the Clause? c) If your response to (a) above is affirmative, Explain where 25-6.0423, F.A.C., establishes or expresses a materiality threshold for purposes of ending cost recovery through the Clause?

A.

FPL is not requesting recovery of these types of costs at this time and has therefore not evaluated the information Staff is requesting.

Q.

If FPL's response to 29(a) is affirmative, is FPL proposing to recover commercial plant in service through the NCRC in 2009? If yes, what is the estimated impact on the 2009 Capacity Cost Recovery Clause factors for each class if FPL includes the revenue requirement amount for plant placed in commercial service and that revenue requirement amount is calculated pursuant to section(5) of Rule 25-6.0423, F.A.C.?

A.

Not applicable.

Q.

If FPL's response to 29(a) is affirmative, is FPL proposing to recover commercial plant in service through the NCRC in 2009? If yes, what is the estimated impact on the 2009 Capacity Cost Recovery Clause factors for each class if FPL includes the revenue requirement amount for plant placed in commercial service and that revenue requirement amount is calculated pursuant to section(7)(b)3 of Rule 25-6.0423, F.A.C.?

A.

Not applicable.

Q.

If FPL's response to 29(a) is affirmative, is FPL proposing to recover commercial plant in service through the NCRC in 2009? If yes, what is the estimated impact on each class' base on rate charges if the revenue requirement amount for plant placed in commercial service are removed from the 2009 Capacity Cost Recovery Clause factors and included in the base rate charges pursuant to section (7)(a) of Rule 25-6.0423, F.A.C.?

A.

Not applicable.

AFFIDAVIT

Sponsor:

Kim Ousdahl
Kim Ousdahl

State of Florida)
) ss:
County of Dade)

I HEREBY CERTIFY that on this 18th day of June, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kim Ousdahl, who is personally known to me, and she acknowledged before me that she sponsored the answers to Interrogatory Nos. 1, 4 - 9, 12 - 13, 15 - 18, 20, 23(e), 25 - 26, 28(d) and 29 - 32 from Staff's 1st Set of Interrogatories to Florida Power & Light Company in Docket No. 080009-EI, and that the responses are true and correct based on her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 18th day of June, 2008.



Dorothy E. Graham
Notary Public
State of Florida, at Large

My Commission Expires:

JUNE 14, 2009

AFFIDAVIT

Sponsor:

Steven D. Scroggs
Steven D. Scroggs

State of Florida)

Palm Beach County)

I hereby certify that on this 17th day of June, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Steven D. Scroggs who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 2, 3, 4, 5, 8, 9, 10, 11, 13, 14, 19, 21, 22, 23 and 24 from the FPSC Staff's First Set of Interrogatories to Florida Power & Light Company in Docket No. 080009-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 17th day of JUNE, 2008.



Valerie A. Hnasko
Notary Public
State of Florida, at Large

My Commission Expires:

May 29, 2012

AFFIDAVIT

Sponsor:

Stephen T. Hale

State of Florida)
) ss:
County of _____)

I HEREBY CERTIFY that on this ____ day of _____, 2008, before me,
an officer duly authorized in the State and County aforesaid to take acknowledgments,
personally appeared who is personally known to me, and he acknowledged before me that
he sponsored the answers to Interrogatory No.(s) 2,3,4,5,8,9,27, and 28 from Staff 's First
Set of Interrogatories to Florida Power & Light Company in Docket No. 080009-EI dated
May 29, 2008 and that the response is true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County
aforesaid as of this ____ day of _____, 2008.

Notary Public
State of Florida, at Large

My Commission Expires:

AFFIDAVIT

Sponsor:

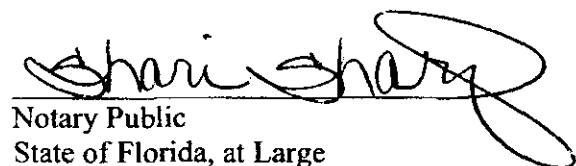

Stephen T. Hale

State of Florida)
) ss:
County of Palm Beach

I HEREBY CERTIFY that on this 24th day of June, 2008, before me,
an officer duly authorized in the State and County aforesaid to take acknowledgments,
personally appeared who is personally known to me, and he acknowledged before me that
he sponsored the answers to Interrogatory No.(s) 2,3,4,5,8,9,27, and 28 from Staff 's First
Set of Interrogatories to Florida Power & Light Company in Docket No. 080009-EI dated
May 29, 2008 and that the response is true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County
aforesaid as of this 24th day of June, 2008.




Notary Public
State of Florida, at Large

My Commission Expires:

June 30, 2008

**FPL's response to
Staff's Second Set of Interrogatories
(Nos. 33 - 34)
in Docket No. 080009-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 080009-EI
Served: July 28, 2008

**FLORIDA POWER & LIGHT COMPANY'S OBJECTIONS AND RESPONSES
TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S
SECOND SET OF INTERROGATORIES (NOS. 33-34) AND
SECOND REQUEST FOR PRODUCTION OF DOCUMENTS (NO. 8)**

Florida Power & Light Company ("FPL"), pursuant to Rules 1.340 and 1.350, Florida Rules of Civil Procedure, and Rule 28-106.206, Florida Administrative Code, submits the following objections and responses to the Staff of the Florida Public Service Commission's ("Staff's") Second Set of Interrogatories (Nos. 33-34) and Second Request for Production of Documents (No. 8).

I. General Objections

FPL objects to each and every request for documents that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time response is first made or is later determined to be applicable for any reason. FPL in no way intends to waive such privilege or protection. The nature of the document(s), if any, will be described in a privilege log prepared by FPL.

In certain circumstances, FPL may determine, upon investigation and analysis, that information responsive to certain discovery requests to which objections are not otherwise asserted are confidential and proprietary and should not be produced without provisions in place to protect the confidentiality of the information, if at all. By agreeing to provide such information in response to such request, FPL is not waiving its right to insist upon appropriate

protection of confidentiality by means of a protective order or other action to protect the confidential information requested. FPL asserts its right to require such protection of any and all documents that may qualify for protection under the Florida Rules of Civil Procedure and other applicable statutes, rules and legal principles.

FPL is a large corporation with employees located in many different locations. In the course of its business, FPL creates numerous documents that are not subject to Florida Public Service Commission or other governmental record retention requirements. These documents are kept in numerous locations and frequently are moved from site to site as employees change jobs or as business is reorganized. Therefore, it is possible that not every relevant document may have been consulted in developing FPL's response. Rather, these responses provide all the information that FPL obtained after a reasonable and diligent search conducted in connection with this discovery request. To the extent that the discovery requests propose to require more, FPL objects on the grounds that compliance would impose an undue burden or expense on FPL.

FPL objects to any production location other than FPL's offices at 215 South Monroe Street, Suite 810, Tallahassee, Florida.

FPL objects to each request to the extent that it seeks information that is not relevant to the subject matter of this docket and is not reasonably calculated to lead to the discovery of admissible evidence.

FPL objects to each request to the extent it is vague, ambiguous, overly broad, imprecise, or utilizes terms that are subject to multiple interpretations but are not properly defined or explained for purposes of such discovery requests.

FPL also objects to these discovery requests to the extent they call for FPL to prepare information in a particular format or perform calculations or analyses not previously prepared or performed as purporting to expand FPL's obligations under applicable law. FPL will comply with its obligations under the applicable rules of procedure.

FPL objects to providing information to the extent that such information is already in the public record before the Florida Public Service Commission and available to Staff through normal procedures.

FPL objects to each discovery request and any definitions and instructions that purport to expand FPL's obligations under applicable law.

In addition, FPL reserves its right to count requests for production of documents and their sub-parts (as permitted under the applicable rules of procedure) in determining whether it is obligated to respond to additional requests served by any party.

Notwithstanding any of the foregoing general objections and without waiving these objections, FPL intends in good faith to respond to Staff's discovery requests.

II. Responses

1) Staff's Second Set of Interrogatories (Nos. 33-34)

Attached hereto are FPL's answers to Staff's Second Set of Interrogatories (Nos. 33-34), consistent with its objections, together with the affidavits of the persons providing said answers.

2) Staff's Second Request for Production of Documents (No.8)

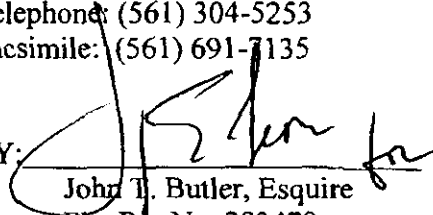
FPL's responses are without waiver of its objections. All documents will be made available by FPL for inspection and review by Staff at FPL's offices at 215 South Monroe Street,

Tallahassee Florida, during regular business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday, upon reasonable notice to FPL's counsel.

Respectfully submitted this 28th day of July, 2008.

R. Wade Litchfield, Vice President and
Associate General Counsel
John T. Butler, Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Telephone: (561) 304-5253
Facsimile: (561) 691-7135

BY:


John T. Butler, Esquire
Fla. Bar No. 283479

CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by U.S. Mail this 28th day of July, 2008, to the following:

Lisa Bennett, Esquire
Keino Young, Esquire
Jennifer Brubaker, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Joseph A. McGlothlin, Esquire
Steve Burgess, Esquire
J. R. Kelly, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399

J. Michael Walls, Esquire
Diane M. Tripplet, Esquire
Carlton Fields Law Firm
P.O. Box 3239
Tampa, Florida 33601-3239

John T. Burnett, Esquire
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, Florida 33733-4042

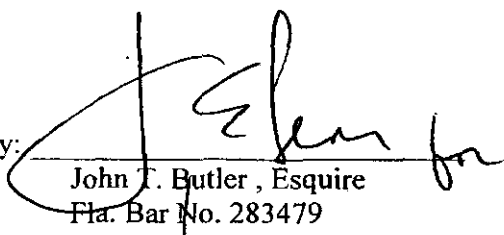
John W. McWhirter, Jr., Esquire
McWhirter, Reeves Law Firm
Attorneys for FIPUG
400 North Tampa Street
Suite 2450
Tampa, FL 33602

Michael B. Twomey, Esquire
Attorney for AARP
Post Office Box 5256
Tallahassee, FL 32314-5256

James W. Brew, Esquire
Brickfield, Burchette, Ritts & Stone, P.C.
Attorneys for PCS Phosphate-White Springs
1025 Thomas Jefferson Street, NW
Eighth Floor, West Tower
Washington, DC 20007-5201

Karin S. Torain
Legal Counsel
PCS Administration (USA), Inc.
Suite 400
Skokie Boulevard
Northbrook, IL 60062

By:


John T. Butler, Esquire
Fla. Bar No. 283479

Q.

Please provide the following information for each project included in the Nuclear Cost Recovery Clause. For purposes of preparing a response to this question, please use the definitions that appear in Rule 25-6.04, 6.0423, F.A.C. and those discussed in Order No. PSC-08-0295-DS-EI.

Project Description	Projected start and end dates			
	Site Selection	Pre-Construction	Site Clearing	Construction
1				
2				

A.

33	Please provide the following information for each project included in the Nuclear Cost Recovery Clause. For purposes of preparing a response to this question, please use the definitions that appear in Rule 25-6.04 6.0423, F.A.C. and those discussed in Order No. PSC-08-0295-DS-EI.
----	--

**Extended Power Upgrade
Project**

Item No.	Project Description	Projected Start and End Dates							
		Site Selection		Pre-Construction		Site Clearing		Construction	
1	St. Lucie Site								
2	St. Lucie Unit 1 Outage SL1-23	N/A	N/A	N/A	N/A	N/A	N/A	7/1/2007	5/29/2010
3	St. Lucie Unit 1 Outage SL1-24	N/A	N/A	N/A	N/A	N/A	N/A	7/1/2007	11/24/2011
4	St. Lucie Unit 2 Outage SL2-19	N/A	N/A	N/A	N/A	N/A	N/A	7/1/2007	12/24/2010
5	St. Lucie Unit 2 Outage SL2-20	N/A	N/A	N/A	N/A	N/A	N/A	7/1/2007	6/24/2012
6	Turkey Point Site								
7	Turkey Point Unit 3 Outage TP3-25	N/A	N/A	N/A	N/A	N/A	N/A	7/1/2007	11/19/2010
8	Turkey Point Unit 3 Outage TP3-26	N/A	N/A	N/A	N/A	N/A	N/A	7/1/2007	4/13/2012
9	Turkey Point Unit 4 Outage TP4-26	N/A	N/A	N/A	N/A	N/A	N/A	7/1/2007	6/18/2011
10	Turkey Point Unit 4 Outage TP4-27	N/A	N/A	N/A	N/A	N/A	N/A	7/1/2007	11/30/2012

Q.

Please provide the following information for each project included in the Nuclear Cost Recovery Clause. For purposes of preparing a response to this question, please use the definitions that appear in Rule 25-6.04, 6.0423, F.A.C. and those discussed in Order No. PSC-08-0295-DS-EI.

Project Description	Projected start and end dates			
	Site Selection	Pre-Construction	Site Clearing	Construction
1				
2				

A.

Project Description	Projected start and end dates			
	Site Selection	Pre-Construction	Site Clearing	Construction
1 Turkey Point 6 & 7				
	Start	1-Apr-06	16-Oct-07	2011 *
	End	16-Oct-07	2013 *	2013 *

* Note: Start and end dates for future activities are subject to change

Q.

Please provide the following information for each sub-project included in the Nuclear Cost Recovery Clause. For purposes of preparing a response to this question, please use the definitions that appear in Rule 25-6.04 6.0423, F.A.C. and those discussed in Order No. PSC-08-0295-DS-EI.

Project Description	Each sub-project	Projected sub-project start and end dates			
		Site Selection	Pre-Construction	Site Clearing	Construction
1					
2					

A.

A comprehensive construction schedule at the sub-project level has not been developed at this time.

Florida Power & Light Company
Docket No. 080009-EI
Staff's Second Set of Interrogatories
Interrogatory No. 34 - EPU
Page 1 of 1

Q.

Please provide the following information for each sub-project included in the Nuclear Cost Recovery Clause. For purposes of preparing a response to this question, please use the definitions that appear in Rule 25-6.04 6.0423, F.A.C. and those discussed in Order No. PSC-08-0295-DS-EI.

Project Description	Each sub- project	Projected sub-project start and end dates			
		Site Selection	Pre-Construction	Site Clearing	Construction
1					
2					

A.

The response to this interrogatory is confidential, and will be made available by FPL for inspection and review at FPL's offices at 215 South Monroe Street, Suite 810, Tallahassee, Florida, during regular business hours, 8:00 a.m. to 5:00 p.m., Monday through Friday, upon reasonable notice to FPL's counsel.

AFFIDAVIT

Sponsor:


Steven D. Scroggs

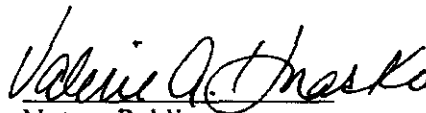
State of Florida)

Palm Beach County)

I hereby certify that on this 24th day of July, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Steven D. Scroggs who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 33 and 34 from the FPSC Staff's Second Set of Interrogatories to Florida Power & Light Company in Docket No. 080009-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 24th day of July, 2008.




Notary Public
State of Florida, at Large

My Commission Expires:

May 29, 2012

AFFIDAVIT

Sponsor:

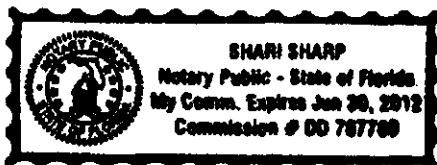
William P. Labbe, Jr.
William P. Labbe, Jr.

State of Florida)

Palm Beach County)

I hereby certify that on this 22nd day of July, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared William P. Labbe, Jr. who is personally known to me, and he acknowledged before me that he sponsored the answers to Interrogatory Nos. 33 and 34 from the FPSC Staff's Second Set of Interrogatories to Florida Power & Light Company in Docket No. 080009-EI, and that the responses are true and correct based on his personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 22nd day of July, 2008.



Shari Sharp
Notary Public
State of Florida, at Large

My Commission Expires:

June 30, 2012

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 080009-EI
Filed: July 28, 2008

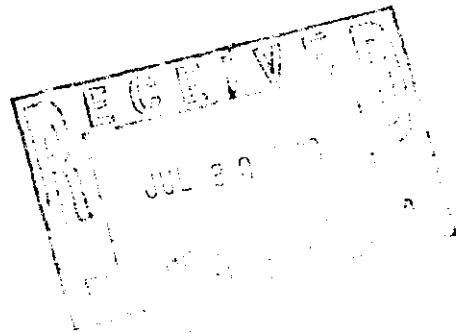
**NOTICE OF SERVICE
OF FLORIDA POWER & LIGHT COMPANY'S OBJECTIONS AND RESPONSES
TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S
SECOND SET OF INTERROGATORIES (NOS. 33-34) AND
SECOND REQUEST FOR PRODUCTION OF DOCUMENTS (NO. 8)**

Florida Power & Light Company hereby gives notice of service of its Objections and Responses to the Staff of the Florida Public Service Commission's Second Set of Interrogatories (Nos. 33-34) and Second Request for Production of Documents (No. 8), to Lisa Bennett.

Respectfully submitted this 28th day of July, 2008.

R. Wade Litchfield, Vice President and
Associate General Counsel
John T. Butler, Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Telephone: (561) 304-5253
Facsimile: (561) 691-7135

BY: /s/ John T. Butler
John T. Butler, Esquire
Fla. Bar No. 283479



CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by United States mail this 28th day of July, 2008, to the following:

Lisa Bennett, Esquire
Keino Young, Esquire
Jennifer Brubaker, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Joseph A. McGlothlin, Esquire
Steve Burgess, Esquire
J. R. Kelly, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399

J. Michael Walls, Esquire
Diane M. Tripplet, Esquire
Carlton Fields Law Firm
P.O. Box 3239
Tampa, Florida 33601-3239

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Progress Energy Service Company, LLC
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St. Petersburg, Florida 33733-4042

John W. McWhirter, Jr., Esquire
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Attorneys for FIPUG
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Tampa, FL 33602

Michael B. Twomey, Esquire
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Brickfield, Burchette, Ritts & Stone, P.C.
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Washington, DC 20007-5201

Karin S. Torain
Legal Counsel
PCS Administration (USA), Inc.
Suite 400
Skokie Boulevard
Northbrook, IL 60062

By: /s/ John T. Butler
John T. Butler, Esquire
Fla. Bar No. 283479

**FPL's response to
Staff's Amended Third Set of
Interrogatories
(Nos. 35 - 41)
in Docket No. 080009-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 080009-EI
Filed: August 21, 2008

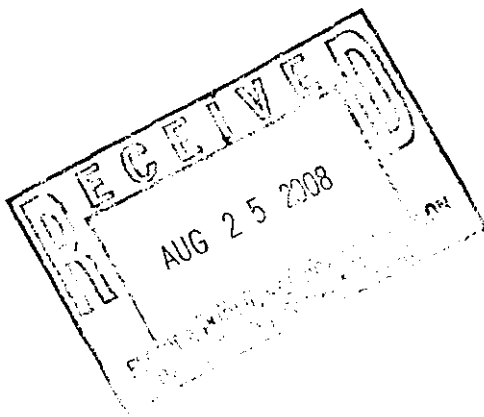
**NOTICE OF SERVICE
OF FLORIDA POWER & LIGHT COMPANY'S OBJECTIONS AND RESPONSES
TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S
AMENDED THIRD SET OF INTERROGATORIES (NOS. 35-41)**

Florida Power & Light Company hereby gives notice of service of its Objections and Responses to the Staff of the Florida Public Service Commission's Amended Third Set of Interrogatories (Nos. 35-41), to Lisa Bennett.

Respectfully submitted this 21st day of August, 2008.

R. Wade Litchfield, Vice President and
General Counsel
John T. Butler, Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408
Telephone: (561) 304-5253
Facsimile: (561) 691-7135

BY: /s/ John T. Butler
John T. Butler, Esquire
Fla. Bar No. 283479



CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by United States mail this 21st day of August, 2008, to the following:

Lisa Bennett, Esquire
Keino Young, Esquire
Jennifer Brubaker, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Joseph A. McGlothlin, Esquire
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Progress Energy Service Company, LLC
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St. Petersburg, Florida 33733-4042

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McWhirter, Reeves & Davidson, PA
Attorneys for FIPUG
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Michael B. Twomey, Esquire
Attorney for AARP
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James W. Brew
Brickfield, Burchette, Ritts & Stone, P.C.
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Eighth Floor, West Tower
Washington, DC 20007-5201

Karin S. Torain
Legal Counsel
PCS Administration (USA), Inc.
Suite 400
Skokie Boulevard
Northbrook, IL 60062

By: /s/ John T. Butler
John T. Butler, Esquire
Fla. Bar No. 283479

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 080009-EI
Served: August 21, 2008

**FLORIDA POWER & LIGHT COMPANY'S OBJECTIONS AND RESPONSES
TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S
AMENDED THIRD SET OF INTERROGATORIES (NOS. 35-41)**

Florida Power & Light Company ("FPL"), pursuant to Rules 1.340 and 1.350, Florida Rules of Civil Procedure, and Rule 28-106.206, Florida Administrative Code, submits the following objections and responses to the Staff of the Florida Public Service Commission's ("Staff's") Amended Third Set of Interrogatories (Nos. 35-41).

I. General Objections

FPL objects to each and every request for documents that calls for information protected by the attorney-client privilege, the work product doctrine, the accountant-client privilege, the trade secret privilege, or any other applicable privilege or protection afforded by law, whether such privilege or protection appears at the time response is first made or is later determined to be applicable for any reason. FPL in no way intends to waive such privilege or protection. The nature of the document(s), if any, will be described in a privilege log prepared by FPL.

In certain circumstances, FPL may determine, upon investigation and analysis, that information responsive to certain discovery requests to which objections are not otherwise asserted are confidential and proprietary and should not be produced without provisions in place to protect the confidentiality of the information, if at all. By agreeing to provide such information in response to such request, FPL is not waiving its right to insist upon appropriate protection of confidentiality by means of a protective order or other action to protect the confidential information requested. FPL asserts its right to require such protection of any and all

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In addition, FPL reserves its right to count Interrogatories and their sub-parts (as permitted under the applicable rules of procedure) in determining whether it is obligated to respond to additional requests served by any party.

Notwithstanding any of the foregoing general objections and without waiving these objections, FPL intends in good faith to respond to Staff's discovery requests.

II. Responses

Attached hereto are FPL's answers to Staff's Amended Third Set of Interrogatories (Nos. 35-41), consistent with its objections, together with the affidavits of the persons providing said answers.

Respectfully submitted this 21st day of August, 2008.

R. Wade Litchfield, Vice President and
General Counsel

John T. Butler, Senior Attorney
Florida Power & Light Company
700 Universe Boulevard

Juno Beach, FL 33408

Telephone: (561) 304-5253

Facsimile: (561) 691-7135

BY: 

John T. Butler, Esquire
Fla. Bar No. 283479

CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically and by U.S. Mail this 21st day of August, 2008, to the following:

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Washington, DC 20007-5201

Karin S. Torain
Legal Counsel
PCS Administration (USA), Inc.
Suite 400
Skokie Boulevard
Northbrook, IL 60062

By: 

John T. Butler, Esquire
Fla. Bar No. 283479

Q.

In its need filing and testimony (Docket No. 070650-EI, document number 09461-07, pages 14-16) FPL noted that various Turkey Point Units 6&7 associated facility transmission activities are required for the addition of 2,200 MW of generation at the Turkey Point Site.

a. Please list each known Turkey Point Units 6&7 transmission line activity using the same format shown on Table 2 of the Review of 2007 Ten-Year Site Plans for Florida's Electric Utilities (<http://www.psc.state.fl.us/publications/pdf/electricgas/tysp2007.pdf>) including the approximate distance in miles from the Turkey Point site and whether cost recovery pursuant to 366.93 F.S. is anticipated.

A.

The table below provides the requested data. FPL anticipates cost recovery of all prudently incurred project costs pursuant to 366.93 F.S.

Proposed Transmission Lines Requiring Certification

Company	Line	Approximate Distance (miles)	Approximate Cost (\$ millions)	Anticipated Year of Completion
FPL	Clearsky-Davis	19	230	2016
FPL	Clearsky-Levee #1 & #2	43*	500	2016
FPL	Clearsky-Pennsuco	52*	230	2016
FPL	Clearsky-Turkey Point	0.5	230	2016
FPL	Davis-Miami	18*	230	2016

* Line length is approximate. Preferred corridors have not been selected.

Q.

Subsequent to filing its NCRC testimony and schedules for 2007, has FPL received internal audit results (internal audits include contract audits, accounting audits, management audits, process audits, etc.), or initiated or made plans to initiate any internal audits addressing FPL's site selection expenses and activities through December 31, 2007? If so, please provide the following:

- a. If audit results have been received are the internal audit results reflected in the 2006 and 2007 site selection testimony? Explain
- b. How does FPL plan to reflect any such internal audit results, including any reversals and associated carrying charges that may become known to FPL after it has filed the site selection testimony and exhibits?
- c. Is it appropriate for the Commission to make a final finding regarding prudence of the incurred expenses for the site selection filings prior to FPL completing and reflecting all audit results in testimony? If so, explain.

A.

- a. We expect the internal audit report to be issued by September 30, 2008.
- b. These internal audit results and any other adjustments will be reflected in the month they are recorded with a true-up of carrying costs in the March 1, 2009 true-up filing.
- c. Per the stipulation agreement between FPL and Office of Public Counsel, both parties agree that FPL may include those site selection and pre-construction costs in the calculation of the nuclear cost recovery amount that is to be recovered through the 2009 capacity cost recovery factor, and further agree that any finding as to the prudence of the cost and/or any determination that certain 2007 costs should be disallowed will be deferred until the 2009 nuclear cost recovery cycle. Assuming that Staff and other parties agree with this stipulation, FPL believes it would be appropriate for the referenced prudence finding for these particular expenses be made during the 2009 NCRC proceedings.

Q.

Subsequent to filing its NCRC testimony and schedules for 2007, has FPL received any internal audit results (internal audits include contract audits, accounting audits, management audits, process audits, etc.), or initiated or made plans to initiate any internal audits addressing FPL's uprate project expenses and activities through December 31, 2007? If so, please provide the following:

- a. If any internal audit results have been received, are the internal audit results reflected in the 2006-2007 uprate project testimony? Explain.
- b. How does FPL plan to reflect any such internal audit results, including any reversals and associated carrying charges that may become known to FPL after it has filed the 2006-2007 uprate project testimony and exhibits?
- c. Is it appropriate for the Commission to make a final finding regarding prudence of the incurred expenses for the 2006-2007 uprate project filings prior to FPL completing and reflecting all audit results in testimony? If so, explain.

A.

- a. Internal audit results were received on July 24, 2008, thus they are not incorporated into the uprate project testimony.
- b. Attached are the adjustments made as a result of the internal audit results regarding FPL's uprate project expenses through March 31, 2008 as identified in the internal audit report. Should any of the items listed as "adjustment yet to be determined" be finalized prior to hearings, FPL will file a supplemental response. When the NFR true-up schedules are filed on March 1, 2009, the adjustments below will show up in the months they were or will be made and will be reflected in the NFR revenue requirements as of the date of the adjustment.
- c. Yes, audit results will be reflected in the March True-Up filing effective from the month that each entry was made; therefore, the Commission can make a final determination of prudence of the incurred expenses for 2006-2007 uprate project.

Internal Audit Results Interrogatory -37 B
Interrogatory -37 B

Florida Power & Light Company
Docket No. 080009-EI
Staff's Third Set of Interrogatories
Question No. 37b
Attachment No. 1
Page 1 of 1

Audit Issues	Document Reference	Remedy	Amount	Original Charge Year	Posted Month	
Expense Reports						
Farewell Lunch Duplicate Reimbursement	Page 2, Non EPU-Related Page 4, Recommendation 1.	JV to Expense ARR Invoice to Employee	\$607.60 \$487.00	2008 2008	Jun-08 Not Done	(1)
Invoices						
Computer Hardware	Page 5, 3rd bullet from bottom	JV to Expense	\$7,966.20	2007	May-08	
Computer Hardware	Page 5, 3rd bullet from bottom	JV to Expense	\$42,562.13	2008	May-08	
			<u>\$50,528.33</u>			(2)
Computer Hardware	Page 5, 2nd bullet from bottom	JV to Amortizable Capital	\$19,925.07	2007	May-08	
Computer Hardware	Page 5, 2nd bullet from bottom	JV to Amortizable Capital	\$18,427.38	2008	May-08	
			<u>\$38,352.45</u>			(2) / (3)
Computer Software	Page 5, last bullet	JV to Expense	\$26,621.29	2007	May-08	
Computer Software	Page 5, last bullet	JV to Expense	\$38,310.00	2008	May-08	
			<u>\$65,131.29</u>			(4)
Unsupported Expenses for Contractors	Page 6, last bullet	No Entry Required				(5)
Propriety of contractor's charges &	Page 7, first paragraph	No Entry Required				(6)
Furniture	Page 8, first bullet	JV to Amortizable Capital	\$38,842.86	2008	Jun-08	
Furniture	Page 8, 2nd bullet	JV to Expense	\$872.75	2008	Jun-08	
Point Beach Conferencing	Page 8, first bullet	JV to Point Beach	\$631.00	2008	Not Done	(1)
Point Beach Contractors	Page 8, last paragraph	JV to Point Beach	Pending (7)	Pending (7)	Not Done	(1)
Payroll						
Project Staffing Ramp	Page 10, first paragraph	No Entry Required				(8)
Additional Reclass in	Page 11, Recommendation 1	JV from Expense	\$32,134.00 (9)	Pending (9)	Not Done	(1)
Additional Reclass Out	Page 12, Recommendation 2	JV to Expense	\$42,997.02	2008	Not Done	(1)
Backfill Reclass Out	Page 12, bullet	JV to Expense	\$4,231.80	2008	Not Done	(1)
Backfill Reclass Out	Page 12, bullet	JV to Expense	\$13,866.75	2007	Not Done	(1)
			<u>\$18,100.55</u>			
Point Beach	Page 12, last paragraph	JV to Point Beach	\$15,004.34	2008	Jun-08	
Point Beach	Page 12, last paragraph	SAP Correction	\$15,990.45 (10)	2008	Jul-08	
Additional Reclass Out	Page 13, FPSC Findings	JV to Expense	\$3,351.71	2007	May-08	
Backfill Reclass Out	Page 13, FPSC Findings	JV to Expense	\$18,056.59	2007	May-08	
			<u>\$21,408.30</u>			

Notes

- (1) The target date of completion is 9/30/08.
- (2) On page 5 of the Audit Report the amounts for the first two bullets of the "Computer hardware and software charges" paragraph are reversed. Hardware charges meeting the capitalization criteria totaled \$38,352.45 and \$50,528.33 did not meet the capitalization criteria.
- (3) The actual amount of the amortizable blanket ER (capitalized hardware) transfer is \$38,352.45. The Internal Audit report amount of \$38,265 was slightly lower due to the \$1,000.00 threshold applied while testing.
- (4) The actual amount of the software transfer to O&M is \$65,131.29. The Internal Audit report amount of \$64,694 was slightly lower due to the \$1,000.00 threshold applied while testing.
- (5) No entry required. As stated in the Internal Audit Report, management will ensure that all invoices paid to contractors and inter-company invoices charged to the EPU project are properly supported and maintained. An internal process was established and implemented at the end of June 2008.
- (6) No entry required. The charges were determined as proper expenses to be charged to the EPU project. Management will also communicate FPL's expectation to the vendor on reasonable reimbursable expenses.
- (7) Management is working with the staffing companies to credit the EPU project for time charges incorrectly invoiced. Contracts have been established with Point Beach to cover each individual. The adjustment amount has yet to be determined.
- (8) No entry required. As stated in the Audit Report, Project Management and Nuclear Business Operations will explore the best option for ensuring that both lists are current without duplicating efforts. The Ramp will also be updated for the 2 employee's erroneously identified.
- (9) Actual amount is yet to be determined. As stated in the Audit Report, management is investigating the potential use of the FMIP Summary Report to enable more accurate payroll treatment. At the completion of audit analysis, the team will develop a procedure that determines the specific process for calculating payroll costs properly included in the EPU project and will make necessary correcting journal entries at the completion of the analysis.
- (10) Management has excluded time worked on the Point Beach EPU project charged to the FPL EPU Project for the past 6 pay periods. The amount indicated was identified from an FMIP report after posting. Management has also set up Point Beach SAP default time percentage for the employees.

Q.

Subsequent to filing its NCRC testimony and schedules for 2007, has FPL received internal audit results (internal audits include contract audits, accounting audits, management audits, process audits, etc.), or initiated or made plans to initiate any internal audits addressing FPL's Turkey Point Unit 6&7 project expenses and activities through December 31, 2007? If so, please provide the following:

- a. If any internal audit results have been received, are the internal audit results reflected in the 2006-2007 Turkey Point Unit 6&7 project testimony? Explain.
- b. How does FPL plan to reflect such internal audit results, including any reversals and associated carrying charges that may become known to FPL after it has filed the 2006-2007 Turkey Point Unit 6&7 project testimony and exhibits?
- c. Is it appropriate for the Commission to make a final finding regarding prudence of the incurred expenses for the 2006-2007 Turkey Point Unit 6&7 project filings prior to FPL completing and reflecting all audit results in testimony? If so, explain.

A.

- a. We expect the internal audit report to be issued by September 30, 2008.
- b. These internal audit results and any other adjustments will be reflected in the month they are recorded with a true-up of carrying costs in the March 1, 2009 true-up filing.
- c. Per the stipulation agreement between FPL and Office of Public Counsel, both parties agree that FPL may include those site selection and pre-construction costs in the calculation of the nuclear cost recovery amount that is to be recovered through the 2009 capacity cost recovery factor, and further agree that any finding as to the prudence of the cost and/or any determination that certain 2007 costs should be disallowed will be deferred until the 2009 nuclear cost recovery cycle. Assuming that Staff and other parties agree with this stipulation, FPL believes it would be appropriate for the referenced prudence finding for these particular expenses be made during the 2009 NCRC proceedings.

Q.

Based on FPL's current updated data, what are the NCRC estimated 1000 kwh residential average monthly bill impact amounts for 2009 through the estimated commercial operation date of Turkey Point Units 6 & 7.

A.

TURKEY POINT UNITS 6&7
PROJECTED INCREMENTAL IMPACT ON RESIDENTIAL 1,000 KWH BILL

2009 \$	2.29
2010 \$	1.52
2011 \$	1.52
2012 \$	0.55
2013 \$	1.36
2014 \$	2.39
2015 \$	3.64
2016 \$	5.07
2017 \$	6.29
2018 \$	6.66
2019 \$	6.16
2020 \$	2.83

Bill impacts assume in-service dates of June 1, 2018 and June 1, 2020 for Turkey Point Units 6&7 respectively.

Assumptions used in bill impacts:

- Updated sales forecast from the forecast used in the Need Study
- Updated discount rate from that used in the Need Study (8.35% vs. 8.40%)
- Capital revenue requirements based on \$3800/kW (2007\$). This information is based on a "mid-point" value from FPL's 2007 work based in the TVA Bellefonte study and has not been updated for current or projected market conditions. This estimate is highly dependent on assumptions regarding the timing of project expenditures - the schedule for which has not been established. FPL has not yet requested cost recovery for any amounts beyond 2009. A complete feasibility analysis with updated cost information for all generation alternatives will be required to determine project viability. The schedule for developing this information depends upon ongoing negotiations with Westinghouse/Shaw and additional engineering planning work being accomplished on balance of plant designs. The 2009 revenue requirements based on amount filed on August 6, 2008 in FPL's revised Nuclear Cost Recovery filing.
- For the years 2018 through 2020, total system variable O&M and fuel savings (based on medium fuel cost forecast and environmental II scenario) from the operation of Turkey Point Units 6&7 were calculated relative to a plan without nuclear, which included combined cycle units in 2018 through 2020.
- The methodology used in the bill impact calculation is consistent with the approach used in the Determination of Need filing, presented in the testimony of Steven R. Sim in Exhibit SRS-9.

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Interrogatory No. 40
Page 1 of 1**

Q.

In any year, does FPL's estimated 1000 kwh residential bill impact in response to question (FPL INT45) exceed 10% of the December 2008 1000 kwh residential bill amount? If so, what rate impact mitigation efforts, if any, is FPL considering?

A.

FPL's residential 1,000 kWh bill impacts calculated in response to Staff's Third Set of Interrogatories No. 39 do not exceed 10% of FPL's December 2008 1,000 kWh residential bill amount of \$110.77.

Q.

Please refer to the audit reports and finding by the Florida Public Service Commission, Division of Regulatory Compliance and Consumer Assistance, Bureau of Auditing, pursuant to Audit Control Number 08-065-4-1, including any supplemental reports.

a. Assume FPL is required to implement (make reversals) all audit findings and all disclosures. For each disclosure and audit finding please provide the impact on FPL's requested 2007, 2008, and 2009 NCRC amounts.

b. List each audit finding and disclosure which FPL disagrees with and explain why.

A.

a. See Attachment 1.

b.

Audit Finding No. 3:

Statement of Facts: Florida Power and Light will be incurring costs for new equipment and charging it to the clause long before the removal of old equipment during the outages. After the outages, several pieces of equipment will be retired and several may be sold for salvage. The retirements and salvage should be used to offset the costs recorded in this filing. This may cause a negative true up after the outages. FPL needs to maintain detailed records of the items removed, retired and sold. A methodology for recording these items should be determined.

FPL Response:

All of the existing equipment at the St. Lucie and Turkey Point units is recorded in Plant in Service and therefore is included in current rate base and the return on that rate base is reflected in the Company's base rates. Likewise, the associated depreciation of that equipment, which includes consideration of cost of removal and salvage, is reflected in current base rates. Therefore, neither the cost of old equipment nor the related depreciation expense is relevant to the NCRR projected recoveries. Any cost incurred for new equipment is clearly incremental and recovery of a return on those construction expenditures is precisely what the NCRR is intended to provide.

Furthermore, the retirement of equipment currently in service, less salvage, has no impact on rate base since any difference between accumulated depreciation and the gross plant value is recorded to accumulated depreciation as either an addition (credit) reflecting a deferred gain on the retirement or a reduction (debit) reflecting a deferred loss on the retirement.

Cost of removal does impact rate base as cash must be expended; however, that cost either has been previously considered in existing depreciation rates or will be considered in future rates. In neither case should the retirement, removal or salvage associated with current plant in service impact recoveries under the rule.

Lastly, the NCRR as applied to uprates considers only the recovery of a return on the cost of the uprates, not recovery of the expenditures themselves.

Audit Finding No. 5

Statement of Facts: An engineering evaluation for the extended power uprate project for St. Lucie Units 1 and 2 discusses the main transformer. The report states:

"Based on their relatively long lives to date together with a relatively more troublesome operating lifetime condition history, replace the PSL Unit 2 MT's (Main Transformer) with new units. This plan to replace these two MTs is considered especially appropriate when considering that these relatively old units would, with the EPU, be loaded to their highest ever MVA levels at a time when end-of-useful-life is, by all industry measures, already approaching."

Based on this report, it appears that the transformers may have needed to be replaced even if FPL was not doing the uprate.

An FPL representative responded that the transformers have 10 more years of useful life. They have been asked to provide support for this assertion to the analyst.

FPL Response:

The paragraph referenced above by the FPSC auditor is extracted from an engineering evaluation developed by the EPU Core Engineering Team as a means to formally document their evaluation of and agreement with a MT uprate strategy recommendation made by FPL's Substation Technical Services Organization. That recommendation is included as Attachment 7.5 to this same Engineering Evaluation that was reviewed by the PSC Staff.

The EPU Core Engineering Team's wording was intended to summarize the contents of Attachment 7.5 to the evaluation as relates to the proposed plan for the Saint Lucie Unit 2 MTs.

Large transformers like those in service in the MT application at both of the Saint Lucie Units, have a nominal life expectancy of some 35 to 45 years when properly applied and operated. Operating temperatures over the long term play the dominant role in determining where a particular transformer lies within this expected life range. This is especially the case when the transformer has not been subjected to damaging and life shortening events.

The Saint Lucie Unit 2 transformers have, at this time, accumulated some 25 years of in-service operation, and will, at the time of first operation of the generating unit at the new uprated level, have in-service lives of 29 years. FPL's evaluation of these MTs supports a 2018 replacement date when applied at their current level of output. However, at the higher operating temperatures to be experienced at the uprated level of output beyond 2012, a 2015 replacement is suggested.

FPL determined, based on a remaining life of only three years beyond start of operation at the uprated level that the preferred approach is one of replacing the units with more capable transformers, as opposed to investing the costs and site-related modification activity required to uprate the units for such a short period of future operation.

Likewise, since the Saint Lucie Unit 1 MTs are newer units with estimated replacement dates some 10 to 11 years out beyond first operation at the uprated level, the preferred approach was deemed to be one of uprating the units.

Regarding the Unit 2 MTs, much historical data is available as relates to the state of these units' health. In the aggregate, when one considers their age, these MTs are in good condition and can be expected to continue operation at current levels with a high degree of reliability. That is why, without the uprate, these units are currently planned for removal from service some ten years from now. It is the uprate and operation of these units at a higher level of throughput (and temperature) late in their normal life expectancy that, we have estimated, gives rise to the shorter remaining life spans noted above, and which forms the basis for our decision to replace the units in time for the generating units' first operation at the uprated level of output.

The following table contains transformer age-related information essential to an understanding of the Saint Lucie MT plan.

ID	Manuf.	Date of Manuf.	ISD	Years in-Service	Projected Change-out without EPU	Projected Change-out with EPU	Useful Life at EPU Level (years subsequent to uprate)
U1A 49-2509	ABB	1997	1997	11	2032	2022	11.0 (1)
U1B 49-174	McGraw Edison	1988	1994	14	2029	2021	10.0 (1)
U2A 40-0920	McGraw Edison	1982	1983	25	2018 (2)	2015	3 (3)
U2B 49-0158	McGraw Edison	1980	1983	25	2018 (2)	2015	3 (3)

Notes:

- 1) The Saint Lucie Unit 1 MTs have a conservatively estimated remaining life of some 10 to 11 years beyond 2011 when first operated at the uprated power level.
- 2) The Saint Lucie Unit 2 MTs have an expected 2018 end-of-useful life span when operated at the current power level.
- 3) The Saint Lucie Unit 2 MTs have an expected 3 years of remaining useful life beyond 2012 when they would be first operated at the uprated power level. This is the reason we intend to replace this MT pair.

In summary, FPL's decision to replace the Saint Lucie Unit 2 transformers is as a result of FPL's evaluation of those units at the uprated power level. That evaluation shows that these units which have some (10) ten years of operating life remaining as of this date, would be expected to have a reduced life expectancy of only 3 (three) years beyond the time they first experience operation at the uprate power level in 2012. Without the uprate, they have a remaining life of six (6) years beyond the 2012 date.

Late Filed Audit Finding No. 1

Statement of Facts: FPL's internal audit department audited the costs charged to the uprate from June 1, 2007 through March 31, 2008. The internal auditors determined that since computer software, computer hardware and furniture could be re-used after the uprate project was over, that these costs should not be included in the uprate recovery. Most of these costs were incurred in 2008. We found \$54,713 of computer hardware and software costs in 2007. FPL removed these costs on May 30, 2008. Since FPL did not include any carrying costs in 2007, the removal

of these costs does not affect the calculation of carrying costs. In 2008, however, FPL needs to retroactively adjust the costs to correctly apply the carrying costs.

FPL Response:

The Company does not disagree with the general nature of the finding; however, some costs considered in this finding such as certain software license fees are incurred for the sole purpose of supporting this project and cannot be otherwise charged to a blanket capital work order. Therefore, the company reserves the opportunity to consider those dollars along with any other appropriately incurred recoverable O&M to be included in the NFR's and recovered as such.

Interrogatory - 41a

Audit Finding No. 1 - Payroll

FPL made the below journal entries in April and May of 2008 for the FPSC audit finding #1. The revenue requirement impact will be reflected in the March true-up filing effective from the month that each entry was made.

The total revenue requirement decrease of \$12,966 will be reflected in the March 1st True-Up.

Issue	Remedy	Amount	Original Charge Year	Posted Month
Initial Non-Incremental Payroll Reclass Out	JV to Expense	\$49,790.98	2007	Apr-08
Additional Non-Incremental Payroll Reclass Out	JV to Expense	\$3,351.71	2007	May-08
Positions not Backfilled Reclass Out	JV to Expense	\$18,056.59	2007	May-08

	Rev. Req. per Revised Filing 8/06/08	Rev. Req. with Payroll Adjustments	Difference - Decrease
2008 Uprate (Schedule AE-1, Line 6)	3,733,003	3,727,754	(5,249)
2009 Uprate (Schedule P-1, Line 6)	16,553,019	16,545,302	(7,717)
Total Revenue Requirements	20,286,022	20,273,056	(12,966)

Audit Finding No. 2 - Affiliate Overhead

No reversal required for this Audit finding as the fully loaded FPLE cost rate was lower than market.

Audit Finding No. 3 - Retirements

Please see response to 41b.

Audit Finding No. 4 - Over-Accrual

No action required. Accruals are removed from the calculation of revenue requirements until payment is made.

Audit Finding No. 5 - Transformers at the End of Useful Life

Please see response to 41b.

Audit Finding No. 1 - Supplemental Internal Audit Findings (Computer software, computer hardware and furniture)

FPL made the below journal entries in April and May of 2008 for the FPSC supplemental audit finding. The revenue requirement impact will be reflected in the March true-up filing effective from the month that each entry was made.

The total revenue requirement decrease of \$9,591 will be reflected in the March 1st True-Up.

Issue	Remedy	Amount	Original Charge Year	Posted Month
Computer Software	JV to Expense	\$26,821.29	2007	May-08
Computer Hardware	JV to Expense	\$7,966.20	2007	May-08
Computer Hardware	JV to Amortizable Capital	\$19,925.07	2007	May-08
Furniture	None in 2007	\$0.00	2007	N/A
		\$54,712.56		

	Rev. Req. per Revised Filing 8/06/08	Rev. Req. with Payroll Adjustments	Difference - Decrease
2008 Uprate (Schedule AE-1, Line 6)	3,733,003	3,729,325	(3,678)
2009 Uprate (Schedule P-1, Line 6)	16,553,019	16,547,106	(5,913)
Total Revenue Requirements	20,286,022	20,276,431	(9,591)

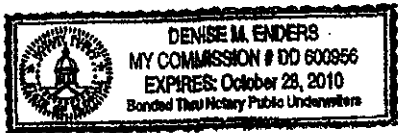
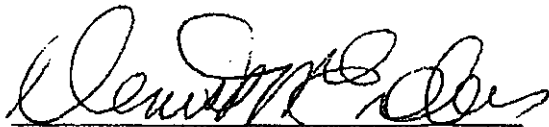
AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF PALM BEACH)

I hereby certify that on this 15th day of August, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Steven D. Scroggs, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 35, 39, and 40 from STAFF'S THIRD SET OF INTERROGATORIES TO FLORIDA POWER & LIGHT COMPANY (NOS. 35 - 41) in Docket No(s). 080009-EI, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 15th day of August, 2008.



Notary Public
State of Florida, at Large

My Commission Expires:

AFFIDAVIT

STATE OF FLORIDA)

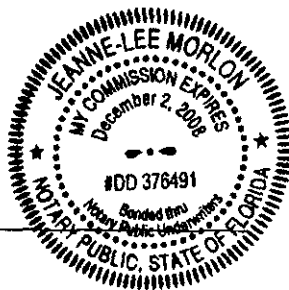
COUNTY OF PALM BEACH)

I hereby certify that on this 18 day of August, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Kimberly Ousdahl who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 36, 37, 38 and 41 from STAFF'S THIRD SET OF INTERROGATORIES TO FLORIDA POWER & LIGHT COMPANY (NOS. 35 - 41) in Docket No(s). 080009-EI, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 18 day of August, 2008.

Jeanne-Lee Morlon

Notary Public
State of Florida, at Large



My Commission Expires: 12/2/08

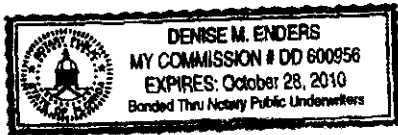
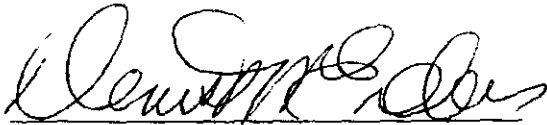
AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF PALM BEACH)

I hereby certify that on this 15th day of August, 2008, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Steven D. Scroggs, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 35, 39, and 40 from STAFF'S THIRD SET OF INTERROGATORIES TO FLORIDA POWER & LIGHT COMPANY (NOS. 35 - 41) in Docket No(s). 080009-EI, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 15th day of August, 2008.



Notary Public
State of Florida, at Large

My Commission Expires:

**OPC's response to
Staff's First Set of Interrogatories
(No. 1)
in Docket No. 080009-EI**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery)
Clause.)
_____)

Docket No. 080009-EI

FILED: August 28, 2008

**CITIZENS' ANSWERS TO STAFF'S FIRST INTERROGATORY TO
OFFICE OF PUBLIC COUNSEL (NO. 1)**

1. Please refer to the pre-filed testimony of William Jacobs, on page 23, line 18. Provide any additional information concerning the "type of analysis" suggested by Witness Jacobs that may identify incremental costs for purposes of the NCRC. In responding to this Interrogatory, please include the following:
 - (a) the number of year to be included,
 - (b) the degree of detail revealed (discrete activity identification and quantification),
 - (c) the degree of accuracy expected in the analyses,
 - (d) how the adjustment amounts should be quantified,
 - (e) the amount of time OPC believes may be required for FPL and PEF to prepare such analysis, and
 - (f) any other requirements OPC believes to be necessary to adequately and reasonably determine the amounts these utilities ultimately recover through the NCRC.

ANSWER: Crystal River 3, Turkey Point 3 and 4 and St. Lucie 1 and 2 have all had their operating licenses extended for an additional 20 years beyond the initial 40 year operating life. In analyzing the economic benefits of extending the operating license of a nuclear power plant for an additional 20 years the owner must identify the plant equipment that will need replacement or refurbishment to allow the plant to operate reliably for an additional 20 years and the costs of these replacements or refurbishments. Dr. Jacobs suggests that this analysis of equipment replacement or refurbishment identified for the

license extension period be the starting point of the recommended analysis. The equipment requiring replacement or refurbishment for license extension would be compared to the equipment replacements or upgrades identified for the extended power uprates. For equipment that is on both lists, the difference between the estimated cost to refurbish or replace the equipment for license extension and the cost of the new or upgraded equipment identified for the extended power uprate would be the incremental cost that could be recovered through the NCRC.

- a. The license renewal period of 20 years;
- b. As explained above, the analysis would be done based on specific equipment and structures identified in the license renewal and extended power uprate projects.
- c. The cost of equipment for the extended power uprate should be well known. The cost of replacement or refurbishment for the license renewal would be less accurate as it is doubtful that actual bids have been solicited for this work. The level of accuracy would be the level achieved by the utilities in their estimates of equipment replacement and refurbishment costs for the license extension period.
- d. This is explained above.
- e. This could be accomplished in 6 to 8 weeks based on the priority given and work loads.
- f. None.

Answer provided by William Jacobs, Ph.D.

DOCKET NO. 080009-EI
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing has been furnished by U.S. Mail and electronic mail to the following parties on this 29th day of August, 2008.

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**Deposition Transcript of Kim Ousdahl,
August 28, 2008, including Errata Sheet
and Exhibit #1 - Prefiled Direct
Testimony of Kim Ousdahl,
October 16, 2007 in DN 070650-EI**

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI

In re: Nuclear cost recovery
clause.
_____ /

TELEPHONE DEPOSITION OF: KIMBERLY OUSDAHL

TAKEN AT THE INSTANCE OF: The Commission Staff

DATE: August 28, 2008

TIME: Commenced at 10:01 a.m.
Concluded at 11:03 a.m.

LOCATION: 2540 Shumard Oak Boulevard
Tallahassee, Florida

REPORTED BY: MARY ALLEN NEEL, RPR, FPR
Notary Public, State
of Florida at Large

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JAMES BREMAN
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MICHAEL SPRINGER

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STIPULATIONS

The following deposition was taken on oral examination, pursuant to notice, for purposes of discovery, for use as evidence, and for such other uses and purposes as may be permitted by the applicable and governing rules. Reading and signing of the deposition transcript by the witness is not waived.

• • *

MS. BENNETT: Let's go ahead and take appearances. This is Lisa Bennett on behalf of the Public Service Commission.

MR. ANDERSON: Bryan Anderson appearing on behalf of Florida Power & Light Company.

MS. TRIPLETT: Diane Triplett on behalf of Progress Energy Florida.

MR. McWHIRTER: John McWhirter on behalf of Florida Industrial Power Users Group.

MS. BENNETT: All right. I think I'm ready to begin. The fax number to go ahead and fax the oath is 850.413.6739. And if you'll go ahead and fax that over, Madam Notary -- I didn't get your name, I'm sorry -- we'll get that to the court reporter.

MR. ANDERSON: We're happy to take care of that, and we're ready to proceed here in Juno.

Thereupon,

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1 KIMBERLY OUSDAHL

2 the witness herein, having been first duly sworn, was
3 examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MS. BENNETT:

6 Q. Ms. Ousdahl, will you state your name for the
7 record, please?

8 A. My name is Kim Ousdahl.

9 Q. And by whom are you employed, Ms. Ousdahl?

10 A. Florida Power & Light Company.

11 Q. And what is your position with Florida Power &
12 Light Company?

13 A. I'm the controller.

14 MR. MCGLOTHLIN: Hello.

15 MS. BENNETT: That sounds like Mr. McGlothlin
16 who has just joined us.

17 MR. MCGLOTHLIN: Yes.

18 MS. BENNETT: And we've already started, Joe.

19 MR. MCGLOTHLIN: All right.

20 BY MS. BENNETT:

21 Q. Ms. Ousdahl, in your position, what are your
22 responsibilities?

23 A. I'm responsible for the accounting, the
24 overall accounting responsibilities for Florida Power &
25 Light Company, including all the accounting for the

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1 assets, the property of the company, tax accounting,
2 corporate accounting, financial reporting, and
3 regulatory accounting.

4 Q. Okay. And I read that you are a licensed CPA?

5 A. I am.

6 Q. You filed testimony in this docket, Docket No.
7 080009; is that correct?

8 A. I did.

9 Q. And what was the purpose of that testimony?

10 A. The purpose of my testimony in this docket was
11 really to provide an overview of our filing and to
12 demonstrate how the filing would comply with the
13 Commission's rule on nuclear power plant cost recovery
14 and the statute.

15 Q. And as part of your testimony, you sponsored
16 Exhibits or Appendices 1, 2, and 3; is that correct?

17 A. Portions of those; that's correct.

18 Q. Okay. Have you testified or filed testimony
19 before the Public Service Commission previously?

20 A. Yes. I filed testimony, and I don't know the
21 docket number, but in the fall of '07 in the need
22 filings for both uprate and new nuclear.

23 Q. So you would have filed in the need
24 determination for Turkey Point 6 and 7 in Docket No.
25 070650; is that correct?

1 A. Yes.

2 Q. And you were asked to have a copy of that
3 testimony dated October 16th filed in 070650 with you
4 for today's deposition. Do you have that with you?

5 A. Yes. If you'll just give me a minute.

6 MS. BENNETT: And, Mr. Anderson, as she's
7 pulling that out, I would like to attach this to
8 the depo, her testimony from 070650, to this
9 deposition as Exhibit 1.

10 MR. ANDERSON: As a deposition exhibit?

11 MS. BENNETT: As Deposition Exhibit Number 1.

12 MR. ANDERSON: That's fine. Thank you. So
13 marked.

14 (Deposition Exhibit Number 1 was marked for
15 identification.)

16 THE WITNESS: Okay. I'm looking at that
17 testimony.

18 BY MS. BENNETT:

19 Q. Very good. What was the purpose of that
20 testimony?

21 A. Very similarly, it was to try to provide some
22 insights into how the company would intend in the future
23 to comply with the nuclear power plant cost recovery
24 rule.

25 Q. And when you say the nuclear power plant cost

1 recovery rule, you're talking about Rule 25-6.0423,
2 Florida Administrative Code; is that correct?

3 A. That's correct.

4 Q. And you're also familiar with Section 366.93
5 of the Florida Statutes; is that correct?

6 A. I am.

7 Q. I'm going to ask you to turn to page 2 of your
8 October 2007 testimony for the Turkey Point need
9 determination.

10 A. I'm there.

11 Q. Lines 7 through 14.

12 A. Yes.

13 Q. Can you tell us what your understanding of the
14 purpose of the nuclear power plant cost recovery rule
15 is?

16 A. Well, the rule describes its intent, which is
17 to set up recovery mechanisms for utilities that invest
18 and construct nuclear generation to be provided certain
19 specific recovery mechanisms through a clause, to
20 recover certain of the costs associated with that
21 construction. It is intended to provide an incentive to
22 promote that activity.

23 Q. And on that same page 2, you discuss or you
24 refer to Section 366.93, Florida Statutes; correct?
25 That would be at lines 18 through 23.

1 A. Yes.

2 Q. Would you discuss for us your understanding of
3 Section 366.93, including its purpose?

4 A. Well, very similarly, in my reading of the
5 statute, it says that it is designed to promote
6 investment in nuclear power plant construction. So I
7 think the rule mirrors and conforms with the statute.

8 Q. Would you agree that Section 366.93, Florida
9 Statutes, has changed the manner in which costs incurred
10 to build nuclear power plants are recovered from
11 customers? And I'm referring to before the enactment,
12 as compared to before the enactment of that statute.

13 A. I think the statute has provided for a very
14 specific recovery mechanism for generating plant
15 construction in nuclear.

16 Q. Can you identify what you mean by a very
17 specific manner of recovery?

18 A. Well, it defines cost in a very broad way. It
19 captures both what we think of as traditional generating
20 costs, construction costs, but it also discusses and
21 includes recovery of the cost including operation and
22 maintenance related costs that might be incurred. So
23 it's a very broad definition of the costs to be
24 included. It defines certain cost categories in a way
25 that I don't think we've had before in order to then

1 apply very certain recovery mechanisms to each of those
2 categories.

3 Q. Okay. And in your understanding of 366.93,
4 where are those costs recovered to date? Where are
5 those costs recovered now?

6 MR. ANDERSON: Let me object to the form,
7 because on the one hand, you're asking under the
8 statute, and on the other, you're asking now.
9 Could you please --

10 BY MS. BENNETT:

11 Q. I'm sorry. Under the statute, where are those
12 costs recovered?

13 A. Well, the statute covers costs incurred during
14 construction of the asset, and it provides for recovery
15 of those through the capacity clause. But it also then
16 discusses the recovery further of the full revenue
17 requirements once that investment is in service. So it
18 covers a spectrum, I would say, of recovery points and
19 categories.

20 Q. Okay. And compare those recovery points under
21 the statute to what Florida Power & Light would have
22 been able -- how Florida Power & Light would have been
23 able to recover those prior to the enactment of 366.93.

24 A. Well, I think historically, Florida Power &
25 Light has recovered investments associated with

1 constructing generating plant both through traditional
2 base rate filings, through generating base rate
3 adjustments, methodologies -- I think there have been,
4 you know, some recoveries through subsequent year
5 adjustments. I mean, there have been various mechanisms
6 historically.

7 Q. Okay. And would you agree with me that the
8 rule, 25-6.0423, and the statute, 366.93, provide for
9 annual recovery of some of those costs that you were
10 referring to through the capacity cost recovery clause
11 prior to the commercial in-service date of the plants?

12 A. The rule and the statute provide for recovery
13 of certain defined costs while the plant is being
14 constructed. That is correct.

15 Q. And would you agree with me that the rule
16 provides for annual recovery of those costs through the
17 capacity cost recovery clause?

18 A. Yes. The whole rule is designed around an
19 annual filing and an annual clause recovery, yes.

20 Q. And would you agree with me that prior to
21 Section 366.93, Florida Statutes, becoming effective,
22 utilities were permitted to recover costs incurred to
23 build a nuclear power plant from customers only after
24 the plant was in service?

25 A. Well, that's going back decades, but I would

1 imagine that would be the case. You know, I was not
2 here. I would imagine, though, that would have been the
3 case.

4 Q. Okay. And then you were asked to have a copy
5 of Rule 25-6.0423 with you for purposes of your
6 deposition today. Do you have a copy of the rule?

7 A. I do.

8 Q. I would like you to refer to Section (5)(c) of
9 the rule.

10 A. Okay.

11 Q. According to (5)(c) of the rule, would you
12 agree that FPL will make annual filings and the
13 Commission will hold annual hearings regarding the costs
14 expended and the costs projected to be incurred in the
15 construction of Turkey Point 6 and 7?

16 MR. ANDERSON: Are you reading from something?
17 Could you indicate what portion?

18 MS. BENNETT: I am not reading from the rule,
19 but give me a minute, and I will -- I pre-write my
20 questions, Bryan.

21 MR. ANDERSON: That's okay. If it's a
22 paraphrase, you can ask her, for example, if it's
23 her understanding and the like, but if you direct
24 her to the rule, I'm just trying to make sure our
25 record is clear so we don't tangle up what the law

1 is.

2 MS. BENNETT: Okay. It is not verbatim. It
3 is paraphrased.

4 THE WITNESS: Would you mind repeating it?

5 BY MS. BENNETT:

6 Q. Okay. Would you agree that Florida Power &
7 Light will make annual filings and the Commission will
8 hold annual hearings regarding the costs expended and
9 the costs projected to be incurred in the construction
10 of Turkey Point Units 6 and 7?

11 A. Yes.

12 Q. And is it your understanding that once costs
13 have been deemed prudently incurred, these costs will be
14 permitted for recovery, regardless of what may happen
15 with the plants in the future?

16 A. Yes. Both the rule and the statute provide
17 for disposition of costs if a plant is later canceled.

18 Q. And would you agree with me, Ms. Ousdahl, that
19 in addition to determining the reasonableness of
20 projected pre-construction expenditures and the prudence
21 of actual pre-construction expenditures expended by the
22 utility, the Commission will also review and approve on
23 an annual basis a detailed analysis of the long-term
24 feasibility of completing the nuclear power plants?

25 A. Let me just take a minute to refer back to

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1 that section of the rule.

2 Yes, I agree.

3 Q. If a future analysis demonstrates that
4 continuing this project would no longer be in the best
5 interests of FPL's customers -- and I'm referring to the
6 Turkey Point 6 and 7 project -- could the project be
7 postponed, modified, or terminated in your understanding
8 of the rule?

9 A. I think with or without this rule, any project
10 the company undertakes could be modified, canceled, or
11 deferred. This rule simply defines specific recovery
12 mechanisms in the event of that occurring.

13 Q. And if the project is terminated at some
14 future date, would FPL expect to recover all costs
15 incurred or irreversibly committed up to that time?

16 A. I think FPL would expect the Commission would
17 apply the statute and the rule as written, which
18 provides for recovery of all costs, including those that
19 would be incurred pursuant to a disposition or
20 cancellation of a plant.

21 Q. And would you agree that prior to the statute
22 and the rule becoming effective, the risk of recovery of
23 any costs incurred prior to the commercial in-service
24 date of the plant was borne by the utility's
25 shareholders?

1 A. No, not in an absolute sense, I would not. I
2 think the difference is that this rule is acknowledging
3 through the periodic stepwise reviews that we are going
4 to have an ongoing determination of reasonableness and
5 prudence. In traditional, decades-old ratemaking for
6 generation plant, all of those reviews occurred at the
7 end of the process, so less was known, certainly, about
8 what Commission findings might be, but I certainly would
9 not say that there was a 100 percent risk on the part of
10 shareholders.

11 Q. But the evaluation would occur in the, as you
12 referred to it, decades-old ratemaking mechanism some 20
13 years in the future, or 10 years, whenever the
14 construction was completed; correct?

15 A. Right. Reviews were performed in hindsight.

16 Q. As opposed to the statute and the rule as they
17 exist now, in which reviews are done annually; is that
18 correct?

19 A. That's correct.

20 Q. Okay. For purposes of this question, assume
21 that the Turkey Point nuclear plants are not completed
22 and don't go into commercial service. And again, we
23 understand this is a hypothetical. Per the statute and
24 the rule, FPL's customers will still pay for all
25 previously incurred or irreversibly committed costs up

1 to that time; is that correct?

2 MR. ANDERSON: I would object to the form.

3 The rule has very, very specific language, and if
4 you're asking this witness to agree with some legal
5 formulation different than that rule, then that's
6 not correct.

7 BY MS. BENNETT:

8 Q. Then let me rephrase the question. According
9 to your understanding of the rule and the statute, who
10 will pay for previously incurred or committed costs up
11 to the time that the nuclear plant is determined not to
12 be completed?

13 MR. ANDERSON: I would object to that form
14 too, because it infers that costs incurred after
15 the decision to terminate the project would not be
16 recoverable. In fact, the rule states all prudent
17 site selection, pre-construction, and construction
18 costs.

19 The challenge, Lisa, is not to -- I want you
20 to get the information you need, but it's very
21 important to FPL that we focus on what the words of
22 the law are. And the type of phrasing you had was
23 a paraphrase that was accurate in part, but left
24 out another whole key element of cost, and it would
25 not be fair to have that characterization on the

1 record.

2 MS. BENNETT: Okay. Bear with me for just a
3 minute while I rethink my question.

4 BY MS. BENNETT:

5 Q. I'll try it one more time. For purposes of
6 this question, we're going to still assume the Turkey
7 Point nuclear plants are not completed and don't go into
8 commercial service. Can you tell me pursuant to the
9 statute and the rule who will pay for the costs and what
10 costs those will be for the Turkey Point nuclear power
11 plants?

12 A. Well, okay. Let me try to answer your
13 question. We're ignoring what may have gone on in the
14 years leading up to the decision to cancel. So
15 obviously, in the years leading up to the decision to
16 cancel, we've spent money. We've incurred costs. We
17 have had a ruling by the Commission on what portion of
18 those costs might be recovered.

19 So I'm putting all that aside, because there
20 certainly could have been disallowances in prior years.
21 And here we find ourselves at cancellation date, and
22 referring to the rule, which I think mirrors the statute
23 perfectly, it says that once the Commission issues a
24 final order granting a determination of need, which is
25 part of your hypothetical, and if the utility elects not

1 to complete or it's precluded from completing, the
2 utility will be allowed to recover all prudent site
3 selection, pre-construction, and construction costs.

4 So to the extent we have acted in accordance
5 the Commission's prudence standards, those costs would
6 be recoverable. It then goes on to describe how they
7 would be recovered.

8 Q. Okay. Thank you. I apologize for the
9 confusion in the question. Let's move on.

10 You would agree that prior to the statute,
11 366.93, and the rule, 25-6.0423 -- I think I just said
12 that wrong, but the nuclear cost recovery statute and
13 rule, your response to the last question wouldn't
14 necessarily be the way costs would have been recovered?

15 Did I confuse the question too much, Bryan?

16 MR. ANDERSON: Let's ask the witness if she
17 understands it.

18 THE WITNESS: Well, I did until you guys
19 started talking. Would you just try it one more
20 time, and I will definitely try to answer.

21 BY MS. BENNETT:

22 Q. Okay. Would you agree with me that prior to
23 the statute and the rule, your response to the last
24 question wasn't necessarily the case?

25 A. What I would say is this. In the past, it was

1 unknown how any remaining costs would be recovered and
2 how much of any remaining costs would be recovered. The
3 statute provides specificity, and it reduces the risk
4 and uncertainty associated with that event occurring.

5 Q. Okay. Let's go back to your October 2007
6 testimony that you filed in the -- I'm sorry. Can you
7 give me just a moment?

8 A. Sure.

9 MS. BENNETT: We're going off the record, and
10 I'm going to put you guys on mute just a minute.

11 (Off the record briefly.)

12 BY MS. BENNETT:

13 Q. I'm back with you, and we're back on the
14 record. I apologize.

15 In response to the last question, Ms. Ousdahl,
16 you talked about risk. Can you elaborate on that
17 response?

18 A. As it relates to the mechanism in the rule for
19 resolution of outstanding costs if a plant is canceled?
20 What's the context?

21 Q. On the recovery of those costs.

22 A. In the event a plant is canceled?

23 Q. In the event a plant is canceled.

24 A. Again, it's very specific. I think what I
25 said and what I believe is that the rule provides a

1 specific method, and anytime you have a line of sight as
2 to how something in the future will be handled, you've
3 reduced uncertainty. And that's what this rule does for
4 all parties, I believe. It's reducing the uncertainty
5 associated with those outcomes, which may or may not
6 occur.

7 Q. Okay. Thank you.

8 I want to now refer you to your testimony,
9 again, the need determination testimony, page 7, line
10 20, through page 8, line 2. And let me know when you're
11 there.

12 A. I'm going to take one minute and just read
13 that section, if that's okay.

14 Q. That's good.

15 A. Okay. I'm with you.

16 Q. Would you please explain what you mean
17 regarding this discussion of the fixed AFUDC rate and
18 the company's otherwise authorized AFUDC rate that's in
19 your testimony?

20 A. Yes. I read the statute and the rule to
21 prescribe a fixed AFUDC rate to be used in the recovery
22 of nuclear construction costs under the rule and through
23 the clause. So it very specifically defines what rate
24 should be applied, depending on the timing of the filing
25 of the need application, and it makes very clear that

1 that rate will be utilized through the whole pendency of
2 the project for purposes of recording a return for
3 recovery under the clause.

4 However, and this is the point I'm trying to
5 make in the testimony, for the company's cost of capital
6 overall, that rate will -- may, I should say, may change
7 depending on its cost of capital as defined by the AFUDC
8 calculation during the long pendency of a project such
9 as a new nuclear plant. So there could and probably
10 will be differences between the return recorded on the
11 asset through its GAAP financials, essentially, and the
12 return recovered through the rule.

13 Q. You mentioned the possibility of changes to
14 the AFUDC rate. Do you have a copy of Order
15 PSC-08-0265-PAA-EI issued April 28, 2008, in Docket No.
16 080088 with you today for the purposes of the
17 deposition?

18 A. I do.

19 Q. And are you familiar with this order?

20 A. I am.

21 Q. Okay. You would agree that this order
22 codifies the Commission's decision approving FPL's
23 request to increase its AFUDC rate from 7.42 to 7.65
24 effective January 1, 2008; is that correct?

25 A. Yes, that's correct.

1 Q. But the carrying charges FPL has included in
2 its request for recovery of costs under the nuclear cost
3 recovery clause rule are based on an AFUDC rate of
4 7.42 percent; is that correct?

5 A. That's correct.

6 Q. So this 7.42 AFUDC rate will be used for
7 purposes of calculating carrying charges on prudently
8 incurred nuclear related costs during the construction
9 cycle of the power uprates of Turkey Point 3 and 4 and
10 St. Lucie Units 1 and 2; is that correct?

11 A. Let me modify it just slightly. It will
12 applied to costs recovered through the rule.

13 Q. And would your answer be the same for Turkey
14 Point Units 6 and 7?

15 A. Yes, as it applies to recovery through the
16 rule.

17 Q. Okay. Is Florida Power & Light tracking the
18 amount of carrying charges on prudently incurred nuclear
19 related costs associated with the incremental difference
20 between the 7.42 and 7.65 percent AFUDC rates for Turkey
21 Point 6 and 7?

22 A. Yes, we will.

23 Q. And is the company tracking the amount of
24 carrying charges on prudently incurred nuclear related
25 costs associated with the incremental difference between

1 the 7.42 percent and 7.65 percent AFUDC rates for the
2 power uprates at Turkey Point Units 3 and 4 and
3 St. Lucie Units 1 and 2?

4 A. Yes. I would agree in general with your
5 comment. We are in the middle of trying to take apart
6 our subledger and really figure out how to do this from
7 a system perspective, so the only part I'm hesitating on
8 a little bit is, you talked about just tracking the
9 increment. We are much more likely to track our system
10 costs and be recording the actual AFUDC rate, in this
11 case, the 7.65, against the system costs, keeping in
12 mind that our jurisdictional portion for retail can
13 change over the pendency of this construction project.

14 Q. Okay. Is it the company's position that it is
15 entitled to recovery of the carrying charges on
16 prudently incurred nuclear related costs associated with
17 the incremental differences between an AFUDC rate of
18 7.42 percent and 7.65 percent?

19 A. Yes. The company is entitled to apply AFUDC
20 in concert with both the CFR and the Commission rules to
21 any of its applicable property for recovery.

22 Q. And is it the company's intention at some
23 point in the future to seek recovery of the carrying
24 charge amount associated with the incremental difference
25 between the AFUDC rate specified in the rule and the

1 company's currently authorized AFUDC rate of 7.65
2 percent?

3 A. To the extent a difference exists, up or down,
4 that would presumably be recovered when the plant goes
5 into commercial operation, and all remaining costs that
6 are not recovered through the rule, to the extent there
7 are any, would be included in the revenue requirements
8 for recovery through base rates.

9 Q. Okay. I just want to make sure I understand.
10 So at some point in the future, if FPL's AFUDC rate is
11 set at a level lower than 7.42 percent, the carrying
12 costs associated with the incremental difference between
13 7.42 and the lower AFUDC rate would be returned,
14 accounted for and returned to customers?

15 A. That is exactly what I mean. I think the
16 recovery rule did not supersede the company's obligation
17 to record its true carrying costs based on its actual
18 cost of capital. It merely specified a fixed rate
19 associated with the rule.

20 Q. Very good. I'm going to switch our line of
21 thought a little bit. I noticed you did not file
22 rebuttal testimony, but have you reviewed the testimony
23 of OPC witness Jacobs?

24 A. Yes, I have.

25 Q. Beginning on page 22 of Mr. Jacobs'

1 testimony -- do you have that with you?

2 A. Give me just a minute.

3 I have his testimony, a redacted version. Do
4 I need to get a version that is not redacted?

5 Q. I think that you can probably respond to the
6 questions without the redacted version. If not, perhaps
7 we can identify how to do this as a late-filed.

8 A. Okay.

9 Q. And --

10 A. I'm -- I'm sorry?

11 Q. Go ahead.

12 A. I'm on page 22 of witness Jacobs' testimony.

13 Q. Okay. Before I start asking you the
14 questions, I want to make certain that we understand.
15 Some of the information that I may ask you may be
16 confidential on your part, and I know that you cannot
17 respond on the record, because that becomes a public
18 record. So my suggestion is that for any information
19 that you're going to claim confidentiality for, let's
20 have the response filed as a late-filed exhibit. Does
21 that work for FPL?

22 A. Okay.

23 Q. And I know that OPC is on the line. I will
24 not be asking questions -- I don't believe that any of
25 the questions are regarding confidential information in

1 Mr. Jacobs' testimony. I guess that applies to both FPL
2 and OPC. So with that, let's start with page 22, line
3 15.

4 Mr. Jacobs discusses three different options
5 for the Commission to pursue regarding FPL's sole and
6 single source contracts were the Commission to agree
7 with Mr. Jacobs' testimony. Is that your understanding
8 of Mr. Jacobs' testimony?

9 A. I am not the witness on single and sole
10 source, so if you want me to try to answer these
11 questions, I'll need to read this again real quickly.
12 Can I just finish reading 22?

13 Q. Absolutely. Let me know when you're done.

14 A. Thank you.

15 MS. BENNETT: We're going off the record. I'm
16 just chatting a minute with Mr. Breman, and I'm
17 going to put you on mute.

18 MR. ANDERSON: Okay.

19 (Off the record briefly.)

20 BY MS. BENNETT:

21 Q. My last question to you, Ms. Ousdahl, was, are
22 you -- do you agree that Mr. Jacobs offers three options
23 for the Commission to pursue if they were to agree with
24 his testimony that FPL failed to follow sole and single
25 source contract guidelines?

1 A. Yes, he offers three alternative approaches.

2 Q. And the first alternative is to remove from
3 the amount -- and I'm quoting from his testimony, remove
4 from the amount that flows through the cost recovery
5 clause that portion of the carrying cost of the contract
6 that represents the return that FPL is seeking to earn
7 on its equity investment in the capital asset.

8 My question to you is, have you performed a
9 calculation of this proposed adjustment that Mr. Jacobs
10 refers to?

11 A. You know, I'm not prepared to answer, because
12 I don't even know if he's talking here about -- he
13 defines the question as single and sole source
14 contracts. I don't know if we're talking about uprate
15 or new nuclear. So there would be a significant
16 difference in the way we would be recovering the related
17 costs, depending on which we're talking about. Perhaps
18 he's talking about both.

19 Q. Who would be the most familiar to answer this
20 if it was the uprate that he was referring to?

21 A. Well, you know, I can answer it. I guess now
22 it's feeling a bit like a hypothetical, unless you want
23 to --

24 Q. Okay. Well, we'll get into more specifics.

25 A. Or I can try to answer it.

1 Q. What about the new nuclear? If his Option A
2 was the new nuclear, would that also be you who could
3 answer that question?

4 A. If you're asking me to take a set of facts and
5 tell you how they would flow through the NFRs, I'm the
6 appropriate person to do that for the company.

7 Q. That's what I'm asking.

8 A. I'm just unclear on his recommendation here.

9 Q. Okay. Let's apply his recommendation to his
10 Exhibits 7 and 8. Are you familiar with those? They
11 are redacted.

12 A. No. I'll have to -- we'll have to pull them.
13 Bear with us a minute. We'll have to find his exhibits.
14 I just have a blank copy, so hold on just one moment.

15 Q. Let me know when you're there.

16 A. Well, I have a copy of 7. It's very difficult
17 to read, but I'm willing to try.

18 Q. Well, let's try a different angle. As part of
19 your testimony, you submitted Appendices I, II, and III.
20 I'm going to ask you to turn to Schedule AE-8 in
21 Appendix I.

22 A. All right. I'm in Appendix I. This would be
23 the NFRs for the uprate. I'm looking at our revised
24 filing. I'm on Schedule AE-8.

25 Q. Very good. The last two line items, line

1 items 3 and 4, can you explain what those two contracts
2 are and the dollar amount, the contract dollar amount
3 that those are on lines 3 and 4?

4 A. Well, I can only read what you're reading.
5 I'm not the witness. That's Mr. Hale. But on lines 3
6 and 4, we show information associated with contracts
7 that state they are with Siemens, and the original
8 amount of the first contract on line 3 is 1.1 million,
9 and on line 4, it's 3.675 million.

10 Q. Okay. Those are the total costs of the
11 contracts. Where would I find the carrying costs in
12 your schedules?

13 A. You would find any associated carrying costs
14 with the cash flows that underlie or are projected to
15 underlie these contracts in -- well, it looks like one
16 of these, line 3, the contract would be in '07 cash
17 flow, presumably, and the line 4 contract would be in
18 '08 cash flow. So to the extent there are dollars that
19 we've either incurred or projected to incur at the time
20 associated with those contracts, they show up in the
21 NFRs. They're embedded with many other cash flows in
22 the NFRs in those periods.

23 Q. And where would they be -- let's start with
24 what schedule they would be embedded in.

25 A. Well, the place to start would be in -- I'm in

1 '08. I happen to be in '08, so I'm in AE-6.

2 Q. Okay. I can't read this.

3 A. Are you there?

4 Q. Yes. I'm just complaining that my eyesight is
5 not what it used to be.

6 A. Yes. I get large versions of these.

7 Q. Okay.

8 A. This schedule shows our actual and projected
9 cash flows for '08 by the defined categories of cost
10 that were laid out in the original and later revised NFR
11 filings, so it shows license application, engineering
12 design, and on, and then it's got those actuals and
13 projections by month. And so any costs that we incurred
14 or are projected to incur under those contracts would
15 show up in the proper category in these cash flow
16 schedules titled "Monthly Expenditures."

17 Q. That's for line item 4; correct?

18 A. Line item 4 was the contract with a term of --
19 gosh, a very short period of time in '08, yes, early
20 '08.

21 Q. Okay. Now, the A-6 schedule, AE-6 schedule
22 would show line item 4, the actual cost the company
23 incurred, but the carrying charges, if there are any,
24 would be embedded in AE-6; is that correct?

25 A. No, no. AE-6 is just the pure cash flow view,

1 and then you have to roll forward in the schedule to the
2 portion where we apply carrying charges. And if you'll
3 give me a moment, I can get you there. That would begin
4 really on AE-3.

5 Q. Okay. So now I'm on AE-3.

6 A. And at the top of AE-3 in line 1, you'll see
7 those same cash flows that you found on AE-6. If you go
8 to line 26 of AE-6, it totals 74.5 million. If you go
9 to AE-3, on the 12-month total, you'll see on line 1
10 that 74.5 million. So there's your pure cash flow.

11 Q. Okay. Just for my benefit, CWIP stands for
12 construction work in progress; yes?

13 A. That's correct.

14 Q. All right. So this is the cash flow. Again,
15 where do I find the carrying charges for that particular
16 line item number 4?

17 A. Well, if we just look in January, to just go
18 through an example, we've got \$3.8 million of cash flow.
19 We have to reduce from that -- well, it's a funny format
20 on uprate. The \$16,000 that we're reducing there -- I'm
21 sorry, adding back, is really the return we're
22 calculating that month, so let's just drop forward.
23 It's just the way the format has been designed on this.
24 We're taking the 3.8 million of additions, and we find
25 an average for that. That's on line 5, the 1.9 million.

1 And then we calculate the return components, equity,
2 grossed-up equity, and debt, associated with that
3 average CWIP addition amount, and that calculates to the
4 \$16,870. So for the month of January, for our actual
5 cash flows, the 3.8 million, we are requesting to earn a
6 return of \$16,870 on that.

7 Q. And that 16,780, is it all directly related to
8 that line item 4 on the first schedule we looked at,
9 AE-8?

10 A. No, no, no. No. It represents every dollar
11 of cash or -- yes, in this case, cash, because we're
12 calculating a return, so we're taking out noncash items.
13 It represents every dollar of cost expended associated
14 with this plant, and we're talking about uprate, for
15 that period.

16 So it would include dollars that were
17 associated with those contracts, and it would include
18 dollars that don't show up in those contract schedules,
19 because it would include whatever other labor is
20 incurred that may be internal to the company. You know,
21 it's got all cash flows. The contracts are a subset.

22 Q. Okay. And if I wanted to find the carrying
23 charges that were just associated in the month of
24 January on AE-3 with line item 4 of AE-8, how would I do
25 that?

1 A. If we are going to take out the carrying
2 charges associated with one cost, we would have to
3 identify the cost, we would have to pull it out of
4 whichever month it was in, and then we would have to
5 recalculate to our carrying charges. So you're talking
6 about -- essentially, we would be doing a pro forma of
7 the NFRs to reflect items that are -- in effect, you
8 would suggest disallowance, I guess.

9 Q. Which is, I think, his Option A. But let's go
10 to his Option B, which is to withhold 10 percent. Would
11 we be doing the same type of calculation?

12 A. I don't know what this is saying, if he's
13 suggesting we would take 10 percent off the top
14 associated with the total carrying charges over the
15 entire period, historical and projected, for that one
16 line item, or if he's suggesting we would reduce the
17 return percentage by 10 percent. I don't know.

18 Q. Okay.

19 A. But if you knew what he was intending, you can
20 do a pro forma calculation.

21 Q. Are you prepared to do that?

22 A. No.

23 MS. BENNETT: Excuse me for just a minute.

24 We're going to go off the record. I'm going to put
25 you on mute again to talk with Mr. Breman.

1 (Off the record briefly.)

2 BY MS. BENNETT:

3 Q. Okay. We're back on.

4 A. Okay.

5 Q. Ms. Ousdahl, how long would it take you to
6 prepare the information for Option A? And understand,
7 I'm not asking you to do it. I'm just asking you how
8 long it would take to do those calculations.

9 A. You know, honestly, I don't know, because I
10 don't know exactly what he's referring to. If I had in
11 my hand the actual dollars of every contract and I could
12 trace those back immediately to these cash flows, then
13 running through the pro formas, because these are Excel
14 spreadsheets, is a fairly reasonable task. But then, of
15 course, this is a manual process, so we have a whole
16 process of reviewing everything. I mean, it's not like
17 I push a button.

18 So I feel very uncomfortable about being asked
19 to try to understand what he might be proposing here and
20 then work it through, making my own assumptions about
21 his proposal. I guess if the Commission needs our help
22 in developing pro formas, we would want to be told
23 exactly what to run through the schedule.

24 Q. And again, assuming you got all of that
25 information from the Commission, can you give me an idea

1 of how long it would take to do that calculation?

2 A. Can I just confer with my associates for just
3 a moment?

4 MS. BENNETT: Sure.

5 (Off the record briefly.)

6 THE WITNESS: Okay. If we had all the values
7 that you wanted us to adjust out of the cash flows
8 and all we were doing would be to make that
9 calculation in these Excel spreadsheets -- and I'm
10 assuming we're just talking about uprate and values
11 associated with these two contracts. It looks like
12 we would have to roll through some '07 changes in
13 '08 all the way through to revenue requirements.

14 You know, we're estimating about three days to
15 make sure it was done properly, and we would
16 probably feel more comfortable if we told you
17 something like five so that we could, you know,
18 allow a little time for asking questions and making
19 sure we're doing it correctly, just trying to be
20 reasonable.

21 BY MS. BENNETT:

22 Q. Okay. That question was related to Option A.
23 I guess I should have said also how long it would take
24 to do Option B. And again, that would be assuming you
25 got specific direction and clarification from the

1 Commission. How long would it take you to run through
2 the calculations for what I call Option B, the second
3 alternative that Mr. Jacobs proposed?

4 A. I'll just offer the same amount of time. I'm
5 unclear on what Option B is. Is it -- you know, again,
6 I don't think it would vary that much in timing, but is
7 it taking 10 percent off the top, is it just changing
8 the rate by 10 percent, or is it slicing 10 percent out
9 of each month's carrying costs? I just don't know
10 exactly what we're being asked to do.

11 Q. Right. And you're not being asked to do that
12 right now. I was just getting an idea of, if you were
13 given that clarification from the Commission about
14 exactly what they wanted you to do, how long it would
15 take you to do it. And I think I heard you say three to
16 five days; is that correct?

17 A. Yes. I'm just going to assume about the same
18 amount of time.

19 MS. BENNETT: Okay. I believe that is all the
20 questions that we have. It is indeed, so I am
21 finished. Thank you for your time, Ms. Ousdahl. I
22 think this is your second deposition, so I'm not
23 sure that anybody else has questions for you other
24 than Mr. Anderson.

25 MR. ANDERSON: I also noticed nobody else

1 noticed the deposition, but let me just consider it
2 for a minute.

3 (Off the record briefly.)

4 MR. ANDERSON: We have nothing, and that will
5 be good.

6 MR. MCGLOTHLIN: This is Joe McGlothlin. I
7 don't have any questions, but I wanted to say on
8 the record that our view of Dr. Jacobs' proposals
9 or recommendations are clear and straightforward.
10 If there's any question about understanding his
11 recommendations, we're willing to work with the
12 parties offline, or he's scheduled for a deposition
13 on probably the 29th and will be available for
14 clarification at that point.

15 MS. BENNETT: Thank you, Joe. Ms. Ousdahl and
16 Mr. Anderson, do you wish to read and sign?

17 MR. ANDERSON: Yes, we do. Thank you.

18 MS. BENNETT: Okay. I think we are finished.

19 (Deposition concluded at 11:03 a.m.)
20
21
22
23
24
25

CERTIFICATE OF REPORTER

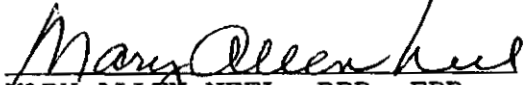
STATE OF FLORIDA:

COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 37 are a true and correct record of the aforesaid proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor relative or employee of such attorney or counsel, or financially interested in the foregoing action.

DATED THIS 3rd day of September, 2008.


MARY ALLEN NEEL, RPR, FPR
2894-A Remington Green Lane
Tallahassee, Florida 32308
(850) 878-2221

ACCURATE STENOGRAPHIC REPORTERS, INC.

STATE OF FLORIDA
COUNTY OF PALM BEACH

CERTIFICATE OF OATH

I, the undersigned authority, certify that: Kimberly Qusdahl
personally appeared before me at: Florida Power & Light Company,
Juno Beach, Florida, and was duly sworn by me to tell the truth.

WITNESS my hand and official seal in the City of Juno Beach,
County of Palm Beach, State of Florida, this 28th day of AUGUST 2008.



Beverly A. Mile
Notary Public
State of Florida

My Commission Expires:

July 24, 2009

Personally known x or who has produced _____
Type of identification produced _____

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 070650 -EI
FLORIDA POWER & LIGHT COMPANY**

**IN RE: FLORIDA POWER & LIGHT COMPANY'S
PETITION TO DETERMINE NEED FOR
TURKEY POINT NUCLEAR UNITS 6 AND 7
ELECTRICAL POWER PLANT**

DIRECT TESTIMONY OF:

KIM OUSDAHL

EXHIBIT	<u>1</u>
Witness	<u>Ousdahl</u>
Date	<u>08-28-06</u>
Reporter:	Mary A. Neel

DOCKETED AT 10:00 AM

09455 OCT 16 8

FPSC-COMMIS. CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF KIM OUSDAHL

DOCKET NO. 07-063-EI

OCTOBER 16, 2007

Q. Please state your name and business address.

A. My name is Kim Ousdahl. My business address is 700 Universe Boulevard,
Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (FPL or the Company) as Controller.

Q. Please describe your duties and responsibilities in that position.

A. I am responsible for financial accounting and internal reporting for FPL, including property accounting and management of the regulatory accounting function. In this role I have responsibility for managing the accounting and financial and regulatory reporting of the nuclear capital project costs.

Q. Please describe your educational background and professional experience.

A. I graduated from Kansas State University in 1979 with a Bachelor of Science Degree in Business Administration, majoring in Accounting. That same year, I was employed by Houston Lighting & Power Company in Houston, Texas. During my tenure there, I held various accounting and regulatory management

DOCUMENT NO. DATE

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FPSC - COMMISSION CLERK

1 positions. Most recently, prior to joining FPL in June 2004, I was the Vice
2 President and Controller of Reliant Energy.

3
4 I am a certified public accountant (CPA) licensed in the State of Texas and a
5 member of the American Institute of CPAs, the Texas Society of CPAs and
6 the Florida Institute of CPAs.

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

8 A. The purpose of my testimony is to explain how FPL will comply with Florida
9 Administrative Code Rule 25-6.0423, Nuclear Power Plant Cost Recovery
10 (the Rule) during the time prior to Turkey Point Nuclear Units 6 and 7
11 (Turkey Point 6 & 7) being sited, through the construction period until the
12 plant goes into service. I will also address the time frame for filing the
13 Nuclear Filing Requirements (NFRs) which will be used to facilitate
14 implementation of the Rule.

15 **Q. Are you sponsoring any sections in the Need Study?**

16 A. I am co-sponsoring Appendix H of the Need Study along with FPL witnesses
17 Scroggs and Sim.

18 **Q. Please describe the purpose of the Rule and the development of the NFRs**
19 **implementing the rule.**

20 A. On March 20, 2007, in Order No. PSC-07-0240-FOF-EI, this Commission
21 adopted the Rule to implement Section 366.93, Florida Statutes (the Statute),
22 which was enacted by the Florida Legislature in 2006. The stated purpose of
23 the Statute is to promote utility investment in nuclear power plants, and it

1 directed the Commission to establish alternative cost recovery mechanisms for
2 costs incurred to build nuclear power plants. The Rule implements such a
3 mechanism. It allows FPL to recover prudently incurred costs in the siting,
4 design, licensing and construction phases of nuclear power plants after an
5 annual prudence review. The Rule also provides definitions to be used to
6 segregate costs into various cost categories, and defines the cost recovery
7 mechanism for each category of costs.

8
9 Section 5(c) and Section 8 of the Rule outline the annual filing requirements
10 necessary to obtain a determination of prudence. FPL is working with
11 Commission Staff, the Office of Public Counsel, Progress Energy Florida and
12 others to develop a comprehensive set of NFRs, which will provide an
13 overview of a nuclear plant project and a roadmap to the detailed project
14 costs. The parties are currently working together toward consensus on the
15 specific format of the schedules. Once finalized, the NFRs will form a
16 framework for the Commission to review the costs projected to be incurred
17 and the actual costs incurred during each year for the nuclear power plants
18 being constructed in Florida. The Rule then provides for the annual recovery
19 of these costs through the Capacity Cost Recovery Clause (CCRC).

20 **Q. Briefly describe the various cost categories which are defined in the Rule.**

21 A. Section 2 of the Rule identifies and defines three categories of costs: Site
22 Selection Costs; Pre-Construction Costs; and Construction Costs. The Rule
23 provides the following definitions:

1 'Site Selection Costs' are costs that are expended prior to the selection
2 of a site. A site will be deemed to be selected upon the filing of a
3 petition for a determination of need for a nuclear power plant pursuant
4 to Section 403.519, Florida Statutes.

5
6 'Pre-Construction Costs' are costs that are expended after a site has
7 been selected in preparation for the construction of a nuclear power
8 plant, incurred up to and including the date the utility completes the
9 site clearing work.

10
11 'Construction Costs' are costs that are expended to construct the
12 nuclear power plant including, but not limited to, the cost of
13 constructing nuclear power plant buildings and all associated
14 permanent structures, equipment and systems.

15 **Q. What are the major costs incurred in each category?**

16 **A.** Site Selection Costs will include the cost incurred in the development of the
17 detailed site alternative analysis, review of technology options, preparation
18 and filing of the zoning applications, and environmental impact studies
19 performed during this time frame.

20
21 Pre-Construction Costs will consist primarily of costs incurred in development
22 of the license application, detailed engineering, design, long-lead
23 procurement, permitting, clearing and temporary construction facilities costs.

1 Construction Costs include project management, payroll, training, as well as
2 the costs for constructing nuclear power plant buildings and all associated
3 permanent structures, equipment and systems.

4
5 All of these costs will ultimately be recorded in account 107, Construction
6 Work in Progress and will be transferred to account 101, Plant in Service, net
7 of the amounts recovered under the Rule, when the plants go into service.

8 **Q. What cost recovery treatment will be applicable for long-lead**
9 **procurement items?**

10 **A.** FPL believes that payments made for long-lead procurement items during the
11 preconstruction phase are properly categorized as preconstruction costs.
12 Therefore, consistent with Section 5 of the Rule these costs will be recovered
13 over a one-year period through the CCRC along with the related carrying
14 costs, if applicable.

15 **Q. Is FPL requesting Commission assurance in connection with the**
16 **determination of need that the costs of long-lead procurement items are**
17 **properly categorized as Pre-Construction Costs pursuant to Section 5 of**
18 **the Rule?**

19 **A.** Yes. As FPL witness Scroggs indicates, the Company will incur these costs to
20 facilitate the earliest practical deployment schedule. The Company requests
21 that the Commission acknowledge specifically in its need determination order
22 that long-lead procurement costs will be categorized as pre-construction costs

1 and to the extent prudently incurred, will be afforded recovery as such through
2 the CCRC.

3 **Q. What will be the timing of FPL's initial filing of the NFRs?**

4 A. Assuming this Commission grants an affirmative determination of need for
5 Turkey Point 6 & 7 by the first quarter of 2008, FPL will make an initial filing
6 in May 2008 of projected and prior Pre-Construction Costs and Site Selection
7 Costs. These Pre-Construction Costs, if approved by the Commission, will be
8 included for recovery through the CCRC.

9 **Q. Will the May 2008 filing include a request for recovery of Site Selection
10 Costs?**

11 A. FPL has not yet determined how it will propose that its Site Selection costs be
12 recovered, but will do so by filing a petition pursuant to Section 4 of the Rule.
13 To the extent FPL proposes to recover such costs through the CCRC, the
14 Company would submit NFRs supporting the costs along with the petition.

15 **Q. How would the Commission's Rule for recovery of Pre-Construction
16 Costs and Carrying Costs on the Construction Cost Balance prior to the
17 in-service date of the new unit be applied in practice?**

18 A. Appendix H to FPL's Need Study provides a quantitative example of how
19 capital costs for a new nuclear unit would be recovered. Because FPL does not
20 have a definitive capital cost for a new nuclear unit as discussed in FPL
21 witness Scroggs' testimony, this example uses a \$1/kw nuclear capital cost.

22
23 The projected and actual Site Selection and Pre-Construction Costs for 2007
24 through 2009 of \$31 thousand, including estimated carrying costs of \$2

1 thousand, would be included in the May 2008 filing. After approval of these
2 costs by the Commission, the amounts would be included in setting the CCRC
3 for 2009. This would take place in the November 2008 clause proceedings.
4 The amounts collected during 2009 through the CCRC would be trued up
5 including any applicable carrying charges and would then be collected or
6 refunded in future periods through the CCRC.

7
8 As shown on Appendix H, the estimated Carrying Costs on the Construction
9 Cost Balance during the construction period 2012 through 2018 of \$563
10 thousand for Turkey Point 6 and \$358 thousand for Turkey Point 7 during the
11 construction period 2013 through 2020 would be treated in a similar manner:
12 projected in May, approved in the fall, included in November clause
13 proceedings and collected in the subsequent year through the CCRC. All
14 amounts would be subject to true up with any difference, including applicable
15 carrying charges, collected or refunded in future periods through the CCRC.


16
17 When the plants are placed in service in 2018 and 2020, only actual
18 construction costs would be reflected in rate base, as all Site Selection Costs,
19 Pre-Construction Costs and Carrying Costs on the Construction Cost Balance
20 during the construction period will have been fully recovered. This assumes
21 the CCRC fully recovers all other prudent costs and that the fixed AFUDC
22 rate allowed to be recovered during construction as prescribed by the rule,

1 does not fall below the Company's otherwise authorized AFUDC rate, such
2 that the full carrying costs are not recovered during the construction period.

3 Q. Does this conclude your testimony?

4 A. Yes.

**FPL's Nuclear Division,
Nuclear Policy,
Procurement Control
(No. NP-1100, Rev. 15, Date: 02/25/08)
and
General Operations #705
(Purchasing Goods and Services
– Policy and Definitions)**

	NUCLEAR DIVISION NUCLEAR POLICY PROCUREMENT CONTROL	No.	NP-1100
		Rev.	15
	Date	02/25/08	

Verification of Printed Hard Copy to Controlled Document is Required Prior to Use


1.0 Objectives:

REVISED ▶


- 1.1 The procurement of materials and services for the Nuclear Division must be in strict compliance with the Quality Assurance Program, and applicable policies and procedures. Conflicts in governing documents shall be brought to the attention of Nuclear or Supply Chain management, as appropriate.
- 1.2 Competitive bidding is FPL's standard approach for the procurement of materials and services with an estimated total value of twenty-five thousand dollars (\$25,000.00) or greater. Exceptions to competitive bidding requirements are to be strictly limited to instances where no other suppliers exist for specific (or equivalent) materials or services, or where it clearly is not in FPL's best business interests to obtain alternate pricing from multiple sources. Proper planning to allow adequate time to obtain the best value is the responsibility of the requester.
- 1.3 The procurement of materials and services must be conducted only by authorized personnel and through Integrated Supply Chain (ISC) approved channels. In all phases of the procurement process, all personnel must ensure compliance to applicable policies and procedures while also adhering to the highest principles of equal opportunity and the FPL Group Code of Conduct and Business Ethics.

2.0 Sole or Single Source Requirements:

- 2.1 Sole or single source procurements should be used on a limited exception basis and only when they can be justified as described below. If asked to bid and the ISC is unable to identify more than one bidder or the bid process results in only one bidder it is not considered sole or single source and the requirements identified in this policy for documenting sole or single source are not required.
- 2.2 When requesting material or services for purchase, nuclear departments should typically not specify a single or sole source for supply of that material or service. Nuclear departments may offer multiple suggested sources for consideration in the procurement process. Care must be taken by nuclear departments in the drafting of technical specifications not to formulate them in a manner as to effectively limit supply to single or sole sources. In those cases where a nuclear department does believe that valid business reasons support making a purchase on a sole or single source basis, a sole or single source justification is to be prepared by the requestor and shall be incorporated within the purchase requisition or by a separate memorandum which shall be included in the purchase file. The documented justification for a sole or single source shall follow the definitions and guidelines provided below.

	<p align="center">NUCLEAR DIVISION</p> <p align="center">NUCLEAR POLICY</p> <p align="center">PROCUREMENT CONTROL</p>	No.	NP-1100
		Rev.	15
		Date	02/25/08

- 2.3 Original Equipment Manufacturer (OEM) procurements for materials, equipment and services in which the OEM is the only provider for the materials, equipment or services (i.e., no other provider exists) need not be reported as a sole source. However, when the OEM is specified, it must be documented in either the purchase requisition by the requestor or the purchase order file by the Purchasing / Contracts agent.
- 2.4 Sole source procurements are defined as purchases of materials or services for which no other source exists. In some cases, sole source includes criteria set forth by Procurement Engineering in the form of a technical evaluation or criteria set forth by the Nuclear Quality Assurance Department. This type of procurement should state within the body of the purchase requisition or by a separate memorandum which shall be included in the purchase file the reason for the sole source justification. The justifications for sole source procurements without technical or quality criteria, as stated above, should state the reason for the sole source justification.
- 2.5 Single source procurements are defined as purchases from a source that is not a sole source but for quantifiable technical and/or business reasons has a unique capacity to meet procurement requirements or it is not in the best interests of FPL to solicit competitive bids.
- 2.6 Sole and or single source justifications shall be prepared by the department requesting or authorizing the purchase and must be completed in advance of the purchase being authorized. In addition, the justification must:
- state that no other source exists to provide the materials or service needed (In the case of sole sources), or
 - explain why it has a unique capacity to meet procurement requirements or it is not in the best business interests of FPL to obtain multiple bids and contain an assurance of the reasonableness of the proposed cost of the transaction (in the case of single sources).
 - be approved at the same level as is required to authorize the associated requisition and by the responsible vice president or designee, for which the sole or single source procurement is being requested. Refer to the authorization level table in NP-301, Section A.2. Sole or single source justifications for requisitions having a value greater than the authorization limit of the Chief Nuclear Officer (CNO) per NP-301 require approval of the CNO as the final signature.
 - except for emergent issues schedule adherence criteria and / or inadequate timing for bidding are not justifiable circumstances to proceed with sole and/or single source procurement.

	<p align="center">NUCLEAR DIVISION</p> <p align="center">NUCLEAR POLICY</p> <p align="center">PROCUREMENT CONTROL</p>	No.	NP-1100
		Rev.	15
		Date	02/25/08

2.7 In all cases the requestor is responsible for providing the justification to the Purchasing or Contracts agent executing the purchase for inclusion in the PO/Contract file. In addition the requestor shall provide a copy of the justification to the Manager, Nuclear Finance.

2.8 On a quarterly basis, the Manager, Nuclear Finance will provide to the CNO a listing of sole/single source procurements for the previous quarter.

3.0 Procurement Document Requirements:


3.1 Once the competitive bid mandate has been satisfied for the issuance of blanket purchase orders or long-term service contracts, subsequent work scope release authorizations are exempt from sole / single source justification provided all other aspects of procurement control have been satisfied.

3.2 The use of premiums to overcome manufacturer-scheduled production and delivery is to be avoided. However, when deemed necessary, the use of such premiums requires the approval of the manager of the requesting party.

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3.3 A "confirming purchase order" is an order, which is initially placed verbally with the supplier and then later confirmed with a written purchase order. A confirming purchase order is only used when time restraints preclude the use of a written purchase order due to an emergency or where time is of the essence. In all cases, a verbal authorization for a contractor or vendor to proceed with supplying materials or services must be authorized by one of the following: the Senior Director, Nuclear Supply Chain, a Vice President, the Nuclear Chief Operating Officer or the CNO. Verbal authorizations by nuclear personnel should be communicated to the Senior Director, Nuclear Supply Chain, as soon as possible to support compliance with the time limits of 3.3.a or 3.3.b as applicable.


- a. For non-safety related purchase orders: Verbal authorization must be documented by issuing the appropriate purchasing documents within five (5) business days of occurrence.
- b. For safety related purchase orders: The FPL Quality Assurance Program requires procurement document reviews prior to bid and contract award for all safety-related purchases. Prior to verbally placing the order, it must be verified that the intended supplier is on the FPL Quality Assurance Approved Supplier / Vendor List. The verbally placed order must be promptly followed up (confirmed) with a written procurement document, subject to all reviews and approvals, for safety-related purchases within the next business day.

	<p style="text-align: center;">NUCLEAR DIVISION</p> <p style="text-align: center;">NUCLEAR POLICY</p> <p style="text-align: center;">PROCUREMENT CONTROL</p>	<p>No.</p> <p>Rev.</p> <p>Date</p>	<p style="text-align: right;">NP-1100</p> <p style="text-align: right;">16</p> <p style="text-align: right;">02/25/08</p>
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- 3.4 Proper planning, specifications and scoping of materials and/or services and deliverables allow FPL to obtain competitive prices for materials and services. Purchase orders shall not be amended, or multiple separate purchase orders issued, with the intent of eliminating or circumventing bidding threshold requirements.
- 3.5 When obtaining materials and services it is the responsibility of the procurement agent to ensure that competition among bidders is fair and equitable and is open to multiple sources capable of providing materials and services to FPL in a safe, reliable and cost-effective manner. Bids should be requested from as many bidders that are considered reasonable and practical, but not more than ten (10). In all bid situations, bids should be requested from at least three (3) bidders, whenever possible.
- 3.6 As a result of competitive bidding, a Supplemental Labor Services (SLS) contract is established at each site for project-related work. The existing SLS contract should be used to provide project-related work, using the negotiated rates included in the existing SLS contract. It is the responsibility of the site Manager of Projects to maintain compliance with the competitive bid process through the use of either the established SLS contract or a separate competitive bid.
- 3.7 When procuring the use of outside consultants to perform specialized tasks, CNO approval must be obtained in accordance with NP-411.

**4.0 Change Order
Requirements:**

- 4.1 Any change to an existing purchase order, which changes the expiration date, increases the dollar value of the original document or alters the scope of work covered by the original document requires an authorized requisition, or an approved Supplier Deviation Notice (SDN) when applicable, prior to processing.
- 4.2 In addition, any change which is not the result of competitive bidding and which increases the value of an existing PO / Contract by twenty-five thousand dollars (\$25,000.00) or greater requires a sole or single source justification to be prepared by the requestor in accordance with Section 2.0 of this policy. Sole or

	<p align="center">NUCLEAR DIVISION</p> <p align="center">NUCLEAR POLICY</p> <p align="center">PROCUREMENT CONTROL</p>	No.	NP-1100
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single source justifications are not required for changes to releases within the defined work scopes of blanket purchase orders or long term contracts which have previously been competitively bid or had sole or single source justifications per this policy. In the case of inventoried stock coded items where a system demand/forecast qualifies as the originating requisition, such system demand / forecast also serves as the single / sole source justification and a separate justification is not needed.

Approved: Signature on File
Chief Nuclear Officer

Editorial Approval Only: Signature on File
Corporate Functional Area Manager

**FPL**

General Operations

Date Approved: 11/26/07
Approver: Mike Posso

Title: # 705 Purchasing Goods and Services - Policy and Definitions	Function: Procurement Subfunction: Materials and Services
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- Scope
- Policy for Procuring Materials and Services
- Contract Administration Requirements
- Definitions
- Related References

Scope

This document provides business units with the policy, contract administration requirements and associated definitions related to the procurement of goods and services. The requirements that are outlined in Procurement/Materials and Services/Procedures #705.1, #705.3, and #705.9 comprise the corporate minimum guidelines for procuring goods and services; business units may at their option adopt additional or more stringent controls.

Nuclear Division: The procurement of goods and services for Nuclear Facilities must be in strict compliance with Nuclear Supply Chain policies and procedures, and the Nuclear Supply Chain's Quality Assurance Program. These shall govern Nuclear procurement and shall, where appropriate, include at a minimum, requirements as set forth in this Procurement/Materials and Services/Procedure #705 series. In the event of any ambiguities, the Nuclear Supply Chain documents shall govern.

The following topics are included in this document:

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Policy for Procuring Materials and Services

The procurement of materials and services is to be conducted only by authorized company personnel and through Integrated Supply Chain (ISC) approved channels. In all phases of the procurement process, all personnel must ensure compliance to applicable policies and procedures while also adhering to the highest principles of equal opportunity and the FPL Group Code of Conduct and Business Ethics.

The methods of procuring materials and services depend on the value and level of risk associated with the purchase. ISC personnel are available to assist with all procurement needs. It is often in the best interest of the organization that is seeking to obtain goods or services, to obtain ISC involvement at the earliest possible stage of assessing the need for possible purchase of goods or services.

Segmenting requests into multiple items or deliberately underestimating the expected amount of a purchase in order to avoid or reduce approval levels, or in order to avoid the use of particular types of procurement documentation, is strictly prohibited.

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Any deviations from, or additions to, the requirements set forth in Procurement/Materials and Services/Procedures #705 series must be

- documented and authorized by the appropriate business unit head, and
- routed to the Senior Vice President, Engineering & Construction/Corporate Services for notification and review.

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Contract Administration Requirements

The procurement of materials and services must be conducted only by authorized company personnel and through Integrated Supply Chain (ISC) approved channels. In all phases of the procurement process, all personnel must ensure compliance to applicable policies and procedures while also adhering to the highest principles of equal opportunity and the FPL Group Code of Conduct and Business Ethics.

The methods of procuring materials and services depend on the value and level of risk associated with the purchase. ISC personnel are available to assist with all procurement needs. It is often in the best interest of the organization that is seeking to obtain goods or services, to obtain ISC involvement at the earliest possible stage of assessing the need for possible purchase of goods or services.

Any deviations from, or additions to, the requirements set forth in this procedure must be

- documented and authorized by the appropriate business unit head, and
- routed to the Senior Vice President, Engineering & Construction/Corporate Services for notification and review.

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Definitions

The following are terms used in used in Procurement/Materials and Services/Procedures #705 series:

Term	Definition
Contract	A purchase contract or customized contract document (see respective definitions). From a commercial law standpoint a purchase order is also a "contract", but the terminology used in this procedure is meant to distinguish purchase orders from contracts since these have different process requirements.
Contract Change Order (CCO)	A purchasing document which makes a change to any existing purchase order, purchase order release, or contract. Changes include revisions to scope or schedule requirements, changes in expiration date, changes in compensation, etc. (CCO's within the Nuclear Passport system are referred to as "Revisions".)
Customized Contract (bilateral agreement)	A contract document written for a specific transaction and manually signed by a duly authorized representative of FPL and the other contracting party. Customized contracts are used where terms for performance and risk need to

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	<p>be highly specific to the transaction involved. They are typically confined to very high-dollar, or high-risk transactions. Signature is typically at the executive level. At a minimum, Law department or designated legal counsel will be involved to review the appropriateness of terms.</p> <p>A purchase order (sometimes called an "accounting purposes only purchase order") is typically issued in conjunction with the execution of a customized contract in order to provide a vehicle against which invoicing can be matched in FPL's accounts payable system.</p>
Field Releaser	Persons who have been given authorized procurement system access that allows them to issue purchase order releases against existing purchase contracts. Field releasers are granted and have limited access to create and change purchase order releases which reference valid purchase contracts.
Integrated Supply Chain (ISC)	The central organization serving FPL Group needs for sourcing, procurement, and inventory and logistics management. Some additional specialized sourcing and procurement also takes place in other specifically designated organizations (e.g., Energy Marketing and Trading).

Letter of Intent (LOI) / Memorandum of Understanding (MOU)	Documents called a "letter of intent" or a "memorandum of understanding" (the terms are used somewhat interchangeably) are business documents that set forth initial agreements prior to the negotiation of all transaction details. They are treated as customized contracts for purposes of process and authority. There is no standard form for these documents, and their usage should be rare.
Predetermined Source	<p>A supplier determined through a competitive evaluation and/or other documented economic analysis to be the preferred source for a particular goods or services. Predetermined sources may be established for particular periods of time, for particular regions, and so forth. It is possible to have multiple predetermined sources for a particular good or service with one source designated as primary, another as secondary, and so on.</p> <p>Purchase order releases made against purchase contracts held by predetermined sources are subject to less stringent bidding requirements, because the requirements of competitive evaluation have already been satisfied at the time of award of the purchase contract to the predetermined source.</p> <p>All predetermined sources hold purchase contracts, but not all holders of purchase contracts are predetermined sources. Predetermined sources are designated only by the ISC, and are contained on a list published regularly by the ISC.</p>

Purchase Contract	<p>A procurement document facilitating the recurring or ongoing purchase of goods or services. While a purchase contract will be for certain described types of work, the specific scope of work (time, amount, and price of work to be provided) may not be described. As specific items of work are determined, they are "released" against the purchase contract (see definition for "purchase order release").</p> <p>Purchase contracts set forth terms and conditions that apply to work. Purchase contracts are held by both "predetermined sources" (see definition above), and by "convenience" or "bid blanket" suppliers whose contracts are set up to facilitate ongoing business but which do not indicate that pricing in any specific instance is necessarily assumed to be favorable. Therefore a purchase contract does NOT by itself indicate that the supplier holding the contract is pre-approved for use without competitive bidding. In FPL's SAP procurement system purchase contracts are identified with a "46" prefix number.</p>
Purchase Order (PO)	A procurement document providing for the purchase of particular goods or services. Although payments and deliveries may be made in stages or

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	installments, the transactions are essentially stand-alone (i.e. all the elements of the transaction are contained in the document and once the work is completed, the purchase order is not used for further business). In FPL's SAP procurement system these documents are identified with a "45" prefix number.
Purchase Order Release (PO Release)	A purchase order for particular goods and services to be provided in accordance with (i.e. "with reference to") terms and conditions already established in a purchase contract (see definition for "purchase contract"). Purchase order releases are in fact a form of purchase order, and unless specifically exempted are subject to all procedural requirements for purchase orders.
Purchase Requisition (Requisition or Req)	<p>A duly authorized request to the purchasing agent (see definition) to perform sourcing and procurement activities to fill an identified need. Requisitions are required for the execution of new contracts and purchase orders even when such documents do not entail firm commitments to buy (e.g. "blanket orders" or "blanket contracts").</p> <p>Requisitions are only required for purchase order releases to non-predetermined sources which are in excess of \$100,000 (such purchase order releases are processed by the ISC). Whenever possible, requisitions are generated and approved via electronic requisitioning systems (e.g. Passport or e-Prb Req.) A requisition should be prepared and authorized before sourcing activity commences and at a minimum, prior to the actual execution of a sourcing transaction.</p>
Purchasing Agents	Persons who have been given system access and authority to issue purchase orders and purchase contracts on behalf of FPL. ISC sourcing and purchasing personnel and non-ISC buyers stationed at power plant sites are purchasing agents. Field releasers are not included under this definition.

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Related References

Procedure Title	Location
Methods of Purchasing Goods and Services - Types of Goods and Services	Procurement/Materials and Services/Procedure #705.1
Purchasing Goods and Services - Significant Risk/High Value Purchases	Procurement/Materials and Services/Procedure #705.3
Purchasing Goods and Services - System Controls	Procurement/Materials and Services/Procedure #705.9

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4/4/2008

**FPL**

General Operations

Date Approved: 03/24/07

Approver: Mike Posso

Title: # 705.1 Methods of Purchasing Goods and Services - Types of Goods and Services	Function: Procurement <hr/> Subfunction: Materials and Services
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- Scope
- Types of Goods or Services and Purchasing Methods
- Purchasing Materials & Supplies (M&S)/Inventory-Related Items
Purchasing Materials & Supplies (M&S)/Inventory-Related Items
- Purchasing Desktop Automated Procurement Items (ePro) [EXF512, EXF513, EX259]
- Purchasing Low Risk Goods or Services
Purchasing Low Risk Goods or Services
- Significant Risk/High Value Goods or Services [EX112, EXF471]
- References

Scope

This document provides business unit personnel with the methods used to purchase various types of goods or services.

Note: Reference numbers inserted in brackets throughout this document reference specific Control Activities that are part of compliance with the Sarbanes-Oxley Act of 2002.

The following topics are included in this document:

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Types of Goods or Services and Purchasing Methods

The following table defines the types of goods or services and the methods used for purchasing them.

Type of Goods or Services	Definition/Purchasing Method
Materials & Supplies (M&S)/Inventoried Items	Industrial parts for maintenance, repair, and spares which are purchased only by the company's Integrated Supply Chain group and are supported by input from demand management systems.
Desk-top Automated Procurement Items	Specific low-dollar-value items needed on a frequent basis (e.g. office supplies) that can be ordered by any employee directly from their work station using the e-Pro (electronic procurement) system
Low Risk Goods or Services	Non-M&S goods and services with a value of \$10,000 or less, and which do not involve significant risks, may be bought directly by

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	user areas using any one of several approved methods such as procurement corporate cards.
Significant Risk/High Value Goods or Services	<p>items with a value in excess of \$10,000 that are purchased for the company by procurement personnel using some form of purchase order or contract. User/requesters need to prepare and submit some form of request or requisition to a procurement area in order to get these needs fulfilled.</p> <p>This method of procurement is also required for goods/services for \$10,000 or less if they involve potential significant risks of damage, injury, or interruption of service, or when there are other valid business reasons</p>

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Purchasing Materials & Supplies (M&S)/Inventory-Related Items

Materials and supplies (M&S)/inventory related items are items which the company catalogs and maintains as part of inventory. These items are obtained only by procurement personnel that work in designated supply chain departments. Requests for M&S items are generated by automated inventory restocking systems or by initiating a Purchase Requisition as outlined in Procurement/Materials and Services/Procedure #705.3.

SAP "NB" contracts are established to order Materials and Supplies (M&S) only. These contracts are established for a specific period of time and provide the

- detailed listings of the approved materials
- specifications as they apply and
- contracted unit cost.

Purchase order releases are produced against established material contracts that are based upon replenishment policies contained within various planning systems. These contracts may be based upon standard terms or conditions and in some cases may require the negotiation of a bilateral agreement to address specific commercial risks.

M&S Supplier Selection

The following table describes the ISC process for selecting the supplier Purchase Contract.

If ...	then ...
there is only one supplier Purchase Contract for the material being demanded from the Automated Inventory Replenishment Demand System (MRP systems)	a Purchase Order is automatically generated to notify the supplier.
there is more than one supplier Purchase Contract or source listed	the procurement system, SAP R/3, will automatically:

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1. Place a notification in the respective agent's queue for the selection of a specific supplier that does not have pre-set quantity allocations (assigned quotas).
2. Upon agent's selection, a Purchase Order is generated according to the assigned quantity allocations to notify the supplier that has preset quantity allocations (assigned quotas). Note: All Purchase Orders are communicated via EDI/Auto fax or printed and manually faxed.

The issuance of a Purchase Order Release for M&S Items does not require the use of a Requisition. Purchase order releases are issued against established M&S contracts based upon replenishment policies contained within various corporate planning and Materials Requirement (MRP) systems. For M&S items which are not covered under an M&S Purchase Contract, stand-alone PO's may be utilized.

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Purchasing Desktop Automated Procurement Items (ePro) [EXF512, EXF513, EX259]

Items Available in ePro

FPL's e-Pro (electronic procurement) system provides the capability for an individual employee to order approved items from the following categories:

- office supplies
- office furniture
- personal computer hardware/software
- individual cell phone equipment
- media equipment, and
- marketing/promotional items.

Items available in e-Pro have established agreements and prices that are posted in the system. Orders in the e-Pro system are routed for approval prior to fulfillment based on the dollar-value of the item(s) requested.

Generating an ePro Order

An ePro order is generated when all of the following is completed:

1. An order originator enters an ePro requisition (i.e. "shopping basket") through the "Create Shopping Basket Transaction" in ePro.
2. The approver is selected based upon a list of valid approvers from the SAP FPL approver table.
3. The delivery address is selected from a drop-down list of authorized FPL locations.
4. The ePro user accepts the default business unit/department which is applied to the requisition, based on user's id. However, they have the opportunity to change the business unit/department when they are preparing the requisition on behalf of another business unit or department within a business unit.

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5. The account distribution is entered and systematically validated against FPL's Chart of Accounts. If the account distribution is invalid, the transaction will not be processed by ePro and the order originator must correct the error before the transaction can be completed and posted [SAP623#].

Detailed Instructions for using the e-Pro system may be found on INFPL at <http://infpl/bunit/corpservices/isc/epro/E>

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Purchasing Low Risk Goods or Services

Low Risk Goods or Services Criteria

Purchases are considered to be low risk if

- the dollar value is 10,000 or less, and
- there is little or no perceived chance of (a) personal injury, (b) damage to property, or (c) interruption in generation, transmission, or distribution service, that is associated with the use (or the failure in service) of that good or service being purchased.

Items which are deemed to be of a low risk nature may be purchased by the following methods:

- Desk-top automated procurement system (e-Pro) for certain specific items (see section above).
- Non-PO Invoice,
- Procurement cards, petty cash, or local checks, and
- Agreement for Work or Service (AWS).

These purchasing methods are described in further detail below.

Automated Procurement System (ePro)

The electronic procurement system (e-Pro) is a desktop accessible gateway for the procurement of low dollar, high transaction volume goods and services; see section above for details.

Non-PO Invoice

Non-PO invoices are used for miscellaneous low risk items which are **\$10,000 or less** and not covered by e-Pro.

Exception: Do not use the non-PO invoice method if

- procuring inventory items
- warranty, insurance provisions, or performance measures are applicable, or
- a system-wide purchase contract is in place which fulfills requirements.

Procurement Cards, Petty Cash, or Local Checks

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The following are additional methods available for the procurement process of low risk, low dollar (\$10,000 or less) transactions:

- procurement cards (Accounting/Payables/Procedure #306)
- petty cash and local check (Accounting/Payables/Procedure #303 and #300).

The use of procurement cards is strongly preferred over the use of either petty cash or local checks.

Procurement cards, petty cash, and local checks do not by themselves protect the company's interests or establish the basis for an agreement. Therefore, these methods may not be used for

- procurement of inventory items
- services where suppliers come in contact with company customers
- purchases which require warranty considerations, or
- services where supplier performance is required on company property (In this case, use of an Agreement for Work or Service may be considered (-see below -)).

Agreement for Work or Service

An Agreement for Work or Service (AWS) must be completed unless a purchase order or contract is used where supplier performance is required on company property, but

1. the value of services is \$10,000 or less and
2. the service is of low risk, such as local training classes or entertainment at company hosted functions.

An Agreement for Work or Service serves as a contractual mechanism intended to assure the contractual liability of a supplier for the acquisition of simple, low risk services. Settlement may be accommodated through the use of

- a procurement card
- a non-PO invoice
- petty cash, or
- a special payment request.

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Significant Risk/High Value Goods or Services [EX112, EXF471]

Purchases over \$10,000 in value require that prior to the commitment, ordering, or receipt of goods or services, an appropriate purchasing document be issued by authorized purchasing personnel. Also, any product or service whose use (or failure in service) has significant inherent risk as follows must be acquired through the use of appropriate purchasing documents as outlined in Procurement/Materials and Services/Procedure #705.3.

- personal injury
- damage to property, or
- interruption of generation, transmission, or distribution service.

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In addition, special requirements apply to any request for non-audit services from FPL's external audit firm or its affiliates or subsidiaries. These types of request must first be reviewed and approved by the Audit Committee of the FPL Board of Directors prior to the award of any such work.

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References

Procedure Title	Location
Cash Disbursement Authorization and Payment Requirements	Accounting/Payables/Procedure #300.
Purchasing Goods and Services -Significant Risk/High Value Purchases	Procurement/Materials and Services/Procedure #705.3
Purchasing Goods and Services - System Controls	Procurement/Materials and Services/Procedure #705.9

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General Operations

Date Approved: 11/26/07

Approver: Mike Posso

Title: # 705.3 Purchasing Goods and Services - Using Purchase Orders and Contracts	Function: Procurement Subfunction: Materials and Services
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- Scope
- Significant Risk/High Value Goods and Services
- Specifying the Need for Goods and Services [EXF513]
- Purchase Requisitions [EX112]
- On-line Systems for Requisitions [EXF514, EXSAP/623]
- Authorization of Purchases [EX121, EX212, EX213, EX316, EX472, EXF510, EX259, EXSAP621]
- Procurement Personnel
- Segregation of Duties [EX463, EX464, EX465, EX466, EX467, EX468]
- Purchasing Documents [EX212, EX258]
- Leveraging Purchases
- Bidding Requirements [EX475]
- Budgetary Estimates
- Emergency Procurement
- Contract Change Orders (CCO's) [EX125]
- Authorization Requirements for Change Order [EX470]
- Requirements for Receipt and Payment
- Document Retention & Office of Record
- Records Referenced in this Procedure

Scope

This document provides business units with the requirements for purchasing goods or services that are considered to be of a significant risk/high value (or are otherwise purchased utilizing purchase orders or contracts).

Note: Reference numbers inserted in brackets throughout this document reference specific Control Activities that are part of compliance with the Sarbanes-Oxley Act of 2002.

The following topics are included in this document:

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Significant Risk/High Value Goods and Services

This procedure 705.3 applies to non-M&S (non-inventoried) goods and services over \$10,000 or any product or service whose use (or failure in service) has significant inherent risk of

- personal injury
- damage to property, or
- interruption of generation, transmission, or distribution service.

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Specifying the Need for Goods and Services [EXF513]

Personnel who request goods or services that are to be obtained through a purchase order or contract are responsible to fully define and document their needs. This includes considering and specifying

- where the work will be performed/delivered and any special work location requirements
- work scope, including appropriate technical specifications if applicable
- any mandatory qualifications of supplier personnel or equipment that will provide the goods or services
- performance requirements
- schedule requirements
- reporting requirements
- budgetary constraints, and
- all expected deliverables from the supplier.

In particular, those persons should be sure to contact appropriate subject expert areas to evaluate specialized technical risks and to ensure these are considered in the request. Specialized technical risks include, but are not limited to

- environmental
- regulatory
- community impact, or
- labor relations

Delivery locations specified on purchase documents are limited to company locations. These delivery locations have been pre-established in a table which is maintained within the SAP system. The ISC is available to work on a consultative basis with departments that are considering a purchase request to assist in the development of needs statements.

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Purchase Requisitions [EX112]

Property authorized purchase requisitions are required for all purchasing transactions performed by purchasing agents, including contract change orders (CCO) that affect the expiration, value, or scope of a previously issued

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purchasing document.

Exceptions: A purchase requisition is not required for

- SAP purchase order releases less than \$100,000
- contract change orders which result in a cumulative value of less than \$100,000 which are created by non-ISC personnel
- contract change orders which do not affect expiration, dollar value, or scope.
- customized contract — for these documents, signature on the customized contract itself, in compliance with corporate commitment authority levels, serves as a simultaneous requisition
- purchase order releases for materials and supplies ("M&S" items) purchased through inventory and demand management programs (see below).

In instances where access to requisitions is not feasible due to emergency conditions refer to the Emergency Procurement topic later in this procedure.

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On-line Systems for Requisitions [EXF514, EXSAP/623]

Requisitions are initiated and authorized through automated on-line request systems such as

- Indus Passport (for Nuclear Division)
- e-Pro Requisition in the SAP system
- system demand for M&S items, or
- Power Generation Division's Work Management system (WMS).

These systems specify minimum information requirements which are needed for a requisition. In cases where it is impracticable to access an electronic system, a manual request may be prepared containing equivalent information.

In all cases, requisitions are required to be authorized by an individual with appropriate dollar-level budgetary (or "commitment") authority, in accordance with established corporate policy. Electronic procurement systems provide for automated requisition approval and tracking by the requestor.

Further information about initiation and status of procurement requisitions is located on the ISC website at http://infpl/bunit/corpservices/isc/Procurement/PROC_reqform.shtml

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Authorization of Purchases [EX121, EX212, EX213, EX316, EX472, EXF510, EX259, EXSAP621]

All purchases for more than \$250 require independent documented authorization in advance of the purchase by someone other than the initiator/requestor of the purchase. Authorization to establish Purchase Contracts, Purchase Orders, or Purchase Order Releases is accomplished by the appropriate approval of a requisition (see sections above) for a purchase. The corporate guidelines for authorization levels on requisitions and purchase order releases are as indicated in the authorization level matrix in Accounting/Payables/Procedure # 300.

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.3.shtml>

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Before a system-generated (non-M&S) Purchase Order or Purchase Order Release is generated, an on-line approval is also required and is obtained from the requesting area (this is in addition to the approved requisition).

This approval of the purchasing document provides an opportunity for the requesting area to review and verify the details of the purchase to ensure that it meets their requirements. Approval of the purchasing document is based upon the same commitment authority levels as used for the approval of requisitions.

On-line authorizations may be established by submitting a completed SAP Authorization Request Form to ACG/GO.

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Procurement Personnel

Purchases of significant risk/high value goods or services are performed by procurement personnel. These include: Integrated Supply Chain (ISC) Purchasing Agents, other non ISC purchasing agents and field releasers.

ISC Purchasing Agents

The ISC purchasing agents have the authority to issue purchase orders, contracts, purchase order releases, and contract change orders.

Other (Non-ISC) Purchasing Agents

Other non-ISC purchasing agents, such as personnel with authorized buyer numbers reporting to Power Generation Division operational management, shall adhere to the provisions of Procurement/Materials and Services/Procedure #705 series. Purchase orders or contracts issued by such personnel shall not exceed an aggregate value (cumulative of all subsequent changes) of \$100,000, except for ISC-determined and documented "predetermined sources".

Any purchase orders or contracts required in excess of \$100,000, and any changes which will bring the cumulative value of an existing PO or contract above \$100,000, shall be routed via an authorized requisition for issuance by the ISC. (See "Emergency Procurement" topic below for restricted exceptions to the \$100,000 limit.)

Local business unit management may, at its discretion, also issue procedural requirements for other non-ISC purchasing agents which are more stringent than those contained in the Procurement/Materials and Services/Procedure #705 series.

Field Releasers

Field releasers shall not create purchase order releases with an aggregate value (cumulative of all subsequent changes) exceeding \$100,000, unless the release is to a predetermined source established by the Integrated Supply Chain. Releases required in excess of \$100,000 (except to predetermined sources), and any changes which will bring the cumulative value of an existing release above \$100,000, shall be routed via an authorized requisition for issuance by the ISC. (See "Emergency Procurement" topic below for restricted exceptions to the \$100,000 limit.)

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Segregation of Duties [EX463, EX464, EX465, EX466, EX467, EX468]

Personnel who perform procurement functions are prohibited from performing certain incompatible duties within a single transaction. The table below describes the required minimum segregation of duties for each purchasing transaction.

Can you					
If you	Initiate request	Approve request	Issue Contract/PO	Verify receipt or completion	Okay to pay
Initiate request		No	Yes	Yes	No
Approve request	No		No	No	Yes
Issue Contract/PO	Yes	No		No	No
Verify receipt or completion	Yes	No	No		No*
Okay to pay	No	Yes	No	No*	

Note: The chart above shows that a person who initiates a request can issue the contract/PO or can verify receipt/completion. However the same initiator cannot both issue and verify in the same transaction.

* Exception: For services or construction work administered by the Engineering & Construction Division, an individual may perform both completion verification and approval for payment as a consolidated step (up to dollar amounts as authorized as per corporate commitment authority).

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Purchasing Documents [EX212, EX258]**Types of Documents**

Appropriate purchasing documents for high risk/high value purchase consist of any one of the following:

- a fully executed purchase order (PO)
- contract
- contract change order (CCO)
- purchase order release to existing purchase contract (PO Release), or
- Letter of Intent (LOI) or Memorandum of Understanding (MOU).

Appropriate purchasing documents are used to establish the contractual commitments of a supplier who has been selected to provide goods or services. In general, these documents provide

- a statement of work
- liability protection, and
- terms for payment.

Documents Issued by ISC

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.3.shtml>

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All significant risk or high value items are acquired through the issuance of one or more of the following documents by the purchasing agents. (See Definitions section in Procurement/Materials and Supplies/Procedure #705 for a complete explanation of each document below.)

- Customized Contracts
- Purchase Contracts
- Purchase Orders, or
- Purchase Order Releases

The types of documents issued by the procurement area are based on the type of transaction as follows:

Customized Contracts - used for certain major special transactions that may or may not involve a specific scope of work.

- Purchase Contracts - agreements in SAP or other procurement systems used when the scope of work is:
 - generic - the particular type of goods or service but quantities and schedules are not specified.
 - contingent - the terms and prices for the items which are available are established based upon the selection and purchase timeframe.
 - ongoing - authorized as multiple independent scopes of work which are not pre-committed.
- Purchase Orders and Purchase Order Releases - used when the scope of work to be provided is specific and defined (i.e. typically a one-time event, though that event may be an extended project). Some details in the scope of work do not need to be specific and can be determined later.

Appropriate purchasing documents are to be authorized, executed, and issued prior to the commencement of work or the ordering of goods which have a value of over \$10,000 or which entail significant risks to the company.

Purchasing documents are issued to suppliers. A list of suppliers is established within the SAP procurement system and maintained by the FPL Accounting/Finance organization.

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Leveraging Purchases

Leveraging Purchasing Contracts

The ISC has established purchase contracts with suppliers that provide various goods and services needed on a recurring basis. Whenever practical, purchases should be awarded to those sources (after competitive bidding, if dollar amounts require) in order to consolidated and leverage procurement power across the company or business unit.

Purchasing agents are responsible to be familiar with pertinent purchase contracts and to encourage their use as appropriate. Certain purchase contracts intended for company-wide use (e.g., for the ordering of office supplies) are accessed via the e-Pro system. Refer to the ISC Procurement website for availability and use of these contracts <http://infpl.fpl.com/bunit/comservices/isc/Procurement/index.shtml>.

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Using Purchase Order Releases

In cases where the ISC has established purchase contracts with various suppliers, business units are

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.3.shtml>

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empowered to designate individuals within their area of authority as field releasers. Field releasers may issue purchase order releases against established purchase order contracts up to an amount of \$100,000 per release. Such releases

- are not considered new sourcing activities, and
- do not require the use of a separate authorized requisition in advance of the release.

From a company liability standpoint, purchase order releases, function like any other type of purchase order. Accordingly:

- Purchase order releases are to be issued in advance of work being performed, in order to authorize the supplier to perform or provide that work, and the releaser is responsible to ensure that each purchase order release includes a sufficiently detailed scope and schedule of work to fully describe what the supplier will be obligated to provide.
- The validity dates of a purchase order release should be established to cover the entire span expected for completion of work, including final inspections and invoice processing.
- A fully executed (authorized and signed) purchase order release should be provided to the supplier of goods and services in advance of work beginning. It may also be prudent to require an acknowledgment copy of a purchase order release (signed by the supplier) be returned; however, this is not strictly required.
- Documentation requirements for purchase orders also apply to purchase order releases, and the office that issues the release has the responsibility as "office of record" for this purpose (see the "Document Retention" section of this procedure, below).
- Purchase order releases are not intended to be issued after-the-fact solely for purposes of enabling invoice payment.

In cases where the ISC has established a single preferred purchase contract for particular goods or services (referred to as a "predetermined source") the \$100,000 limit of releases by field releasers does not apply.

All purchase contracts are not "predetermined sources". Many purchase contracts exist to expedite the procurement process, but do not eliminate the need for competitive evaluations. In cases where a release will be made for more than \$25,000 to a non-predetermined source, non-ISC releasing personnel are empowered to perform a competitive bidding between competing suppliers (at least three, if available) who have current valid purchase contracts. Bidding must be documented, at a minimum using initialed and dated notes retained on file. See also the next section of this procedure (Bidding Requirements) for standards of confidentiality and other standards which are to be adhered to in all bidding. If additional competitive sources (beyond suppliers who already have purchase contracts) are needed, the sourcing is to be referred to the ISC via a requisition, and the ISC will initiate a request-for-proposal process.

Refer to the ISC website for functional questions related to purchase orders released against a contract. For listings of predetermined sources also refer to the ISC website
<http://infpl/bunt/corpservices/isc/procurement/PredeterminedSourceList.xls>

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Bidding Requirements [EX475]

Performing Competitive Bidding

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.3.shtml>

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HEARING EXHIBIT 00000550

Competitive bidding is the required standard for all transactions with an estimated aggregate annual value in excess of \$25,000. Bidding is definitely not prohibited for amounts of \$25,000 or less, and there may be cases when it is in the company's best business interest to seek competitive bids for such smaller amounts.

Bids from suppliers are to be

- requested from suppliers and
- received only by authorized purchasing agents.

Bidding is an essential control to validate the reasonability of prices; accordingly, Business Units which have a need for goods or services for which bidding will be required are required to support the bidding process and need to inform procurement personnel (via requisition or otherwise) in a timely manner so that bidding may be performed effectively.

The ISC and business units seeking to obtain goods or services are responsible to ensure that competition among bidders

- is fair and equitable, and
- is open to multiple sources capable of providing goods and services to the company in a safe, reliable, and cost-effective manner.

Number of Bidders

In bidding situations bids should usually be requested from as many bidders as reasonable (typically not more than ten). Bids are to be requested from at least three (3) bidders whenever possible.

Bid Requests

Competitive bidding is the standard approach to procurement. Sole or single source is to be done only on a limited exception basis for goods and services valued over \$25,000.

Purchasing agents are authorized to issue the following documents in order to obtain bids or to obtain information in advance of bidding:

- Request for Proposal (RFP)
- Request for Quote (RFQ), or
- Request for Information (RFI).

Field releasers are required to obtain bids needed to competitively award purchase order releases in excess of \$25,000 against established purchase contracts where no predetermined source exists.

The company is committed to the development and recognition of Small, Disadvantaged, and Women-Owned Small Businesses. Wherever possible, these companies are to be afforded the opportunity to compete for business. Refer to Procurement/Materials and Supplies/Procedure #702 for a detailed explanation of the minority/disadvantaged business program and responsibilities.

Bids as described in this procedure must be requested and received in written form (except where the Emergency Procurement procedure applies) such as

- faxes
- e-mail
- hard-copy printouts or
- detailed signed notes can satisfy the requirement for a written bid.

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Exceptions to competitive bidding requirements are to be strictly limited to documented instances where

- no other suppliers exist for specific (or equivalent) goods or services, or
- it clearly is not in the company's best business interests to attempt to obtain alternate pricing from multiple sources.

Procurement personnel are responsible for reviewing any submitted single or sole source justification for reasonableness, to maintain it in the file associated with the procurement, and to reject the justification if the rationale is weak. Refer also to the "Single or Sole Source Justification Memo" below.

It is the obligation of business units to work with the ISC to provide reasonable support and justification for requested single/sole sources (e.g., through statistical analyses or independent cost assessments) in order to verify the reasonability of transactions.

Suggesting Sources of Supply

When requesting goods or services for purchase, business units should typically not specify a single or sole source for supply of that good or service. Business units may offer multiple suggested sources for consideration in the procurement process. Care must be taken by business units in the drafting of technical specifications not to formulate these in a manner that effectively limits supply to single or sole sources.

In those cases where a Business Unit does believe that valid business reasons support making a purchase on a single or sole source basis, and the expected annual value of the purchase exceeds \$25,000, a sole or single source justification, (addressing items #1, #2, and #3 below), is required to accompany the requisition, and, accordingly is subject to the same authorization level as the requisition itself.

Single or Sole Source Justification Memo

If it is not possible to include a single/sole source justification as part of a requisition itself, a separate single or sole source justification memo is required. Such memos shall be prepared by the department requesting or authorizing the purchase and must be completed in advance of the purchase being authorized and must

1. state that no other source exists to provide the goods or service needed. (In the case of sole sources.), or
2. explain why it is not in the best business interests of the company to obtain multiple bids and contain an assurance of the reasonableness of the proposed cost of the transaction (In the case of single sources.) and
3. be signed at the same level as is required to authorize the associated requisition. Refer to the authorization level matrix in Accounting/Payables/Procedure #300.

In cases where a single or sole source justification has been authorized in lieu of bidding, the purchasing agent performing the purchase is responsible for

- reviewing the justification for reasonableness, and
- maintaining the justification memo on file.

Bid Confidentiality

All bid information must be kept in confidence and the person or organization requesting bids must keep bid documents secured and on file. Such information is considered as "Confidential Information" and subject to the provisions of the FPL Group Code of Conduct and Business Ethics and Records Management/Record Protection/Procedure #810.

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Budgetary Estimates

Business Units which will need to prepare a requisition for the purchase of goods or services (see above) may inquire directly with potential suppliers in order to obtain a budgetary estimate of possible costs. However, extreme care must be taken in any such case to ensure that

- no commitment is made, either express or implied, to purchase any goods or services from potential suppliers
- no cost estimate is treated with a supplier as an "agreed" price, and
- no contractual purchase obligation appears to be created, such as signing a supplier's engagement letter or statement of work document.

Budgetary estimate information which is received must be treated by the recipient as confidential information as described in the "Document Retention & Office of Record" topic later in this procedure.

Budgetary estimates are not a substitute for bidding. Accordingly, the obtaining of budgetary estimates should not be expected to reduce the time necessary to complete the competitive procurement process.

In general, budgetary estimates are requested without reference to commercial terms and conditions (warranties, guarantees, indemnity and insurance requirements, etc.). Consequently it should be expected that actual contractually binding pricing may differ (sometimes significantly) from budgetary estimates.

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Emergency Procurement

In cases of extreme emergency, verbal authorization (temporarily in lieu of documented requisitions and on-line approvals) to proceed with work may be given to authorized purchasing agents or field releasers, who may, in turn, provide direction to suppliers to commence work. Emergency situations include

- restoration of customer service following catastrophic damage to company facilities or service territory (e.g., fire, hurricane, or other natural disaster)
- possible imminent threat to national or local security
- resolution of an immediate threat to individual safety, or
- initial response to unplanned outages or interruption of service.

Verbal authorizations and accompanying request information must be documented and forwarded to appropriate purchasing agents or field releasers and appropriate purchasing documents (e.g. purchase order) issued within five business days of occurrence. Verbal authorization levels must be consistent with the authorization levels for non-emergency procurements as indicated in the Procurement/Materials and Supplies/Procedure #705 series.

For emergency procurements the \$100,000 maximum value limit which normally applies to items issued by non-ISC buyers and by field releasers is waived.

When absolutely critical in the case of an emergency procurement, purchasing agents and field releasers may waive the normal requirement for bidding which is applicable to purchases in excess of \$25,000. In such cases it is the responsibility of the purchasing agent or field releaser to ascertain (based on prior purchases, business judgment, etc.) that the price being paid for goods or services is reasonable under the circumstances. Upon issuance, emergency purchase contracts, purchase orders, and purchase order releases are still subject to authorization in accordance with standard practice as described in this procedure.

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.3.shtml>

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Contract Change Orders (CCO's) [EX125]

When to Utilize a CCO to Change an Existing Agreement

Changes to existing purchase contracts or purchase orders are made by issuance of a Contract Change Order (CCO). Subject to good business judgment, Contract Change Orders are **not** to be utilized for incorporating new, unrelated work into an existing agreement ("bundling"), or for making long-term renewals (more than 12 months) of agreements. In such cases a new agreement should be written rather than making a change to an existing one.

Examples where use of a Contract Change Order **is** appropriate include, but are not limited to:

- Administrative changes to names, addresses, corrections of typo's, etc.
- Add/delete/revise specific scope of work items within an original specific scope of work or add an item of insignificant value to be performed at the same site and within the same schedule as the original scope
- Add work items within an existing specific scope that are discovered after work commences (for example items revealed in the uncovering of work)
- Add additional funding to agreements to accommodate increased usage above expectations (but within existing time frame and scope)
- Exercise an option (for work or for additional time) which was already negotiated and included in the original agreement
- Revise selective unit prices/rates or add/delete selected items to an order which includes many unit items that are not committed but are available for future authorized ordering
- Short-term (12 months or less) extension of expiration to accommodate unforeseen project delays, project wind-up activities, or market re-evaluations

Although the examples above are cases where a Contract Change Order would be an appropriate vehicle to use, it should **not** be assumed that such changes are automatic or pre-authorized. Where costs or schedules are being changed, care must be taken to make sure the change is appropriate and in the best interests of the company. Contract Change Orders require appropriate authorization as further detailed in this Procedure.

Examples where use of a Contract Change Order **is not** appropriate include, but are not limited to:

- Add a separate job even if it is to be performed at or near same location as existing work
- Add an additional job won by the same supplier and to be performed within the time period of existing agreement, but comprising a new and separate scope of work
- Extension of existing agreements beyond the original time frame contemplated (other than short-term extensions as described above).

Changes to Purchase Orders and Contracts [EXF476]

Any change to an existing purchase order or contract, which changes expiration date, increases the dollar value of the original document or alters the scope of work covered by the document requires an authorized requisition prior to processing. In addition, if a change entails an increase in value of more than \$25,000, the requisition must include

- a single/sole source justification, or
- an accompanying single/sole source justification memo.

FPL 001047
NCR-08

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.3.shtml>

4/4/2008

HEARING EXHIBIT 00000554

(In the case of inventoried M&S items where a system demand/forecast qualifies as the originating requisition, such system demand/forecast also serves as single/sole source justification, and a separate justification is not needed.)

Changes which do not affect expiration date, dollar value, or scope are considered administrative and require only an internal request (e.g. verbal or by e-mail) describing the change in order to be executed; no requisition is required, although the change must be documented. Examples of such administrative changes are

- reissue of order to accommodate a supplier name change or revised tax I.d. number
- creation of additional line items (with no obligation to purchase), or
- revising or re-arranging interim deliverables or milestone dates, correction of typographical errors, etc.

Changes to Purchase Order Releases [EXF476]

Field releasers and plant agents may make changes to purchase order releases issued by their departments without approved Requisitions provided that the change does not increase the cumulative value of the purchase order release to more than \$100,000. Such changes up to \$100,000 need to be documented and retained on file. The exact form of documentation may be determined by local business units and does not need to take the form of an automated requisition. Single/sole source justification needs accompany requests for changes in excess of \$25,000.

Changes which will increase the cumulative value above \$100,000 require routing to the ISC for execution via an authorized requisition.

Sunset Provisions

Any change to a purchase order, contract, or purchase order release which extends the expiration date more than one year from the original date of expiration (or delivery, if there is no expiration date) requires the approval of the ISC at the Manager level (or higher).

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Authorization Requirements for Change Order [EX470]

The ISC is responsible for establishing requirements governing the routing and approval of contract change orders within the ISC. Requisitions for contract change orders are authorized by requesters based on the cumulative value of the original purchase order or contract plus all changes to date. Authorized change orders are issued by procurement personnel based on their agent authority and the incremental value of the change order.

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Requirements for Receipt and Payment

It is the responsibility of the company representative to ensure that any goods and services received by the company are in accordance with the procured specifications, terms, and pricing. Invoices must be processed in accordance with appropriate

- Accounting/SAP procedures, and
- Accounting/Payables procedures.

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Refer additionally to Purchase Order - Receipt of Materials and Services, Procurement/Materials and

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.3.shtml>

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Services/Procedure #720.4.Top ^

Document Retention & Office of Record

Procurement documents are confidential between the company and its bidders, suppliers, or contractors. Confidential procurement information includes

- requisitions
- supplier proposals and budgetary estimates
- purchase orders and associated attachments
- purchase order releases
- contracts and related contract correspondence.

The sharing or distribution of such documents and information is controlled, based on a need-to-know, and must be authorized in writing by the party requesting confidentiality. The activity associated with the solicitation, evaluation and award of contracted work is subject to the provisions of Records Management/Procedure #810. Release of such information to non-authorized personnel is in violation of the FPL Group Code of Conduct and Business Ethics and strictly prohibited. Those with access to contracts, purchase orders, or purchase order releases are required to take precautionary measures to avoid unintended disclosure of information to unauthorized personnel.

Regulatory requirements and sound business practices require that individuals involved in the procurement cycle maintain records of procurement transactions that are timely, accurate, and complete. The department which issues a customized contract, purchase contract, purchase order, or purchase order release shall serve as the "office of record" for that document and for all hardcopy records associated with that document (such as requisitions, successful and unsuccessful bid documents, change orders and so forth). For records that are retained electronically in an approved storage records system (e.g., Documentum), the ISC will serve as the office of record.

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Records Referenced in this Procedure

The department serving as office of record shall have the responsibility for maintaining record retention in accordance with

- Records Retention Schedules PRO 4 (capital) and PRO 7 (non capital), and
- Records Management/Procedure series and/or Nuclear Division record management procedures.

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.3.shtml>

4/4/2008

**FPL**

General Operations

Date Approved: 03/24/07

Approver: Mike Posso

Title: # 705.9 Purchasing Goods and Services - Procurement System Controls	Function: Procurement
	Subfunction: Materials and Services

- Scope
- Roles and Responsibilities [EXF470, EXF474, EXF477, EXSAP/601]
- Authorizations and Approvals [EX121, EX212, EX469]
- Types of Purchase Orders in SAP [EXSAP/605, EXSAP/613]
- Demand Management for Inventory ("M&S") [EX214, EXSAP/602]

Scope

This document provides business units with the required system control for procuring goods and services.

Note: Reference numbers inserted in brackets throughout this document reference specific Control Activities that are part of compliance with the Sarbanes-Oxley Act of 2002.

The following topics are included in this document:

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Roles and Responsibilities [EXF470, EXF474, EXF477, EXSAP/601]

Only designated personnel having procurement responsibilities are enabled in SAP to issue or amend Purchase Contracts and Purchase Orders ("buyer"), or to issue or amend Purchase Order Releases ("releaser"). A corporate Personnel Change Request reassigning a person to new job duties automatically triggers a review of system access for that individual so that only functions required by current job duties are supported.

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Authorizations and Approvals [EX121, EX212, EX469]

All SAP Purchase Orders and Purchase Order Releases require on-line approval from the requesting Business Unit before the Purchase Order or Purchase Order Release may be printed and issued. On-line approval authority is established at the individual employee level based on an embedded system table which is maintained by the FPL Accounting and Finance area in accordance with corporate policies and procedures establishing commitment authority levels based on organizational role. These same process and limits apply to the approval of dollars via change order to existing Purchase Orders or Purchase Order Releases.

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<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.9.shtml>

4/4/2008

HEARING EXHIBIT 00000557

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Types of Purchase Orders in SAP [EXSAP/605, EXSAP/613]

There are 2 types of stand-alone Purchase Orders recognized in SAP R/3:

- "ZNB" - For non-M&S purchases only. Requires SAP R/3 system approval in accordance with the ZF approval table at issuance. ZNB PO's also require the validation of a goods receipt against an invoice and Purchase Order prior to payment. Field Releasers cannot issue stand-alone PO's. They can only issue ZNB PO's with reference to Purchase Contract.
- "NB" - For M&S purchases only. Does not require system approval at issuance. NB PO's require the validation of a goods receipt against an invoice and Purchase Order prior to payment.

Purchase order data such as supplier name and address, delivery location, account distribution, etc. is validated by the SAP system prior to issuance. In addition orders for M&S items are validated against materials catalogs.

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Demand Management for Inventory ("M&S") [EX214, EXSAP/602]

Each workday the Power Systems SAP R/3 APO (Advanced Planning Optimization) MRP system generates/releases and automatically communicates Purchase Orders (EDI / auto Faxed) against established Material Purchase Contracts to the suppliers. (APO is a SAP R/3 product designed and developed to assist in the planning of Power systems materials). These releases are based on the calculated net requirements from the APO system. If a Purchase Contract does not exist for a particular item, a requisition is created and automatically placed in the appropriate Procurement Agent's queue for procurement action and are used to create stand-alone Purchase Orders. System-based process controls ensure timely resolution of system errors.

The Power Generation SAP R/3 MRP system automatically runs each workday evening. The system generates a Planned Orders Report for each Plant Technician (available on their workstations). The planned orders report shows materials, quantities needed by plant. These reports are generated by the system based on material inventories in the warehouses falling below the established reorder points. The plant technician reviews the requirements, available surplus inventory (provided in the report) and potential material returns for possible allocation to satisfy the requirement. In addition, they review the current inventory Min/Max levels for reasonableness and adjust as deemed necessary. Upon completion of the preceding activities, the Plant Technician converts the requirements to procurement requisitions. SAP R/3 generates/releases Purchase Orders against established Purchase Contracts. The Purchase Orders are then communicated via EDI/Auto fax or printed and manually faxed to the suppliers based on the released requisitions. If a Purchase Contract does not exist, the requisition is automatically placed in the appropriate Procurement Agent's Queue for procurement action.

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FPSC Internal Controls Data Request #2

<http://infpl/global/policies/Procurement/Materials%20and%20Services/705.9.shtml>

4/4/2008

Progress Energy Florida
Petition to Recover Costs
Docket No. _____
Exhibit No. _____ (WG-1)

SCHEDULE APPENDIX

EXHIBIT 1 (WG-1)

**PROGRESS ENERGY FLORIDA, INC.
CRYSTAL RIVER UNIT 3 UPRATE
COMMISSION SCHEDULES (T-1 Through T-10)**

JANUARY 2007 - DECEMBER 2007

FINAL TRUE-UP

DOCKET NO. _____ EI

Witness: Will Garrett
Schedules: T-1 through T-6B, and T-9 through T-10

Witness: Daniel L. Roderick
Schedules: T-7 through T-8B

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 3

COMPANY Progress Energy FL, Inc. (Direct)

WITNESS Will Garrett (WG-1) (CR3)

DATE 09/11-12/08

CRYSTAL RIVER UNIT 3 UPRATE
Retail Revenue Requirements Summary
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.a.]

Schedule T-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

COMPANY:

Progress Energy - FL

DOCKET NO.:

xxxxxx-EI

For the Year Ended: **12/31/2007**

Witness: **Will Garrett**

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$8,124	\$18,847	\$21,350	\$24,958	\$32,574	\$40,694	\$146,547
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule T-3A, line 8)	\$4	\$17	\$36	\$59	\$89	\$130	\$334
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$8,128</u>	<u>\$18,864</u>	<u>\$21,386</u>	<u>\$25,017</u>	<u>\$32,663</u>	<u>\$40,824</u>	<u>\$146,882</u>
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	<u>\$8,128</u>	<u>\$18,864</u>	<u>\$21,386</u>	<u>\$25,017</u>	<u>\$32,663</u>	<u>\$40,824</u>	<u>\$146,882</u>

Schedule T-1

CRYSTAL RIVER UNIT 3 UPRATE
Retail Revenue Requirements Summary
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of
total retail revenue requirements based on actual expenditures
for the current year and the previously filed expenditures
for such current year.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2007

DOCKET NO.:

xxxxxx-EI

Witness: Will Garrett

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$46,230	\$68,884	\$97,726	\$131,079	\$171,049	\$264,327	\$925,842
3. Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule T-3A, line 8)	\$178	\$242	\$335	\$462	\$630	\$872	\$3,053
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$46,408</u>	<u>\$69,126</u>	<u>\$98,061</u>	<u>\$131,541</u>	<u>\$171,679</u>	<u>\$265,199</u>	<u>\$928,896</u>
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	<u>\$46,408</u>	<u>\$69,126</u>	<u>\$98,061</u>	<u>\$131,541</u>	<u>\$171,679</u>	<u>\$265,199</u>	<u>\$928,896</u>

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Preconstruction Costs

[Section (5)(c)1.a.]

Schedule T-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of preconstruction costs based on actual preconstruction expenditures for the prior year and previously filed expenditures for such prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2007**

DOCKET NO.:

xxxxxx-EI

Witness: **Will Garrett**

Line No.	Beginning of Period	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Actual Nuclear CWIP Additions (Schedule T-6, line 28)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3.	Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
a.	Equity Component (Line 4 x 6.819% x 1/12) (a)	\$0	\$0	\$0	\$0	\$0	\$0	
b.	Equity Comp. grossed up for taxes (Line 5a x 1.628002) (b)	\$0	\$0	\$0	\$0	\$0	\$0	
c.	Debt Component (Line 4 x 2.029% x 1/12)	\$0	\$0	\$0	\$0	\$0	\$0	
6.	Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	CWIP Additions & Amortization from prior year Actual/Estimated	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Over / (Under) Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Preconstruction Costs

[Section (5)(c)1.a.]

Schedule T-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of preconstruction costs based on actual preconstruction expenditures for the prior year and previously filed expenditures for such prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2007**

DOCKET NO.:

xxxxxx-EI

Witness: **Will Garrett**

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. Actual Nuclear CWIP Additions (Schedule T-6, line 28)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (Line 4 x 6.819% x 1/12) (a)	\$0	\$0	\$0	\$0	\$0	\$0	
b. Equity Comp. grossed up for taxes (Line 5a x 1.628002) (b)	\$0	\$0	\$0	\$0	\$0	\$0	
c. Debt Component (Line 4 x 2.029% x 1/12)	\$0	\$0	\$0	\$0	\$0	\$0	
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions & Amortization from prior year Actual/Estimated	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Over / (Under) Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.

COMPANY:

For the Year Ended: **12/31/2007**

Progress Energy - FL

DOCKET NO.:

Witness: **Will Garrett**

xxxxxx-EI

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total	
Jurisdictional Dollars										
1.	Nuclear CWIP Additions (Schedule T-6, line 62)	(\$40,123)	\$1,624,534	\$402,817	\$47,640	\$609,396	\$804,698	\$694,858	\$4,183,943	
2.	Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3.	Other Adjustments		\$0	\$5,475	\$12,700	\$14,387	\$16,818	\$21,951	\$71,331	
4.	CWIP Base Eligible for Return (Prior Mo Balance + Line 1 - 2 + 3)		<u>\$1,584,411</u>	<u>\$1,992,703</u>	<u>\$2,053,043</u>	<u>\$2,676,826</u>	<u>\$3,498,342</u>	<u>\$4,215,151</u>	<u>\$4,255,274</u>	\$4,215,151
5.	Average Net CWIP Additions		\$772,144	\$1,791,295	\$2,029,223	\$2,372,128	\$3,095,993	\$3,867,722	n/a	
6.	Return on Average Net CWIP Additions (c)									
a.	Equity Component (Line 5 x 6.819% x 1/12) (a)		\$4,219	\$9,788	\$11,088	\$12,961	\$16,917	\$21,133	\$76,105	
b.	Equity Comp. grossed up for taxes (Line 6a x 1.628002) (b)		\$6,869	\$15,934	\$18,051	\$21,101	\$27,540	\$34,405	\$123,900	
c.	Debt Component (Line 5 x 2.029% x 1/12)		\$1,256	\$2,913	\$3,300	\$3,857	\$5,034	\$6,289	\$22,648	
7.	Total Return Requirements (Line 6b + 6c)		<u>\$8,124</u>	<u>\$18,847</u>	<u>\$21,350</u>	<u>\$24,958</u>	<u>\$32,574</u>	<u>\$40,694</u>	<u>\$146,547</u>	
8.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
9.	Difference (Line 7 - Line 8)		<u>\$8,124</u>	<u>\$18,847</u>	<u>\$21,350</u>	<u>\$24,958</u>	<u>\$32,574</u>	<u>\$40,694</u>	<u>\$146,547</u>	

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2007**

DOCKET NO.:

xxxxxx-EI

Witness: **Will Garrett**

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total	
Jurisdictional Dollars									
1.	Nuclear CWIP Additions (Schedule T-6, line 62)	\$4,215,151	\$302,810	\$3,941,416	\$1,448,364	\$4,759,936	\$2,661,121	\$14,839,436	\$32,136,826
2.	Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments		\$27,422	\$31,153	\$46,419	\$65,854	\$88,330	\$115,264	\$445,772
4.	CWIP Base Eligible for Return (Prior Mo Balance + Line 1 - 2 + 3)		<u>\$4,545,183</u>	<u>\$8,517,752</u>	<u>\$10,012,534</u>	<u>\$14,838,325</u>	<u>\$17,587,775</u>	<u>\$32,542,475</u>	<u>\$32,582,598</u>
5.	Average Net CWIP Additions		\$4,393,878	\$6,547,044	\$9,288,352	\$12,458,357	\$16,257,215	\$25,122,757	n/a
6.	Return on Average Net CWIP Additions (c)								
a.	Equity Component (Line 5 x 6.819% x 1/12) (a)		\$24,008	\$35,773	\$50,752	\$68,072	\$88,829	\$137,271	\$480,811
b.	Equity Comp. grossed up for taxes (Line 6a x 1.628002) (b)		\$39,085	\$58,239	\$82,624	\$110,822	\$144,614	\$223,477	\$782,761
c.	Debt Component (Line 5 x 2.029% x 1/12)		\$7,144	\$10,645	\$15,103	\$20,257	\$26,434	\$40,850	\$143,082
7.	Total Return Requirements (Line 6b + 6c)		<u>\$46,229</u>	<u>\$68,884</u>	<u>\$97,726</u>	<u>\$131,079</u>	<u>\$171,049</u>	<u>\$264,327</u>	<u>\$925,842</u>
8.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Difference (Line 7 - Line 8)		<u>\$46,230</u>	<u>\$68,884</u>	<u>\$97,726</u>	<u>\$131,079</u>	<u>\$171,049</u>	<u>\$264,327</u>	<u>\$925,842</u>

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY:

For the Year Ended: **12/31/2007**

Progress Energy - FL

DOCKET NO.:

Witness: **Will Garrett**

xxxxxx-EI

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule T-3B, Line 7)		\$3,207	\$7,418	\$8,352	\$9,718	\$14,017	\$17,466	\$60,174
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1+ Line 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		(\$1,258)	(\$2,813)	(\$3,300)	(\$3,857)	(\$5,034)	(\$6,289)	(\$22,649)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$0	\$1,951	\$6,455	\$11,507	\$17,366	\$26,349	\$37,526
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)		\$0	\$753	\$2,490	\$4,439	\$6,699	\$10,164	n/a
6. Average Accumulated DTA		\$376	\$1,621	\$3,464	\$5,568	\$8,431	\$12,320	
7. Carrying Costs on DTA (c)								
a. Equity Component (Line 6 x 8.819% x 1/12) (a)		\$2	\$9	\$19	\$30	\$46	\$67	\$174
b. Equity Comp. grossed up for taxes (Line 7a x 1.628002) (b)		\$3	\$14	\$31	\$50	\$75	\$110	\$283
c. Debt Component (Line 6 x 2.029% x 1/12)		\$1	\$3	\$6	\$9	\$14	\$20	\$52
8. Total Return Requirements (Line 7b + 7c)		\$4	\$17	\$36	\$59	\$89	\$130	\$334
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)		\$4	\$17	\$36	\$59	\$89	\$130	\$334

Notes:

(a) The monthly Equity Component of 8.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005484 (Equity) and 0.001826 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY:

For the Year Ended: **12/31/2007**

Progress Energy - FL

DOCKET NO.:

Witness: **Will Garrett**

xxxxxx-EI

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule T-3B, Line 7)		\$19,761	\$29,524	\$41,923	\$56,204	\$73,276	\$113,534	\$394,395
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1 + Line 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		(\$7,144)	(\$10,645)	(\$15,103)	(\$20,257)	(\$26,434)	(\$40,850)	(\$143,082)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 • 2 + 3)		<u>\$37,526</u>	<u>\$50,143</u>	<u>\$59,021</u>	<u>\$95,841</u>	<u>\$131,788</u>	<u>\$178,629</u>	<u>\$251,314</u>
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 • Tax Rate)		<u>\$14,476</u>	<u>\$19,343</u>	<u>\$26,625</u>	<u>\$38,971</u>	<u>\$50,837</u>	<u>\$68,908</u>	<u>n/a</u>
6. Average Accumulated DTA		\$16,910	\$22,984	\$31,798	\$43,904	\$59,872	\$82,925	
7. Carrying Costs on DTA (c)								
a. Equity Component (Line 6 x 6.819% x 1/12) (a)		\$92	\$126	\$174	\$240	\$327	\$453	\$1,586
b. Equity Comp. grossed up for taxes (Line 7a x 1.628002) (b)		\$150	\$204	\$283	\$391	\$533	\$738	\$2,581
c. Debt Component (Line 6 x 2.029% x 1/12)		\$27	\$37	\$52	\$71	\$97	\$135	\$472
8. Total Return Requirements (Line 7b + 7c)		<u>\$178</u>	<u>\$242</u>	<u>\$335</u>	<u>\$462</u>	<u>\$630</u>	<u>\$872</u>	<u>\$3,053</u>
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)		<u>\$178</u>	<u>\$242</u>	<u>\$335</u>	<u>\$462</u>	<u>\$630</u>	<u>\$872</u>	<u>\$3,053</u>

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction Period Interest

[Section (5)(c)1.a.]

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

For the Year Ended: **12/31/2007**

COMPANY:

Progress Energy - FL

DOCKET NO.:

xxxxxx-EI

Witness: **Will Garrett**

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	(\$40,123)	\$1,584,411	\$1,987,228	\$2,034,868	\$2,644,264	\$3,448,962	n/a
2.	Additions Site Selection & Preconstruction (Schedule T-2, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction (Schedule T-3, line 1)	\$1,624,534	\$402,817	\$47,640	\$609,396	\$804,698	\$694,858	\$4,183,943
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI	<u>\$772,144</u>	<u>\$1,785,820</u>	<u>\$2,011,048</u>	<u>\$2,339,566</u>	<u>\$3,046,613</u>	<u>\$3,796,391</u>	
6.	Monthly CPI Rate	0.0041529	0.0041529	0.0041529	0.0041529	0.0046008	0.0046008	
7.	Construction Period Interest for Tax (CPI)	\$3,207	\$7,416	\$8,352	\$9,716	\$14,017	\$17,466	\$60,174
8.	Ending Balance Excluding CPI	<u>(\$40,123)</u>	<u>\$1,584,411</u>	<u>\$1,987,228</u>	<u>\$2,034,868</u>	<u>\$2,644,264</u>	<u>\$3,448,962</u>	<u>\$4,143,820</u>

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction Period Interest

[Section (5)(c)1.a.]

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2007**

DOCKET NO.:

xxxxxx-EI

Witness: **Will Garrett**

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$4,143,820	\$4,446,430	\$8,387,846	\$9,836,210	\$14,596,146	\$17,257,267	n/a
2. Additions Site Selection & Preconstruction (Schedule T-2, line 1)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction (Schedule T-3, line 1)		\$302,610	\$3,941,416	\$1,448,364	\$4,759,936	\$2,661,121	\$14,839,436	\$32,136,826
4. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Balance Eligible for CPI		<u>\$4,295,125</u>	<u>\$6,417,138</u>	<u>\$9,112,028</u>	<u>\$12,216,178</u>	<u>\$15,926,707</u>	<u>\$24,676,985</u>	
6. Monthly CPI Rate		0.0046008	0.0046008	0.0046008	0.0046008	0.0046008	0.0046008	
7. Construction Period Interest for Tax (CPI)		\$19,761	\$29,524	\$41,923	\$56,204	\$73,276	\$113,534	\$394,395
8. Ending Balance Excluding CPI		<u>\$4,143,820</u>	<u>\$4,446,430</u>	<u>\$8,387,846</u>	<u>\$9,836,210</u>	<u>\$14,596,146</u>	<u>\$17,257,267</u>	<u>\$32,491,098</u>

Schedule T-4

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1. a.]
 [Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M actual monthly
 expenditures by function for the prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2007

DOCKET NO.:

xxxxxx-El

Witness: Will Garrett

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Accounting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Corporate Communications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Corporate Planning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Corporate Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	External Relations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Human Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	IT & Telecom	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Project Assurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Public Affairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Sub-Total A&G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Nuclear Generation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Transmission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Total O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Jurisdictional Factor (A&G) (Line 11 X Line 16)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	
17	Jurisdictional Factor (Distribution) (Line 12 X Line 17)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	
18	Jurisdictional Factor (Nuclear - Production - Base) (Line 13 X Line 18)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
19	Jurisdictional Factor (Transmission) (Line 14 X Line 19)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Total Jurisdictional CCRC Recoverable O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Difference (Line 24 - 25)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Other Recoverables O&M Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(e)]

Schedule T-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other Recoverable O&M actual monthly expenditures by function for the prior year.

COMPANY:

For the Year Ended: **12/31/2007**

Progress Energy - FL

Witness: **Will Garrett**

DOCKET NO. _____ EI

[Note 2]

Line No.	Description	(A) January	(B) February	(C) March	(D) April	(E) May	(F) June	(G) July	(H) August	(I) September	(J) October	(K) November	(L) December	(M) 12 Month Total
1	Accounting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Corporate Communications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Corporate Planning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Corporate Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	External Relations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Human Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	IT & Telecom	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Project Assurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Public Affairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Sub-Total A&G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Nuclear Generation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Transmission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Total O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Total Jurisdictional Non CCRC Recoverable O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Difference (Line 24 - 25) [Note 1]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1: This schedule is for informational purposes only and the data is excluded from the revenue requirements calculation.

Note 2: Progress Energy incurred O&M costs in base rates during 2007; however, financial procedures to capture these costs were put into place effective January 2008.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Monthly Expenditures

(Section (5)(c)1.a.)
 (Section (8)(d))

Schedule T-6

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2007

DOCKET NO.: _____ EI

Witness: Will Garrett

Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1 Site Selection:													
2 [Site Selection may include the same costs as shown below in Pre-Construction.]													
3													
4 Pre-Construction:													
5 Generation:													
6 License Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7 Engineering & Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8 Permitting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 Clearing, Grading and Excavation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10 On-Site Construction Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 Total Generation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12 Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
13 Total Jurisdictional Generation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14													
15 Transmission:													
16 Line Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17 Substation Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18 Clearing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 Total Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21 Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	
22 Total Jurisdictional Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23 Total Jurisdictional Preconstruction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24													
25 Construction:													
26 Generation:													
27 Real Estate Acquisitions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28 Project Management	\$67,188	\$41,996	\$24,452	\$131,129	\$337,405	\$228,822	\$261,864	\$115,341	\$241,558	\$312,761	\$98,274	\$480,032	\$2,320,617
29 Permanent Staff/Training	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30 Site Preparation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
31 On-Site Construction Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
32 Power Block Engineering, Procurement, etc.	\$305,477	(\$293,310)	\$1,153,949	\$439,185	\$359,200	(\$49,578)	\$4,097,606	\$2,067,133	\$3,865,396	\$9,743,924	\$9,028,656	\$5,484,883	\$36,200,298
33 Non-Power Block Engineering, Procurement, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
34 Total Generation Costs [Note 1]	\$372,663	(\$251,315)	\$1,178,401	\$579,294	\$696,605	\$179,043	\$4,359,470	\$2,182,474	\$4,106,951	\$10,056,665	\$9,124,930	\$5,944,715	\$38,520,916
35 Less Adjustments:													
36 Joint Owner Billing	(\$30,679)	\$20,705	(\$98,858)	(\$48,875)	(\$57,257)	(\$14,716)	(\$382,221)	\$108,442	(\$621,496)	(\$828,599)	(\$750,014)	(\$455,975)	(\$3,133,543)
37 Non-Cash Accruals	\$1,390,797	\$680,268	(\$1,030,730)	\$126,582	\$218,968	\$576,831	(\$3,674,476)	\$1,913,127	(\$1,940,582)	(\$4,152,983)	(\$5,536,477)	\$10,339,485	(\$1,109,180)
38 Net Generation Costs [Note 2]	\$1,732,781	\$429,656	\$50,814	\$650,002	\$858,317	\$741,158	\$322,773	\$4,204,043	\$1,544,873	\$5,077,102	\$2,838,438	\$15,828,226	\$34,278,183
39 Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
40 Total Generation Costs Eligible for Carrying Costs	\$1,624,534	\$402,817	\$47,840	\$609,396	\$804,698	\$694,858	\$302,610	\$3,941,416	\$1,448,384	\$4,759,936	\$2,661,121	\$14,839,436	\$32,136,826
41													
42 Transmission:													
43 Line Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
44 Substation Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
45 Real Estate Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
46 Line Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
47 Substation Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48 Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
49 Total Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50 Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	
51 Total Jurisdictional Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
52													
53 Total Jurisdictional Construction Costs	\$1,624,534	\$402,817	\$47,840	\$609,396	\$804,698	\$694,858	\$302,610	\$3,941,416	\$1,448,384	\$4,759,936	\$2,661,121	\$14,839,436	\$32,136,826

Note 1: Line 39 represents generation construction costs on an accrual basis, gross of joint owner billings and excludes AFUDC.
 Note 2: Line 43 represents net generation costs on a cash basis, net of joint owner billings.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

Schedule T-6A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

For the Year Ended: 12/31/2007

COMPANY:
Progress Energy - FL

Witness: Will Garrett

DOCKET NO.:

El

Line No.	Major Task	Description - Includes, but is not limited to:
1	<u>Pre-Construction:</u>	
2	<u>Generation:</u>	
3	License Application	Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
4	Engineering & Design	Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.
5	Permitting	Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)
6	Clearing, Grading and Excavation	Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.
7	On-Site Construction Facilities	Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
8		
9	<u>Transmission:</u>	
10	Line Engineering	Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.
11	Substation Engineering	Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.
12	Clearing	Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.
13		
14	Other	Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.
15		
16	<u>Construction:</u>	
17	<u>Generation:</u>	
18	Real Estate Acquisition	Land, Survey, Legal fees and commissions.
19	Project Management	Management oversight of construction, including, but not limited to engineering, quality assurance, field support and contract services.
20	Permanent Staff/Training	Obtain and train qualified staff by Fuel Load date.
21	Site Preparation	Design and construction of plant site preparations to support fabrication and construction. Remedial work for plant foundation and foundation substrata.
22	On-Site Construction Facilities	Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
23	Power Block Engineering, Procurement, etc.	The cost of constructing and procuring the nuclear power block (reactor vessel, containment vessel, cooling towers, etc.)
24	Non-Power Block Engineering, Procurement, etc.	Site permanent structures and facilities outside the Power Block, including structural, electrical, mechanical, civil and security items. (Admin building, Training center, Security towers, Switchyard, Roads, Railroad, Barge facility, etc.)
25		
26		
27	<u>Transmission:</u>	
28	Line Engineering	See description on Line 10.
29	Substation Engineering	See description on Line 11.
30	Real Estate Acquisition	Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.
31	Line Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with construction of transmission lines.
32	Substation Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with substation and protection and control (relay) construction.
33	Other	See description n Line 14.

Schedule T-6B

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Variance Explanations

[Section (8)(d)]

Witness: Will Garrett

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual expenditures to the most recent projections for the prior period filed with the Commission.

For the Year Ended: 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

EI

Line No.	(A) Total Actual	(B) Total Actual/Estimated	(C) Total Variance	(D) Explanation
1				Site Selection:
2				[Site Selection may include the same costs as shown below in Pre-Construction.]
3				
4				Pre-Construction:
5				Generation:
6				License Application
7	\$0	\$0	\$0	
8	\$0	\$0	\$0	Engineering & Design
9	\$0	\$0	\$0	Permitting
10	\$0	\$0	\$0	Clearing, Grading and Excavation
11	\$0	\$0	\$0	On-Site Construction Facilities
12	\$0	\$0	\$0	Total Generation Costs
13				Transmission:
14	\$0	\$0	\$0	Line Engineering
15	\$0	\$0	\$0	Substation Engineering
16	\$0	\$0	\$0	Clearing
17	\$0	\$0	\$0	Other
18	\$0	\$0	\$0	Total Transmission Costs
19				
20				Construction:
21				Generation:
22	\$0	\$0	\$0	Real Estate Acquisitions
23	\$2,320,617	\$0	\$2,320,617	Project Management
24	\$0	\$0	\$0	Permanent Staff/Training
25	\$0	\$0	\$0	Site Preparation
26	\$0	\$0	\$0	On-Site Construction Facilities
27	\$36,200,299	\$0	\$36,200,299	Power Block Engineering, Procurement, etc.
28	\$0	\$0	\$0	Non-Power Block Engineering, Procurement, etc.
29	\$38,520,916	\$0	\$38,520,916	Total Generation Costs
30				
31				Transmission:
32	\$0	\$0	\$0	Line Engineering
33	\$0	\$0	\$0	Substation Engineering
34	\$0	\$0	\$0	Real Estate Acquisition
35	\$0	\$0	\$0	Line Construction
36	\$0	\$0	\$0	Substation Construction
37	\$0	\$0	\$0	Other
38	\$0	\$0	\$0	Total Transmission Costs

Total variances for project are attributable to no Actual/Estimated filing for the 2007 reporting period.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Technology Selected

[Section (8)(b)]

Schedule T-7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2007**

DOCKET NO.: _____ EI

Witness: Daniel L. Roderick

Project Title: Phase I - Measurement Uncertainty Recapture (MUR)

The Extended Power Uprate (EPU) Project includes multiple project phases proceeding in parallel. The phases are most simply associated with the outages (2007, 2009, and 2011) in which they will be installed. In the 2006 and 2007 period, expenses were realized on all three phases.

The 2007 phase included installation of improved instruments to allow more accurate measurement of inputs to the secondary heat balance. By far, the largest portion was that associated with main feed-water flow. The vendor chosen to supply this new instrumentation (Fundamentally new technology) was available from two vendors (Westinghouse and Caldon d.b.a. Cameron). However, Progress Energy already had a fleet contract with Caldon for all such applications. Further, the Nuclear Regulatory Commission (NRC) was reviewing both suppliers. Caldon had been re-approved. Westinghouse's approval was not proceeding well and was ultimately withdrawn. Thus, both financial and regulatory reasons led to the selection of this particular technology.

The analytical and licensing support for the required NRC approval was provided by the original Nuclear Steam Supply System (NSSS) and current fuel supplier (AREVA). They were selected (sole source) because they had unique access to and experience with all the requisite safety analysis for CR3. AREVA has also out-performed other vendors in these types of analyses. The contract for this service was established as a fixed price contract with incentives and penalties (roughly 10%) to provide cost-certainty and appropriate risk-sharing.

The installation contractor (Atlantic) is a standard supplier of such services to Progress Energy. The fleet contract was established after a competitive bidding process.

Project Title: Phase II - Balance of Plant (BOP) and Phase III - Extended Power Uprate (EPU)

Siemens was selected as the vendor for our turbine/generator retrofits. They were selected after fully, open, competitive bidding process with due consideration of both cost and performance. The fixed price contract has appropriate incentives, penalties, an performance guarantees to assure price certainty and expected results.

A number of long-lead components (thus far mostly heat exchangers) were contracted for in late 2007 after evaluation of competitive bids based on cost and performance.

AREVA was contracted to supply the necessary analytical and licensing support to seek NRC approval for the 2011 uprate. This was a sole-source contract for the same reasons noted above. This contract was thoroughly negotiated as a fixed price contract with incentives and penalties to provide cost certainty and appropriate risk sharing. Progress was made on schedule and milestone payments made and/or accrued as appropriate.

A detailed technical evaluation of the EPU was performed by AREVA. They were selected to assure close coordination with the NSSS scope and other on-going activities. The results were reviewed by an expert panel comprised of AREVA, Progress Energy, and external participants.

The results of the evaluation formed the basis for competitively bidding the engineering support for the balance of EPU. A limited partnership between Worley Parsons (the original CR3 Architect and Engineering firm) and AREVA was awarded the contract based on both technical and cost considerations and to assure continued close coordination with the balance of the project.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

[Section (8)(c)]

Schedule T-8

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2007**

DOCKET NO.: EI

Witness: Daniel L. Roderick

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	44867 A07	Issued	10/15/2001 - 12/21/2007	12/21/2008	\$ 1,173,376	\$930,701 \$116,338 Not Invoiced or Paid in 2007	\$ 242,675	\$ 1,173,376	NuFlo Technologies Sales Co.	Fleet Contract in Place - Sole Source	Purchase & Installation of Leading Edge Flow Meter to Recapture Measurement Uncertainty
2	101659 WA 61	Issued	9/21/06 - 6/30/2008	6/30/2008	\$ 4,000,000	\$ 3,546,444	\$ 125,000	\$ 3,671,444	AREVA - NP	Sole Source - OEM	Engineering Design & Licensing for Measurement Uncertainty Recapture
3	101659 WA 84	Issued	2/27/07 - 05/01/2012	05/01/2010	\$ 19,880,000	\$ 7,121,488	\$ 8,610,000	\$ 19,880,000	AREVA - NP	Sole Source - OEM	EPU NSSS Engineering, Fuel Eng, and LAR Support for CR3
4	342253	Issued	07/31/07 - 12/25/2011	12/25/2011	\$ 13,500,000	\$ 1,350,000	\$ 5,400,000	\$ 13,500,000	Thermal Engineering	RFP	Purchase of 4 moisture separator reheaters (MSRs)
5	101659 WA 93	Issued	9/10/2007 - 12/25/2011	12/25/2011	\$ 13,000,000	\$ 3,000,000	\$ 3,850,000	\$ 13,000,000	Areva NP	RFP KS12007	EPU BOP
6	3714, Amdt 53, Amd 57 to add funds	Issued	1/26/2007 - 1/31/2011	1/31/2011	\$700,000 for CR3 portion of work (total amendment value is for \$9M), Amd 57 added funds for approved CWO's for addtl scope.	\$ 1,128,653	\$ -	\$ 1,128,653	Atlantic Group	Fleet Contract in Place - Sole Source	LEFM Install
7	145569 WA 50	Issued	7/31/2007 - 12/25/2011	12/25/2011	\$ 90,000,000	\$ 18,002,351	\$ 30,561,963	\$ 90,000,000	Siemens	RFP	CR3 turbine retrofit for EPU including supply of all equipment and installation.
8	355217	Pending	12/07/07- 07/06/2009	7/6/2009	\$ 3,100,000	\$ -	\$ 1,991,760	\$ 2,655,680	Yuba Heat Transfer Div.	RFP	CR3 Feedwater Heater and SC cooler replacement

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY:

Progress Energy - FL

DOCKET NO _____-EI

For the Year Ended:

12/31/2007

Witness:

Daniel L. Roderick

Contract No.:

44867 Amendment 07

Major Task or Tasks Associated With:

Purchase & Installation of Leading Edge Flow Meter to Recapture Measurement - Uncertainty - Power Level Update

Vendor Identity:

NuFlo Technologies Sales Co.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

A Fleet Contract had been approved for entire fleet to Purchase the LEFM from Caldon (recognized as industry leader). Further NRC Issue Summary 2007-24 suspended further approvals of the Westinghouse AMAG Crossflow Ultrasonic Flow Meter (UFM) until problems are addressed.

Dollar Value:

\$1,173,376

Contract Status:

Issued

Term Begin:

10/15/2001

Term End:

12/21/2008

Nature and Scope of Work:

Describe work and scope details

Progress Energy proposes to perform a thermal power uprate of the Crystal River Unit 3 nuclear plant to achieve an increase in the reactor core thermal power output and subsequent increases in electrical generation output. Current 10 CFR50 regulations allow the plant to recover the difference between 2% and the demonstrated uncertainty of thermal power measurement made possible with the installation of more accurate ultrasonic feedwater flow instrumentation. Caldon shall provide a complete Leading Edge Flow Meter (LEFM) CheckPlus ultrasonic feedwater flow measurement (UFM) system for Crystal River Unit 3. This system shall use ultrasonic "transit time" technology to determine feedwater volumetric flow rate, mass flow rate and fluid temperature. This specification establishes the supply, inspection testing and documentation requirements for the flow measurement system which will be used in conjunction with the Crystal River Unit 3 "Appendix K" thermal power uprate proposals.

CRYSTAL RIVER UNIT 3 UPRATE**Pre-Construction Costs and Carrying Costs on Construction Cost Balance****True-up Filing: Contracts Executed****Schedule T-8A**

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY:

Progress Energy - FL

DOCKET NO _____-EI

For the Year Ended:

12/31/2007

Witness:

Dante L. Roderick

Contract No.:

101659 WA 61

Major Task or Tasks Associated With:

Engineering Design & Licensing for Measurement Uncertainty Recapture

Vendor Identity:

AREVA NP

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

OEM

Dollar Value:

\$3,671,444

Contract Status:

Issued

Term Begin:

9/21/2006

Term End:

6/30/2008

Nature and Scope of Work:

Describe work and scope details

Contractor shall provide engineering, design and licensing for the Measurement Uncertainty Recapture (MUR) project. The awarded Work shall be performed at Owner's, Crystal River Nuclear Plant, located near Crystal River, Florida and shall consist of the following unique work scopes/deliverables. 1.0 December Submittals – These will be completed under AREVA's QA Program and are Non-Safety. 1) 12/07/06 Transmit NSSS I&C System Reviews to CR3 2) 12/08/06 Transmit HVAC System Reviews to CR3 3) 12/19/06 Transmit BOP Elect System Reviews TO CR3 4) 12/22/06 Transmit NSSS Fluid System Reviews to CR3 5) 12/29/06 Transmit BOP Fluid System Reviews to CR3 2.0 License Amendment Request - Draft Submittal to CR3 for the MUR. The draft license amendment request (LAR) is a AREVA NP 51-document summarizing the license evaluations performed by AREVA NP and CR3 to meet the NRC regulatory information summary (RIS) 2002-003, Guidance on the Content of Measurement Uncertainty Recapture Power Uprate Applications. The draft license amendment request will be completed under AREVA's QA Program and is Safety-Related.

The deliverables to CR3 that are input to this summary document include: AREVA NP 32-document, New Operating Conditions for the CR3 MUR AREVA's QA Program/Safety-Related AREVA NP 32-document, Heat Balance Uncertainty Calculation for the CR3 MUR AREVA's QA Program/Safety-Related AREVA NP 12-document, Revised PEPSE model for CR3 MUR AREVA's QA Program/Non-Safety AREVA NP 51-document, NSSS Fuel Evaluation AREVA's QA Program/Non-Safety.

CRYSTAL RIVER UNIT 3 UPRATE

Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY:

Progress Energy - FL

DOCKET NO _____-EI

For the Year Ended: 12/31/2007
Witness: Daniel L. Roderick

Contract No.:

101659 WA 84

Major Task or Tasks Associated With:

EPU NSSS Engineering, Fuel Eng, and LAR Support for CR3

Vendor Identity:

Areva NP, Inc.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

N/A - OEM

Dollar Value:

\$19,880,000

Contract Status:

Issued

Term Begin:

2/27/2008

Term End:

5/1/2012

Nature and Scope of Work:

Describe work and scope details

Contractor agrees to perform the following work more fully described in AREVA Proposal No. NSSSE06-1023.0 Revision 000 dated July 18, 2007 to furnish all engineering personnel and tools, engineering supervision and management, deliverable documents and required transportation necessary to perform the following functions in support of the Extended Power Uprate (EPU) Project Nuclear Steam Supply (NSSS) Portion for Crystal River Three (CR-3) Nuclear Power Station: Nuclear Steam Supply System (NSSS) Engineering, Fuel Engineering, Support of the Licensing Amendment Request (LAR).

This work is Nuclear Safety Related.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY:

Progress Energy - FL

DOCKET NO _____-EI

For the Year Ended: **12/31/2007**
Witness: **Daniel L. Roderick**

Contract No.:

342253

Major Task or Tasks Associated With:

Purchase of 4 MSRs

Vendor Identity:

Thermal Engineering International (TEI)

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

2

Number of Bids Received:

2

Brief Description of Selection Process:

Bid was lower than the competing bidder

Dollar Value:

\$13,500,000

Contract Status:

Issued

Term Begin:

7/31/2007

Term End:

12/25/2011

Nature and Scope of Work:

Describe work and scope details

Thermal Engineering International (TEI) is to provide four (4) moisture separator reheaters (MSR's) for Crystal River Unit #3 (CR3) that when combined with other power uprate modifications serve to maximize the uprated turbine steam cycle conditions. The replacement MSR's shall be designed and fabricated with full consideration for maintaining the existing plant piping configuration including the turbine cross under and cross over piping. MSRs are to contribute to the rated generator MVA capability that will have a minimum performance capability of 1080 MWe real power output while concurrently providing 430 MVAR reactive power.

CRYSTAL RIVER UNIT 3 UPRATE

Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO _____-EI

EXPLANATION:

Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended:

12/31/2007

Witness:

Daniel L. Roderick

Contract No.:

101659-93

Major Task or Tasks Associated With:

EPU, BOP

Vendor Identity:

Areva NP

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

5

Number of Bids Received:

3

Brief Description of Selection Process:

Areva has proven performance on MUR and NSSS with a stronger interface with vendors; teamed with original A/E for BOP at CR3; Areva is the best vendor from a technical perspective and on average equal cost with opportunity to earn higher royalties.

Dollar Value:

\$13,000,000

Contract Status:

Issued

Term Begin:

9/10/2007

Term End:

12/25/2011

Nature and Scope of Work:

Describe work and scope details

Contractor shall provide Engineering Services for CR3 Secondary Systems Uprate to support the Extended Power Uprate Project. Engineering Services shall be in accordance with Request for Proposal No. KS12007 and "Extended Power Uprate Bid Specification", dated June 25, 2007.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY:

Progress Energy - FL

DOCKET NO _____-EI

For the Year Ended: 12/31/2007

Witness: Daniel L. Roderick

Contract No.:

Master 3714, Amdt 53, and Amd 57 to add funds

Major Task or Tasks Associated With:

LEFM Install

Vendor Identity:

Atlantic Group

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

Work awarded under fleet contract that was competitively bid.

Dollar Value:

\$1,128,653

Contract Status:

Issued

Term Begin:

1/26/2007

Term End:

1/31/2011

Nature and Scope of Work:

Describe work and scope details
LEFM Installation at CR3

Schedule T-8A

**CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed**

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO _____ -EI

EXPLANATION:

Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

Contract No.:

145569 WA 50

For the Year Ended:

12/31/2007

Major Task or Tasks Associated With:

CR3 turbine retrofit for EPU including supply of all equipment and installation

Vendor Identity:

Siemens

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

4

Number of Bids Received:

2

Brief Description of Selection Process:

Total cost lower than competing bidder. Siemens adds value by bundling all components and services.

Dollar Value:

\$90,000,000

Contract Status:

Issued

Term Begin:

7/31/2007

Term End:

12/25/2011

Nature and Scope of Work:

Describe work and scope details

Contractor to provide all materials, equipment, and tools to supply and install High pressure Turbine Rotors, Low Pressure Turbine Rotors, Generator, and Exciter at Crystal River Unit #3 as more fully described in Attachment A - Scope of Work (attached hereto) and as set forth in the Contractor's offer (Proposal Number TA02-280) dated April 16, 2007, the Proposal Revision e-mail TA02-280-1 dated May 18, 2007, Mr Puneet Bahl's Installation Clarification e-mail and its Attachment dated June 4, 2007 and the terms and conditions of the Master Contract # 145569.

This work is non-safety related.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY:

Progress Energy - FL

DOCKET NO _____-EI

For the Year Ended: **12/31/2007**
Witness: **Daniel L. Roderick**

Contract No.:

355217

Major Task or Tasks Associated With:

Purchase of Feedwater Heater and SC Cooler Replacement at CR3.

Vendor Identity:

Yuba Heat Transfer Div.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

2

Number of Bids Received:

2

Brief Description of Selection Process:

Bid was lower than the competing bidder and Yuba is technically and commercially the best supplier of the equipment.

Dollar Value:

\$2,655,680

Contract Status:

Pending signature

Term Begin:

12/7/2007

Term End:

7/6/2009

Nature and Scope of Work:

Describe work and scope details

Supplier of Feedwater Heater and SC Cooler Replacement at CR3.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

[Section (8)(c)]

Schedule T-8B

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Provide a list of contracts executed in excess of \$200,000 including: vendor identity, product or service, term begin, term end and dollar value.

COMPANY:
Progress Energy - FL
DOCKET NO.:
_____ -EI

For the Year Ended: **12/31/2007**

Witness: **Daniel L. Roderick**

Line No.	(A) Vendor Identity	(B) Product or Service	(C) Term Begin	(D) Term End	[Note 1]	
					(E) Dollar Value	
1	Areva NP (101659-67)	BOP for EPU	2/15/2007	11/30/2007	\$	458,682
2	Numerical Applications (297792-04)	EPU plant parameters document and analytical input review	5/29/2007	12/31/2010		\$425,000 (T&M NTE)
3	Sargent & Lundy (257117-26)	CR Discharge Canal Cooling Towers Study	11/12/2007	5/30/2008		\$325,000 (T&M NTE)
4	F&H Contractors (157645-23)	Construction work to support site admin building improvements and trailers for EPU.	11/9/2006	12/31/2007	\$	376,295

Note 1: The dollar values in this schedule are for those contracts which are in excess of \$200,000 yet less than \$1,000,000, which are reflected in Schedules T-8 and T-8A.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Final True-up Amount for the Period

Schedule T-9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2007

DOCKET NO.:

-EI

Witness: Will Garrett

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	True-Up Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	NFR Revenues Applicable to Period (Lines 1 + 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Jurisdictional NFR Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Beginning Balance True-up & Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a	Deferred True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	True-Up Collected (Refunded) (See Line 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	End of Period True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Final True-up Amount for the Period

Schedule T-9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

For the Year Ended: **12/31/2007**

Progress Energy - FL

DOCKET NO.:

Witness: **Will Garrett**

 -EI

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	True-Up Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	NFR Revenues Applicable to Period (Lines 1 + 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Jurisdictional NFR Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Beginning Balance True-up & Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a	Deferred True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	True-Up Collected (Refunded) (See Line 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	End of Period True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Net Interest for Final True-up Amount for the Period

[Section (5)(c)4.]

Schedule T-10

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2007

DOCKET NO.:

-E1

Witness: Will Garrett

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	Beginning Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Ending Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Average Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Beginning of Month interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Ending of Month Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Average Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Average Monthly Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Monthly Interest Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Net Interest for Final True-up Amount for the Period

[Section (5)(c)4.]

Schedule T-10

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2007**

DOCKET NO.:

_____-EI

Witness: **Will Garrett**

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	Beginning Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Ending Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Average Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Beginning of Month interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Ending of Month Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Average Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Average Monthly Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Monthly Interest Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Progress Energy Florida
Petition to Recover Costs
Docket No. _____
Exhibit No. _____ (WG-2)

SCHEDULE APPENDIX

EXHIBIT 2 (WG-2)

**PROGRESS ENERGY FLORIDA, INC.
CRYSTAL RIVER UNIT 3 UPRATE
COMMISSION SCHEDULES (T-1 Through T-10)**

JANUARY 2006 - DECEMBER 2006

FINAL TRUE-UP

DOCKET NO. _____-EI

Witness: Will Garrett
Schedules: T-1 through T-6B, and T-9 through T-10

Witness: Daniel L. Roderick
Schedules: T-7 through T-8B

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI **EXHIBIT** 4

COMPANY Progress Energy FL, Inc. (Direct)

WITNESS Will Garrett (WG-2) (CR3)

DATE 09/11-12/08

CRYSTAL RIVER UNIT 3 UPRATE
Retail Revenue Requirements Summary
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.a.]

Schedule T-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended: **12/31/2006**

COMPANY:

Progress Energy - FL

Witness: **Will Garrett**

DOCKET NO.:

 -EI

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule T-3A, line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CRYSTAL RIVER UNIT 3 UPRATE
Retail Revenue Requirements Summary
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.a.]

Schedule T-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

COMPANY:
Progress Energy - FL
DOCKET NO.:

For the Year Ended: **12/31/2006**

Witness: **Will Garrett**

-EI

Line No.		(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule T-3A, line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Preconstruction Costs

[Section (5)(c)1.a.]

Schedule T-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of preconstruction costs based on actual preconstruction expenditures for the prior year and previously filed expenditures for such prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2006**

DOCKET NO.:

-EI

Witness: **Will Garrett**

Line No.	Beginning of Period	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Actual Nuclear CWIP Additions (Schedule T-6, line 28)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3.	Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
a.	Equity Component (Line 4 x 6.819% x 1/12) (a)	\$0	\$0	\$0	\$0	\$0	\$0	
b.	Equity Comp. grossed up for taxes (Line 5a x 1.628002) (b)	\$0	\$0	\$0	\$0	\$0	\$0	
c.	Debt Component (Line 4 x 2.029% x 1/12)	\$0	\$0	\$0	\$0	\$0	\$0	
6.	Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	CWIP Additions & Amortization from prior year Actual/Estimated	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Over / (Under) Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Preconstruction Costs

[Section (5)(c)1.a.]

Schedule T-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of preconstruction costs based on actual preconstruction expenditures for the prior year and previously filed expenditures for such prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2006

DOCKET NO.:

-EI

Witness: Will Garrett

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. Actual Nuclear CWIP Additions (Schedule T-6, line 28)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (Line 4 x 6.819% x 1/12) (a)	\$0	\$0	\$0	\$0	\$0	\$0	
b. Equity Comp. grossed up for taxes (Line 5a x 1.628002) (b)	\$0	\$0	\$0	\$0	\$0	\$0	
c. Debt Component (Line 4 x 2.029% x 1/12)	\$0	\$0	\$0	\$0	\$0	\$0	
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions & Amortization from prior year Actual/Estimated	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Over / (Under) Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.

COMPANY:

Progress Energy - FL

For the Year Ended:

DOCKET NO.:

Witness: Will Ga

_____ -EI

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions (Schedule T-6, line 62)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Prior Mo Balance + Line 1 - 2 + 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions (c)								
a. Equity Component (Line 5 x 6.819% x 1/12) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 6a x 1.628002) (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 5 x 2.029% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.84%

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.

COMPANY:

Progress Energy - FL

For the Year Ended:

DOCKET NO.:

Witness: Will Ga

_____ -EI

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions (Schedule T-6, line 62)	\$0	\$0	\$0	\$0	\$0	(\$19,244)	(\$20,879)	(\$40,123)
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Prior Mo Balance + Line 1 - 2 + 3)		\$0	\$0	\$0	\$0	(\$19,244)	(\$40,123)	(\$40,123)
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	(\$9,622)	(\$29,684)	n/a
6. Return on Average Net CWIP Additions (c)								
a. Equity Component (Line 5 x 6.819% x 1/12) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 6a x 1.628002) (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 5 x 2.029% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)		\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.84%

12/31/2006

irrett

\$0

3%.

of 2

12/31/2006

irrett

(\$40,123)

3%.

of 2

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

For the Year Ended:

12/31/2006

COMPANY:

Progress Energy - FL

DOCKET NO.:

-EI

Witness: Will Garrett

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule T-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1+ Line 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Average Accumulated DTA		\$0	\$0	\$0	\$0	\$0	\$0	
7. Carrying Costs on DTA (c)								
a. Equity Component (Line 6 x 6.819% x 1/12) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 7a x 1.628002) (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 6 x 2.029% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements (Line 7b + 7c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY:

Progress Energy - FL

For the Year Ended:

12/31/2006

DOCKET NO.:

-EI

Witness: **Will Garrett**

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule T-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1 + Line 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Average Accumulated DTA		\$0	\$0	\$0	\$0	\$0	\$0	
7. Carrying Costs on DTA (c)								
a. Equity Component (Line 6 x 6.819% x 1/12) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 7a x 1.628002) (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 6 x 2.029% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements (Line 7b + 7c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction Period Interest

[Section (5)(c)1.a.]

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY: **Progress Energy - FL** For the Year Ended: **12/31/2006**

DOCKET NO.: **-EI** **Witness: Will Garrett**

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	n/a
2.	Additions Site Selection & Preconstruction (Schedule T-2, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction (Schedule T-3, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI	\$0	\$0	\$0	\$0	\$0	\$0	
6.	Monthly CPI Rate	0.0041529	0.0041529	0.0041529	0.0041529	0.0041529	0.0041529	
7.	Construction Period Interest for Tax (CPI)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction Period Interest

[Section (5)(c)1.a.]

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2006**

DOCKET NO.:

Witness: **Will Garrett**

_____ -EI

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$0	\$0	\$0	\$0	\$0	(\$19,244)	n/a
2. Additions Site Selection & Preconstruction (Schedule T-2, line 1)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction (Schedule T-3, line 1)		\$0	\$0	\$0	\$0	(\$19,244)	(\$20,879)	(\$40,123)
4. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	
5. Average Balance Eligible for CPI		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$9,622)</u>	<u>(\$29,684)</u>	
6. Monthly CPI Rate		0.0041529	0.0041529	0.0041529	0.0041529	0.0041529	0.0041529	
7. Construction Period Interest for Tax (CPI)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Ending Balance		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$19,244)</u>	<u>(\$40,123)</u>	<u>(\$40,123)</u>

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(e)]

Schedule T-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M actual monthly expenditures by function for the prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2006

DOCKET NO.:

-EI

Witness: Will Garrett

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Accounting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Corporate Communications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Corporate Planning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Corporate Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	External Relations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Human Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	IT & Telecom	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Project Assurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Public Affairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Sub-Total A&G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Nuclear Generation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Transmission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Total O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Total Jurisdictional CCRC Recoverable O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Difference (Line 24 - 25)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Schedule T-5

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Other Recoverables O&M Monthly Expenditures

[Section (5)(c)1.a.]

[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other Recoverables O&M actual monthly expenditures by function for the prior year.

COMPANY:

For the Year Ended: 12/31/2008

Progress Energy - FL

DOCKET NO.:

Witness: Will Garrett

-EI

[Note 2]

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Accounting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Corporate Communications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Corporate Planning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Corporate Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	External Relations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Human Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	IT & Telecom	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Project Assurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Public Affairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Sub-Total A&G	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	Distribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	Nuclear Generation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	Transmission	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Total O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Total Jurisdictional Non CCRC Recoverable O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26	Difference (Line 24 - 25) [Note 1]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1: This schedule is for informational purposes only and the data is excluded from the revenue requirements calculation.

Note 2: Progress Energy incurred O&M costs in base rates during 2007; however, financial procedures to capture these costs were put into place effective January 2008.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

Schedule T-6

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2008**

DOCKET NO.:

-E1

Witness: **Will Garrett**

Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1 Site Selection:													
2 [Site Selection may include the same costs as shown below in Pre-Construction.]													
3													
4 Pre-Construction:													
5 Generation:													
6 License Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7 Engineering & Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8 Permitting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 Clearing, Grading and Excavation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10 On-Site Construction Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 Total Generation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12													
13 Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
14													
15 Total Jurisdictional Generation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16													
17 Transmission:													
18 Line Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Substation Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 Clearing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21 Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
22 Total Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
23													
24 Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	
25													
26 Total Jurisdictional Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27													
28 Total Jurisdictional Preconstruction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
29													
30 Construction:													
31 Generation:													
32 Real Estate Acquisitions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
33 Project Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$35,652	\$97,005	\$132,657
34 Permanent Staff/Training	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
35 Site Preparation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36 On-Site Construction Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37 Power Block Engineering, Procurement, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
38 Non-Power Block Engineering, Procurement, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$638,351	\$1,528,665	\$2,167,016
39 Total Generation Costs (Note 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40 Less Adjustments:													
41 Joint Owner Billing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$55,398)	(\$133,620)	(\$189,019)
42 Non-Cash Accruals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$639,130)	(\$1,514,320)	(\$2,153,450)
43 Net Generation Costs (Note 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$20,526)	(\$22,270)	(\$42,796)
44													
45 Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	
46													
47 Total Generation Costs Eligible for Carrying Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$19,244)	(\$20,879)	(\$40,123)
48													
49 Transmission:													
50 Line Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
51 Substation Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
52 Real Estate Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
53 Line Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
54 Substation Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
55 Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56 Total Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
57													
58 Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	
59													
60 Total Jurisdictional Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
61													
62 Total Jurisdictional Construction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$19,244)	(\$20,879)	(\$40,123)

Note 1: Line 39 represents generation construction costs on an accrual basis, gross of joint owner billings.

Note 2: Line 43 represents net generation costs on a cash basis, net of joint owner billings.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

Schedule T-6A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

COMPANY:

For the Year Ended: **12/31/2006**

Progress Energy - FL

DOCKET NO.:

Witness: **Will Garrett**

-EI

Line No.	Major Task	Description - Includes, but is not limited to:
1	<u>Pre-Construction:</u>	
2	<u>Generation:</u>	
3	License Application	Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
4	Engineering & Design	Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.
5	Permitting	Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)
6	Clearing, Grading and Excavation	Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.
7	On-Site Construction Facilities	Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
8		
9	<u>Transmission:</u>	
10	Line Engineering	Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.
11	Substation Engineering	Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.
12	Clearing	Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.
13		
14	Other	Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.
15		
16	<u>Construction:</u>	
17	<u>Generation:</u>	
18	Real Estate Acquisition	Land, Survey, Legal fees and commissions.
19	Project Management	Management oversight of construction, including, but not limited to engineering, quality assurance, field support and contract services.
20	Permanent Staff/Training	Obtain and train qualified staff by Fuel Load date.
21	Site Preparation	Design and construction of plant site preparations to support fabrication and construction. Remedial work for plant foundation and foundation substrata.
22	On-Site Construction Facilities	Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
23	Power Block Engineering, Procurement, etc.	The cost of constructing and procuring the nuclear power block (reactor vessel, containment vessel, cooling towers, etc.)
24	Non-Power Block Engineering, Procurement, etc.	Site permanent structures and facilities outside the Power Block, including structural, electrical, mechanical, civil and security items.
25		(Admin building, Training center, Security towers, Switchyard, Roads, Railroad, Barge facility, etc.)
26		
27	<u>Transmission:</u>	
28	Line Engineering	See description on Line 10.
29	Substation Engineering	See description on Line 11.
30	Real Estate Acquisition	Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.
31	Line Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with construction of transmission lines.
32	Substation Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with substation and protection and control (relay) construction.
33	Other	See description on Line 14.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Variance Explanations

Schedule T-6B

[Section (8)(d)]
 Witness: **Will Garrett**

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual expenditures to the most recent projections for the prior period filed with the Commission.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2006**

DOCKET NO.:

-EI

Line No.	(A) Total Actual	(B) Total Actual/Estimated	(C) Total Variance	(D) Explanation
1				Site Selection:
2				[Site Selection may include the same costs as shown below in Pre-Construction.]
3				
4				Pre-Construction:
5				Generation:
6				License Application
7				Engineering & Design
8				Permitting
9				Clearing, Grading and Excavation
10				On-Site Construction Facilities
11				Total Generation Costs
12				
13				Transmission:
14				Line Engineering
15				Substation Engineering
16				Clearing
17				Other
18				Total Transmission Costs
19				
20				Construction:
21				Generation:
22				Real Estate Acquisitions
23				Project Management
24				Permanent Staff/Training
25				Site Preparation
26				On-Site Construction Facilities
27				Power Block Engineering, Procurement, etc.
28				Non-Power Block Engineering, Procurement, etc.
29				Total Generation Costs
30				
31				Transmission:
32				Line Engineering
33				Substation Engineering
34				Real Estate Acquisition
35				Line Construction
36				Substation Construction
37				Other
38				Total Transmission Costs

Total variances for project are attributable to no Actual/Estimated filing for the 2006 reporting period.

Schedule T-7

**CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Technology Selected**

[Section (8)(b)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY:

Progress Energy - FL

DOCKET NO.:

-EI

For the Year Ended: **12/31/2006**

Witness: **Daniel L. Roderick**

SEE 2007 SCHEDULE T-7 IN EXHIBIT (WG-1).

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

[Section (8)(c)]

Schedule T-8

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY:

Progress Energy - FL

For the Year Ended:

12/31/2006

DOCKET NO.:

-EI

Witness:

Daniel L. Roderick

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	SEE 2007 SCHEDULE T-8 IN EXHIBIT (WG-1).										
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) in house or external for resources.

Note 2: Method of Selection column should (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

Schedule T-8A

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

[Section (B)(c)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY:

Progress Energy - FL

DOCKET NO.:

_____ -EI

For the Year Ended:

12/31/2006

Witness:

Daniel L. Roderick

Contract No.:

SEE 2007 SCHEDULE T-8A IN EXHIBIT (WG-1).

Major Task or Tasks Associated With:

Vendor Identity:

Vendor Affiliation (specify 'direct' or 'indirect'):

Number of Vendors Solicited:

Number of Bids Received:

Brief Description of Selection Process:

Dollar Value:

Contract Status:

Term Begin:

Term End:

Nature and Scope of Work:

Describe work and scope details

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Schedule T-8B True-up Filing: Contracts Executed

[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a list of contracts executed in excess of \$200,000 including: vendor identity, product or service, term begin, term end and dollar value.

COMPANY:

For the Year Ended: 12/31/2006

Progress Energy - FL

DOCKET NO.:

Witness: Daniel L. Roderick

-EI

[Note 1]

Line No.	(A) Vendor Identity	(B) Product or Service	(C) Term Begin	(D) Term End	(E) Dollar Value
1	SEE 2007 SCHEDULE T-8B IN EXHIBIT (WG-1).				
2					
3					
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Note 1: The dollar values in this schedule are for those contracts which are in excess of \$200,000 yet less than \$1,000,000. which are reflected in Schedules T-8 and T-8A.

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Final True-up Amount for the Period

Schedule T-9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

For the Year Ended: **12/31/2006**

Progress Energy - FL

DOCKET NO.:

Witness: **Will Garrett**

 -EI

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	True-Up Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	NFR Revenues Applicable to Period (Lines 1 + 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Jurisdictional NFR Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Beginning Balance True-up & Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a	Deferred True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	True-Up Collected (Refunded) (See Line 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	End of Period True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Final True-up Amount for the Period

Schedule T-9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2006**

DOCKET NO.:

_____ -EI

Witness: **Will Garrett**

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	True-Up Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	NFR Revenues Applicable to Period (Lines 1 + 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Jurisdictional NFR Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Beginning Balance True-up & Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a	Deferred True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	True-Up Collected (Refunded) (See Line 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	End of Period True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Net Interest for Final True-up Amount for the Period

[Section (5)(c)4.]

Schedule T-10

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

Progress Energy - FL

For the Year Ended: **12/31/2006**

DOCKET NO.:

_____-EI

Witness: **Will Garrett**

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	Beginning Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Ending Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Average Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Beginning of Month Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Ending of Month Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Average Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Average Monthly Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Monthly Interest Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Net Interest for Final True-up Amount for the Period

[Section (5)(c)4.]

Schedule T-10

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

For the Year Ended: **12/31/2006**

Progress Energy - FL

DOCKET NO.:

Witness: Will Garrett

_____-EI

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	Beginning Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Ending Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Average Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Beginning of Month interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5	Ending of Month interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Average Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
7	Average Monthly Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Monthly Interest Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0

SCHEDULE APPENDIX

REDACTED

EXHIBIT A (WG - 1)

PROGRESS ENERGY FLORIDA, INC.

Levy County Nuclear Filing

COMMISSION SCHEDULES (T-1 Through T-10)

JANUARY 2007 - DECEMBER 2007

FINAL TRUE-UP

DOCKET NO. 080149-EI

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 5

COMPANY Progress Energy FL, Inc. (Direct)

WITNESS Will Garrett (WG-1) (Levy)

DATE 09/11-12/08

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.a.]

Schedule T-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

For the Year Ended 12/31/2007

Witness:

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	-	-	-	-	-	-	-
4. Deferred Tax Asset Carrying Cost (Schedule T-3A, line 8)	-	-	-	-	-	-	-
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	-	-	-	-	-	-	-
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.a.]

Schedule T-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

Witness:

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	-	-	224,666	460,558	483,321	544,738	1,713,284
3. Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	-	-	-	-	-	-	-
4. Deferred Tax Liability Carrying Cost (Schedule T-3A, line 8)	-	-	(70)	(285)	(581)	(904)	(1,841)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	-	-	224,596	460,273	482,739	543,835	1,711,443
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	\$ -	\$ -	\$ 224,596	\$ 460,273	\$ 482,739	\$ 543,835	\$ 1,711,443

Schedule T-2

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Preconstruction Costs

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of preconstruction costs based on actual preconstruction expenditures for the prior year and previously filed expenditures for such prior year.

For the Year Ended 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

Witness:

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Actual Nuclear CWIP Additions (Schedule T-6, line 24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Unamortized CWIP Base Eligible for Return	-	-	-	-	-	-	-
3. Amortization of CWIP Base Eligible for Return	-	-	-	-	-	-	-
4. Average Net Unamortized CWIP Base Eligible for Return	-	-	-	-	-	-	-
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-
c. Debt Component	-	-	-	-	-	-	-
6. Total Return Requirements (Line 5b + 5c)	-	-	-	-	-	-	-
7. Total Costs to be Recovered	-	-	-	-	-	-	-
8. CWIP Additions & Amortization from prior year Actual/Estimated	-	-	-	-	-	-	-
9. Over / (Under) Recovery (Line 7 - Line 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

(a) The monthly Equity Component of 8.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001826 (Debt), which results in the annual rate of 8.848%.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Preconstruction Costs

[Section (5)(c)1.a.]

Schedule T-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of preconstruction costs based on actual preconstruction expenditures for the prior year and previously filed expenditures for such prior year.

For the Year Ended 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

Witness:

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. Actual Nuclear CWIP Additions (Schedule T-8, line 24)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Unamortized CWIP Base Eligible for Return	-	-	-	-	-	-	-
3. Amortization of CWIP Base Eligible for Return	-	-	-	-	-	-	-
4. Average Net Unamortized CWIP Base Eligible for Return	-	-	-	-	-	-	-
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-
c. Debt Component	-	-	-	-	-	-	-
6. Total Return Requirements (Line 5b + 5c)	-	-	-	-	-	-	-
7. Total Costs to be Recovered	-	-	-	-	-	-	-
8. CWIP Additions & Amortization from prior year Actual/Estimated	-	-	-	-	-	-	-
9. Over / (Under) Recovery (Line 7 - Line 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction

[Section (5)(c)1.a.]

Schedule T-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.

COMPANY:

Progress Energy - FL

For the Year Ended 12/31/2007

DOCKET NO.:

080149-EI

Witness:

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Nuclear CWIP Additions (Schedule T-6, line 44)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Transfers to Plant in Service	-	-	-	-	-	-	-
3.	Other Adjustments (d)	-	-	-	-	-	-	-
4.	CWIP Base Eligible for Return (PM CWIP Bal. + Line 1 - 2 + 3)	-	-	-	-	-	-	-
5.	Average Net CWIP Additions	-	-	-	-	-	-	n/a
6.	Return on Average Net CWIP Additions (c)							
a.	Equity Component (a)	-	-	-	-	-	-	-
b.	Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-
c.	Debt Component	-	-	-	-	-	-	-
7.	Total Return Requirements (Line 6b + 6c)	-	-	-	-	-	-	-
8.	Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
9.	Difference (Line 7 - Line 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Return on average net Construction Work In Progress (CWIP) additions that is being included in the Levy costs until such time as these costs are recovered under the Capacity Cost Recovery (CCR) rate.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction

[Section (5)(c)1.a.]

Schedule T-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.

For the Year Ended 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

Witness:

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Nuclear CWIP Additions (Schedule T-6, line 48)	\$ -	\$ -	\$ 42,706,524	\$ 1,831,101	\$ 1,875,060	\$ 9,148,386	\$ 55,561,072
2.	Transfers to Plant in Service	-	-	-	-	-	-	-
3.	Other Adjustments (d)	-	-	-	151,395	310,354	325,693	787,441
4.	CWIP Base Eligible for Return (PM CWIP Bal. + Line 1 - 2 + 3)	-	-	42,706,524	44,689,020	46,874,434	56,348,513	56,348,513
5.	Average Net CWIP Additions	-	-	21,353,262	43,773,469	45,936,904	51,774,320	n/a
6.	Return on Average Net CWIP Additions (c)							
a.	Equity Component (a)	-	-	116,674	239,178	250,999	262,895	889,747
b.	Equity Comp. grossed up for taxes (b)	-	-	189,946	389,383	406,627	460,553	1,448,509
c.	Debt Component	-	-	34,720	71,176	74,693	84,185	264,775
7.	Total Return Requirements (Line 6b + 6c)	-	-	224,668	460,558	483,321	544,738	1,713,284
8.	Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
9.	Difference (Line 7 - Line 8)	\$ -	\$ -	\$ 224,668	\$ 460,558	\$ 483,321	\$ 544,738	\$ 1,713,284

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of Income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Return on average net Construction Work In Progress (CWIP) additions that is being included in the Levy costs until such time as these costs are recovered under the Capacity Cost Recovery (CCR) rate.

Schedule T-3A

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
deferred tax Carrying Costs for the current
year.

For the Year Ended 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

Witness:

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule T-3B, Line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1+ Line 3)	-	-	-	-	-	-	-	-
3. Other Adjustments (d)	-	-	-	-	-	-	-	-
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	-	-	-	-	-	-	-	-
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	-	-	-	-	-	-	-	n/a
6. Average Accumulated DTA	-	-	-	-	-	-	-	-
7. Carrying Costs on DTA (c)								
a. Equity Component (a)	-	-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-	-
c. Debt Component (Line 6 x 2.04% x 1/12)	-	-	-	-	-	-	-	-
8. Total Return Requirements (Line 7b + 7c)	-	-	-	-	-	-	-	-
9. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Return on average net Construction Work in Progress (CWIP) additions that is being included in the Levy costs until such time as these costs are recovered under the Capacity Cost Recovery (CCR) rate.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.a.]

Schedule T-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
deferred tax Carrying Costs for the current
year.

For the Year Ended 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

Witness:

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.		-	-	-	-	-	-	-
3.		-	-	(34,720)	(71,176)	(74,663)	(84,185)	(264,775)
4.		-	-	(34,720)	(105,896)	(180,589)	(264,775)	n/a
5.		-	-	(13,393)	(40,849)	(66,662)	(102,137)	n/a
6.		-	-	(6,697)	(27,121)	(55,256)	(85,900)	
7.								
a.		-	-	(37)	(148)	(302)	(469)	(956)
b.		-	-	(60)	(241)	(492)	(764)	(1,556)
c.		-	-	(11)	(44)	(90)	(140)	(285)
8.		-	-	(70)	(285)	(581)	(904)	(1,841)
9.		-	-	-	-	-	-	-
10.		\$ -	\$ -	(70)	(285)	(581)	(904)	(1,841)

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Return on average net Construction Work in Progress (CWIP) additions that is being included in the Levy costs until such time as these costs are recovered under the Capacity Cost Recovery (CCR) rate.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction Period Interest

[Section (5)(c)1.a.]

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual
Construction Period Interest for the current
year.

For the Year Ended 12/31/2007

COMPANY:
Progress Energy - FL
DOCKET NO.:
080149-EI

Witness:

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Additions Site Selection & Preconstruction (Schedule T-2, line 1)		-	-	-	-	-	-	-
3. Additions Construction (Schedule T-3, line 1)		-	-	-	-	-	-	-
4. Other Adjustments		-	-	-	-	-	-	-
5. Average Balance Eligible for CPI		-	-	-	-	-	-	-
6. Monthly CPI Rate (a)		-	-	-	-	-	-	-
7. Construction Period Interest for Tax (CPI)		-	-	-	-	-	-	-
8. Ending Balance Excluding CPI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(a) CPI is not calculated until construction starts for tax purposes.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction Period Interest

[Section (5)(c)1.a.]

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY:

Progress Energy - FL

For the Year Ended 12/31/2007

DOCKET NO.:

080149-EI

Witness:

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$ -	\$ -	\$ 42,493,547	\$ 42,706,524	\$ 44,537,625	\$ 46,412,685	
2.	Additions Site Selection & Preconstruction (Schedule T-2, line 1)	-	-	-	-	-	-	-
3.	Additions Construction (Schedule T-3, line 1)	-	42,493,547	212,977	1,831,101	1,875,060	9,148,386	55,561,072
4.	Other Adjustments	-	-	-	-	-	-	-
5.	Average Balance Eligible for CPI	-	21,246,774	42,600,036	43,622,075	45,475,155	50,986,878	
6.	Monthly CPI Rate (a)	-	-	-	-	-	-	-
7.	Construction Period Interest for Tax (CPI)	-	-	-	-	-	-	-
8.	Ending Balance Excluding CPI	\$ -	\$ -	\$ 42,493,547	\$ 42,706,524	\$ 44,537,625	\$ 46,412,685	\$ 55,561,072

(a) CPI is not calculated until construction starts for tax purposes.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(e)]

Schedule T-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M actual monthly expenditures by function for the prior year.

COMPANY: Progress Energy - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080140-EI

Witness:

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1.	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Project Assurance	-	-	-	-	-	-	-	-	-	-	-	-	-
10.	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	Subtotal A&G	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13.	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14.	Transmission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15.	Total O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16.	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17.	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18.	Jurisdictional Factor (NucI - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19.	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20.	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21.	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22.	Jurisdictional Recoverable Costs (NucI - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23.	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24.	Total Jurisdictional CCRC Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25.	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26.	Difference (Line 24-25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(e)]

Schedule T-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other O&M actual monthly expenditures by function for the prior year.

COMPANY:

Progress Energy - FL

For the Year Ended 12/31/2007

DOCKET NO.:

080149-EI

Witness:

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1.	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3.	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4.	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7.	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8.	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9.	Project Assurance	-	-	-	-	-	-	-	-	-	-	-	-	-
10.	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11.	Subtotal A&G	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13.	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14.	Transmission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15.	Total O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16.	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17.	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18.	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19.	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20.	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21.	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22.	Jurisdictional Recoverable Costs (Nuc - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23.	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24.	Total Jurisdictional CCRC Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25.	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26.	Difference (Line 24 - 25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: This schedule is for informational purposes only and the data is excluded from the revenue requirements calculation.

Note 2: Progress Energy incurred O&M costs in base rates during 2007; however, financial procedures to capture these costs were put into place effective January 2008.

Schedule T-6

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Monthly Expenditures

[Section (5)(c)1.a.]

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed
 within Site Selection and Construction categories
 for the prior year.

For the Year Ended 12/31/2007

 COMPANY: Progress Energy - FL
 DOCKET NO.: 080149-EI

Witness:

Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
Preconstruction:													
Generation:													
1. License Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Engineering & Design	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Permitting	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Clearing, Grading and Excavation	-	-	-	-	-	-	-	-	-	-	-	-	-
5. On-Site Construction Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Total Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Adjustments:													
7. Non-Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Net Generation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
10. Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
11. Total Jurisdictional Generation Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission:													
13. Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14. Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
15. Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-
16. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
17. Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Adjustments:													
18. Non-Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
19. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
20. Net Transmission Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
21. Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
22. Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23. Total Jurisdictional Preconstruction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction:													
Generation:													
25. Real Estate Acquisitions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,325,000	\$ 227,168	\$ 1,953,112	\$ 2,000,000	\$ 3,024,979	\$ 52,530,259
26. Project Management	-	-	-	-	-	-	-	-	-	-	-	-	-
27. Permanent Staff/Training	-	-	-	-	-	-	-	-	-	-	-	-	-
28. Site Preparation	-	-	-	-	-	-	-	-	-	-	-	-	-
29. On-Site Construction Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
30. Power Block Engineering, Procurement, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-
31. Non-Power Block Engineering, Procurement, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-
32. Total Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,325,000	\$ 227,168	\$ 1,953,112	\$ 2,000,000	\$ 3,024,979	\$ 52,530,259
Less Adjustments:													
33. Non-Cash Accruals	-	-	-	-	-	-	-	45,325,000	(45,325,000)	-	-	-	-
34. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
35. Net Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,552,168	\$ 1,953,112	\$ 2,000,000	\$ 3,024,979	\$ 52,530,259
36. Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
37. Total Jurisdictional Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,706,524	\$ 1,831,101	\$ 1,875,060	\$ 2,836,009	\$ 49,248,694
Transmission:													
39. Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40. Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
41. Real Estate Acquisitions	-	-	-	-	-	-	-	-	-	-	-	8,941,425	8,941,425
42. Line Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
43. Substation Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
44. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
45. Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,941,425	\$ 8,941,425
Less Adjustments:													
46. Non-Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
47. Other	-	-	-	-	-	-	-	-	-	-	-	-	-
48. Net Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,941,425	\$ 8,941,425
49. Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
50. Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,312,378	\$ 6,312,378
51. Total Jurisdictional Construction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,706,524	\$ 1,831,101	\$ 1,875,060	\$ 9,148,386	\$ 55,561,072

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Monthly Expenditures

[Section (5)(c)1.a.]

Schedule T-6A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

COMPANY: Progress Energy - FL
 DOCKET NO.: 080149-EI

For the Year Ended 12/31/2007

Witness:

Line
 No. Major Task Description - Includes, but is not limited to:

Pre-Construction:

Generation:

License Application	Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
Engineering & Design	Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.
Permitting	Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)
Clearing, Grading and Excavation	Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.
On-Site Construction Facilities	Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.

Transmission:

Line Engineering	Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.
Substation Engineering	Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.
Clearing	Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.
Other	Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.

Construction:

Generation:

Real Estate Acquisition	Land, Survey, Legal fees and commissions.
Project Management	Management oversight of construction, including, but not limited to engineering, quality assurance, field support and contract services.
Permanent Staff/Training	Obtain and train qualified staff by Fuel Load date.
Site Preparation	Design and construction of plant site preparations to support fabrication and construction. Remedial work for plant foundation and foundation substrata.
On-Site Construction Facilities	Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
Power Block Engineering, Procurement	The cost of constructing and procuring the nuclear power block (reactor vessel, containment vessel, cooling towers, etc.)
Non-Power Block Engineering, Procurement	Site permanent structures and facilities outside the Power Block, including structural, electrical, mechanical, civil and security items. (Admin building, Training center, Security towers, Switchyard, Roads, Railroad, Barge facility, etc.)

Transmission:

Line Engineering	See description on Line 10.
Substation Engineering	See description on Line 11.
Real Estate Acquisition	Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.
Line Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with construction of transmission lines.
Substation Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with substation and protection and control (relay) construction.
Other	See description on Line 14.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Variance Explanations

Schedule T-6B

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual expenditures to the most recent projections for the prior period filed with the Commission.

COMPANY:

Progress Energy - FL

For the Year Ended 12/31/2007

DOCKET NO.:

080149-EI

Witness:

Line No.	(A) Total Actual	(B) Total Actual/Estimated	(C) Total Variance	(D) Explanation
<u>Pre-Construction:</u>				
<u>Generation:</u>				
License Application	\$ -	\$ -	\$ -	N/A
Engineering & Design	-	-	-	N/A
Permitting	-	-	-	N/A
Clearing, Grading and Excavation	-	-	-	N/A
On-Site Construction Facilities	-	-	-	N/A
Total Generation Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A
<u>Transmission:</u>				
Line Engineering	\$ -	\$ -	\$ -	N/A
Substation Engineering	-	-	-	N/A
Clearing	-	-	-	N/A
Other	-	-	-	N/A
Total Transmission Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A
<u>Construction:</u>				
<u>Generation:</u>				
Real Estate Acquisitions	\$ 52,530,259	\$ -	\$ (52,530,259)	Note 1
Project Management	-	-	-	N/A
Permanent Staff/Training	-	-	-	N/A
Site Preparation	-	-	-	N/A
On-Site Construction Facilities	-	-	-	N/A
Power Block Engineering, Procurement, etc	-	-	-	N/A
Non-Power Block Engineering, Procurement	-	-	-	N/A
Total Generation Costs	<u>\$ 52,530,259</u>	<u>\$ -</u>	<u>\$ (52,530,259)</u>	Note 1
<u>Transmission:</u>				
Line Engineering	\$ -	\$ -	\$ -	N/A
Substation Engineering	-	-	-	N/A
Real Estate Acquisition	8,941,425	-	(8,941,425)	Note 1
Line Construction	-	-	-	N/A
Substation Construction	-	-	-	N/A
Other	-	-	-	N/A
Total Transmission Costs	<u>\$ 8,941,425</u>	<u>\$ -</u>	<u>\$ (8,941,425)</u>	Note 1

Note 1: No costs were estimated due to the fact that Progress Energy's (PEF) has never filed a projection to date.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Technology Selected

[Section (8)(b)]

Schedule T-7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

For the Year Ended 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

Witness:

Progress Energy Inc. Florida ("PEF") performed a methodical, detailed quantitative and qualitative evaluation of commercially available advanced reactor technologies. PEF issued RFPs to the three vendors that had advanced reactor designs: General Electric ("GE"); Westinghouse; and Areva, for the GE Economic Simplified Boiling Water Reactor ("ESBWR"), the Westinghouse AP-1000 advanced passive pressurized water reactor, and the Areva European Pressurized Reactor ("EPR"), respectively. PEF completed a thorough and extensive evaluation of the vendor proposal responses associated with technical and operational requirements for licensing, design, construction, and capability input by the vendors. Following nearly a year of detailed evaluation, PEF initially selected the Westinghouse AP-1000 design as the best advanced technology for PEF. Since the preliminary selection of the Westinghouse AP-1000 design in January 2006, PEF continued to monitor industry changes, advanced reactor technology developments, and other information that might affect PEF's technology selection, or the assumptions PEF used in its initial analysis. The Westinghouse AP-1000 design is a standardized, advanced passive pressurized water nuclear reactor. It is an advanced generation nuclear technology that employs "passive" rather than traditional "active" safety systems. In other words, the design uses gravity and natural recirculation of air and water in emergency situations that do not require engines or pumps to power key safety systems. The result is an extremely safe and much simpler design that requires significantly less cable, pumps, valves, and other equipment than existing nuclear power reactors. In addition, PEF is still in negotiations with the Consortium on the terms and conditions of an acceptable EPC contract, including price structure. PEF expects to finalize and execute the EPC contract by the end of 2008.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: Progress Energy Florida

For the Year Ended 12/31/2007

DOCKET NO.:
080149-EI

Witness:

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End (2006)	Estimate of amount to be Expended in Current Year (2007)	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	N/A	Complete			\$45,000,000	\$450,000	\$46,551,088	\$47,001,088	Purchase Agreement for Rayonier Forest Resources	Purchase based on final results from site down select analysis that determined most suitable site to locate the plant.	Purchase Land for LNP. Final contact amount includes costs to complete title search, recording fees, and documentary stamps.
2	N/A	Complete			\$39,000,000	\$0	\$40,335,305	\$40,335,305 (a)	Contract for Sale & Purchase for JH Lybass Jr Family LLC, TG Lybass LLP and Oregon Lybass	Acquisition supports specific needs for the Levy Nuclear Plant and is adjacent to Rayonier property.	Purchase Land. Costs were distributed between NGG, Transmission and Land For Future Use. Final contact amount includes costs to complete title search, recording fees, and documentary stamps.
3	293651	Complete							Duncan Company	Approved Nominee Agreement	Provide an array of diverse commercial real estate services for proposed baseload power generation plant.

(a) \$12.7 M of Lybass land purchase was allocated to Levy Project, the remainder of \$27.7 M was allocated to Land held for future use.

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8A

FLORIDA PUBLIC SERVICE COM EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract. For the Year Ended 12/31/2007

COMPANY: Progress Energy - FL

DOCKET NO.: 080149-EI

Witness:

Contract No.: N/A

Major Task or Tasks Associated With: Purchase of property to site the Levy Nuclear Plant

Vendor Identity: Rayonier Forest Resources, L.P. (seller)

Vendor Affiliation (specify 'direct' or 'indirect'): Indirect (Vertical Integration (buyer) on behalf of Progress Energy)

Number of Vendors Solicited: Purchased based on results of site downselect analysis that determined the most suitable site for the plant.

Number of Bids Received: N/A

Brief Description of Selection Process: Property was selected based on the site selection process analysis to determine most suitable site for the

Dollar Value: \$45,000,000

Contract Status: Completed

Term Begin:

Term End:

Nature and Scope of Work: Purchase and Sale Agreement. The seller was Rayonier Forest Resources, LP. Sold Approximately 3,000 acres to Progress Energy for siting Levy Nuclear Plant.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Contracts Executed

Schedule T-8A

FLORIDA PUBLIC SERVICE COM COMPANY: Progress Energy - FL DOCKET NO.: 080149-EI	EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract. For the Year Ended 12/31/2007 Witness:
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Contract No.: N/AMajor Task or Tasks Associated With: Purchase of property to support specific needs of the Levy Nuclear Power Plant.Vendor Identity: JH Lybass Jr. Family LLC, Lybass LP, Oregon Lybass (sellers)Vendor Affiliation (specify 'direct' or 'indirect'): DirectNumber of Vendors Solicited: Purchased based on supporting specific needs of Levy Nuclear Plant. Lybass property is adjacent to property purchased to site Levy Nuclear Plant.Number of Bids Received: N/A

Brief Description of Selection Process: Property was chosen based on several key advantages: (1) Adjacent to property previously purchased for Levy Nuclear Plant. Levy County is the best overall siting location based on the completed siting analysis. (2) Cooling Water lines must cross property to reach Cross Florida Barge Canal. (3) Supports Transmission Deliverability Analysis for key transmission corridor. (4) Heavy Haul Path from the barge canal to transport major components to the site. (5) Accommodates a multi-lane construction entrance to the site. (6) Close proximity to an abundant cooling water source that is not a fresh water consumption source.

Dollar Value: \$39,000,000Contract Status: CompletedTerm Begin:Term End:

Nature and Scope of Work: Purchase and Sale Agreement. The seller was Lybass family members. Sold 2,159 acres to Progress Energy to support siting of the Levy Nuclear Plant, Transmission and meet potential future generation requirements.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Schedule T-8A True-up Filing: Contracts Executed

FLORIDA PUBLIC SERVICE COM EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract. For the Year Ended 12/31/2007

COMPANY: Progress Energy - FL

DOCKET NO.: 080149-EI

Witness:

Contract No.: 293651

Major Task or Tasks Associated With: Provide services, supplies, tools, equipment, and transportation necessary to provide an array of diverse commercial real estate services for the sole purpose of acquiring land parcels for proposed baseload generation plants.

Vendor Identity: The Duncan Companies, Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Approved Nominee Agreement

Number of Bids Received: N/A

Brief Description of Selection Process: Nominee Agreement to act as Progress' agent in locating, investigating, negotiating and contracting for the purchase (collectively, the "Purchase Contract(s)") of real property (the "Property") throughout Florida for the potential siting of a new power plant.

Dollar Value: [REDACTED]

Contract Status: Completed

Term Begin: [REDACTED]

Term End: [REDACTED]

Nature and Scope of Work: (1) Perform fatal flaw analysis on properties identified by the owner and also include identification of alternative sites for consideration by owner. (2) Implementation of the acquisition process. (3) Complete due diligence evaluation activities for each proposed site.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Constr
True-up Filing: Contracts Executed

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:
Progress Energy - FL
DOCKET NO.:
080149-EIEXPLANATION: Provide a list of contracts executed in excess of \$200,000
including: vendor identity, product or service, term begin,
term end and dollar value.

For the Year Ended 12/31/2007

Witness:

Line No.	(A) Vendor Identity	(B) Product or Service	(C) Term Begin	(D) Term End	(E) Dollar Value
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Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Final True-up Amount for the Period

Schedule T-9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

Progress Energy - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149-EI

Witness:

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	True-Up Provision	-	-	-	-	-	-	-
3	NFR Revenues Applicable to Period (Lines 1 + 2)	-	-	-	-	-	-	-
4	Jurisdictional NFR Costs	-	-	-	-	-	-	-
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	-	-	-	-	-	-	-
6	Interest Provision	-	-	-	-	-	-	-
7	Beginning Balance True-up & Interest Provision	-	-	-	-	-	-	-
a	Deferred True-up	-	-	-	-	-	-	-
8	True-Up Collected (Refunded) (See Line 2)	-	-	-	-	-	-	-
9	End of Period True-up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: No costs were estimated due to the fact that Progress Energy's (PEF) has never filed a projection to date.

Note 2: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Calculation of the Final True-up Amount for the Period

Schedule T-9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY:

For the Year Ended 12/31/2007

Progress Energy - FL

DOCKET NO.: 080149-EI

Witness:

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	True-Up Provision	-	-	-	-	-	-	-
3	NFR Revenues Applicable to Period (Lines 1 + 2)	-	-	-	-	-	-	-
4	Jurisdictional NFR Costs	-	-	224,596	460,273	482,739	543,835	1,711,443
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	-	-	(224,596)	(460,273)	(482,739)	(543,835)	(1,711,443)
6	Interest Provision	-	-	-	-	-	-	-
7	Beginning Balance True-up & Interest Provision	-	-	-	-	-	-	-
a	Deferred True-up	-	-	-	-	-	-	-
8	True-Up Collected (Refunded) (See Line 2)	-	-	-	-	-	-	-
9	End of Period True-up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: No costs were estimated due to the fact that Progress Energy's (PEF) has never filed a projection to date.

Note 2: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Schedule T-10 **True-up Filing: Calculation of the Net Interest for Final True-up Amount for the Period**

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: Progress Energy - FL For the Year Ended 12/31/2007

DOCKET NO.: 080149-EI Witness:

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	Beginning Monthly Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Ending Monthly Balance	-	-	-	-	-	-	-
3	Average Monthly Balance	-	-	-	-	-	-	-
4	Beginning of Month interest	-	-	-	-	-	-	-
5	Ending of Month Interest	-	-	-	-	-	-	-
6	Average Interest	-	-	-	-	-	-	-
7	Average Monthly Interest	-	-	-	-	-	-	-
8	Monthly Interest Amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Schedule T-10 True-up Filing: Calculation of the Net Interest for Final True-up Amount for the Period

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: Progress Energy - FL For the Year Ended 12/31/2007

DOCKET NO.: Witness:

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	Beginning Monthly Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Ending Monthly Balance	-	-	-	-	-	-	-
3	Average Monthly Balance	-	-	-	-	-	-	-
4	Beginning of Month Interest	-	-	-	-	-	-	-
5	Ending of Month Interest	-	-	-	-	-	-	-
6	Average Interest	-	-	-	-	-	-	-
7	Average Monthly Interest	-	-	-	-	-	-	-
8	Monthly Interest Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

SCHEDULE APPENDIX

REDACTED

EXHIBIT (LC-1)

PROGRESS ENERGY FLORIDA, INC.

Crystal River Unit 3 Uprate

COMMISSION SCHEDULES (P-1 Through P-10)

JANUARY 2009 - DECEMBER 2009

Projections

DOCKET NO. 080009-EI

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 6

COMPANY Progress Energy FL Inc. (Direct)

WITNESS Lori Cross (LC-1) (CR-3)

DATE 09/11-12/08

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule P-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule P-2, line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Construction Carrying Cost Revenue Requirements (Schedule P-3, line 7)	864,996	938,632	989,287	1,033,323	1,086,172	1,148,577	6,060,987
3. Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	20,469	24,264	25,816	24,435	31,348	24,804	151,136
4. Deferred Tax Asset Carrying Cost (Schedule P-3A, line 8)	12,373	14,736	17,198	19,774	22,477	25,317	111,875
5. Other Adjustments [Note 1]	103,240	103,158	103,075	102,993	102,911	102,828	618,205
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$ 1,001,078</u>	<u>\$ 1,080,789</u>	<u>\$ 1,135,377</u>	<u>\$ 1,180,525</u>	<u>\$ 1,242,908</u>	<u>\$ 1,301,528</u>	<u>\$ 6,942,203</u>
7. Total Prior Period January- December 2007 Revenue Requirements	8,128	18,864	21,388	25,017	32,663	40,824	146,882
8. Total Prior Period January- December 2008 Revenue Requirements	387,412	449,355	476,960	505,800	541,802	564,574	2,925,901
9. Total Revenue Requirements as of December 2009	<u>\$ 1,396,618</u>	<u>\$ 1,549,009</u>	<u>\$ 1,633,722</u>	<u>\$ 1,711,342</u>	<u>\$ 1,817,372</u>	<u>\$ 1,906,923</u>	<u>\$ 10,014,986</u>

Note 1: The amount in this row represents the revenue requirements associated with the MUR as discussed further in the attached testimony and presented in Appendix A.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Retail Revenue Requirements Summary**

[Section (5)(c)1.c.]

Schedule P-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule P-2, line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Construction Carrying Cost Revenue Requirements (Schedule P-3, line 7)	1,212,851	1,286,592	1,360,183	1,449,366	1,557,856	1,659,977	14,587,810
3. Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	22,999	23,252	24,551	31,687	24,688	25,816	304,128
4. Deferred Tax Asset Carrying Cost (Schedule P-3A, line 8)	28,301	31,445	34,781	38,323	42,058	45,972	332,755
5. Other Adjustments [Note 1]	102,746	102,663	102,581	102,498	102,416	102,333	1,233,443
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$ 1,366,896</u>	<u>\$ 1,443,952</u>	<u>\$ 1,522,096</u>	<u>\$ 1,621,874</u>	<u>\$ 1,727,017</u>	<u>\$ 1,834,099</u>	<u>\$ 16,458,136</u>
7. Total Prior Period January- December 2007 Revenue Requirements	46,408	69,126	98,061	131,541	171,679	265,199	928,896
8. Total Prior Period January- December 2008 Revenue Requirements	600,046	665,444	742,302	810,435	852,674	916,130	7,512,933
9. Total Revenue Requirements as of December 2009	<u>\$ 2,013,350</u>	<u>\$ 2,178,522</u>	<u>\$ 2,362,460</u>	<u>\$ 2,563,850</u>	<u>\$ 2,751,370</u>	<u>\$ 3,015,427</u>	<u>\$ 24,899,965</u>

Note 1: The amount in this row represents the revenue requirements associated with the MUR as discussed further in the attached testimony and presented in Appendix A.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Preconstruction Costs

[Section (5)(c)1.c.]

Schedule P-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected
preconstruction costs for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Current Period Pre-Construction Expenses (Schedule AE-6 Line 34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Prior Period Unrecovered Pre-Construction Balance	-	-	-	-	-	-	-	-
3. Pre-Construction Expenses Recovered	-	-	-	-	-	-	-	-
4. Average Balance Pre-Construction Expenses Eligible for Return	-	-	-	-	-	-	-	-
5. Return on Average Net Unamortized CWIP Eligible for Return (c)								
a. Equity Component (a)	-	-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-	-
c. Debt Component	-	-	-	-	-	-	-	-
6. Total Return Requirements (Line 5b + 5c)	-	-	-	-	-	-	-	-
7. Total Costs to be Recovered (Line 1 + Line 6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Preconstruction Costs**

[Section (5)(c)1.c.]

Schedule P-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the projected
preconstruction costs for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.		(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars								
1.	Current Period Pre-Construction Expenses (Schedule AE-6 Line 34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Prior Period Unrecovered Pre-Construction Balance	-	-	-	-	-	-	-
3.	Pre-Construction Expenses Recovered	-	-	-	-	-	-	-
4.	Average Balance Pre-Construction Expenses Eligible for Return	-	-	-	-	-	-	-
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
	a. Equity Component (a)	-	-	-	-	-	-	-
	b. Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-
	c. Debt Component	-	-	-	-	-	-	-
6.	Total Return Requirements (Line 5b + 5c)	-	-	-	-	-	-	-
7.	Total Costs to be Recovered (Line 1 + Line 6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Costs

[Section (5)(c)1.c.]

Schedule P-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected carrying costs on projected construction balances for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) Total to Date
Jurisdictional Dollars								
1. Nuclear CWIP Additions (Schedule P-6, line 70)	\$ 81,933,398	\$ 8,055,878	\$ 8,719,884	\$ 3,687,710	\$ 5,461,459	\$ 5,363,117	\$ 7,277,884	\$ 118,499,331
2. Transfers to Plant in Service	8,030,267	-	-	-	-	-	-	8,030,267
3. Other Adjustments (d)	4,146,391	135,571	(389,269)	(389,269)	(389,269)	(389,269)	(389,269)	2,335,616
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	<u>\$ 86,240,971</u>	<u>\$ 82,571,586</u>	<u>\$ 95,870,027</u>	<u>\$ 100,942,217</u>	<u>\$ 105,916,065</u>	<u>\$ 112,804,680</u>	<u>\$ 112,804,680</u>	
5. Average Net CWIP Additions		\$82,213,032	\$89,211,644	\$94,026,172	\$98,211,488	\$103,234,507	\$109,165,738	
6. Return on Average Net CWIP Additions (c)								
a. Equity Component (a)		449,212	487,452	513,759	536,628	564,073	598,482	3,147,606
b. Equity Comp. grossed up for taxes (b)		731,318	793,574	836,401	873,631	918,313	971,073	5,124,309
c. Debt Component		133,678	145,058	152,887	159,692	167,859	177,503	936,678
7. Total Return Requirements (Line 6b + 6c)	<u>\$ 864,996</u>	<u>\$ 938,632</u>	<u>\$ 989,287</u>	<u>\$ 1,033,323</u>	<u>\$ 1,086,172</u>	<u>\$ 1,148,577</u>	<u>\$ 1,148,577</u>	<u>\$ 6,060,987</u>

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005484 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) This adjustment is the amortization of the prior period debt and equity component that will be collected through rates in 2009.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Costs**

[Section (5)(c)1.c.]

Schedule P-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected carrying costs on projected construction balances for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) Total to Date
Jurisdictional Dollars								
1. Nuclear CWIP Additions (Schedule P-6, line 70)	\$ 118,499,331	\$ 5,718,411	\$ 9,077,514	\$ 5,689,935	\$ 12,041,106	\$ 9,360,162	\$ 10,830,439	\$ 171,216,899
2. Transfers to Plant in Service	8,030,267	-	-	-	-	-	-	8,030,267
3. Other Adjustments (d)	2,335,616	(389,269)	(389,269)	(389,269)	(389,269)	(389,269)	(389,269)	-
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	<u>\$ 118,133,822</u>	<u>\$ 126,822,067</u>	<u>\$ 132,122,733</u>	<u>\$ 143,774,570</u>	<u>\$ 152,745,463</u>	<u>\$ 163,106,633</u>	<u>\$ 163,106,633</u>	
5. Average Net CWIP Additions		\$115,274,617	\$122,283,310	\$129,277,765	\$137,754,017	\$148,065,382	\$157,771,413	
6. Return on Average Net CWIP Additions (c)								
a. Equity Component (a)		629,861	668,156	706,374	752,688	808,029	862,063	7,575,776
b. Equity Comp. grossed up for taxes (b)		1,025,414	1,087,759	1,149,978	1,225,377	1,317,101	1,403,440	12,333,379
c. Debt Component		187,437	198,833	210,206	223,688	240,754	256,536	2,254,431
7. Total Return Requirements (Line 6b + 6c)	<u>\$ 1,212,851</u>	<u>\$ 1,266,582</u>	<u>\$ 1,380,183</u>	<u>\$ 1,449,366</u>	<u>\$ 1,557,856</u>	<u>\$ 1,659,977</u>	<u>\$ 1,659,977</u>	<u>\$ 14,587,810</u>

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) This adjustment is the amortization of the prior period debt and equity component that will be collected through rates in 2009.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

Schedule P-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the projected deferred tax Carrying Costs for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2005

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 5)		\$482,038	\$504,103	\$530,301	\$560,916	\$582,415	\$628,228	\$3,298,001
2. Recovered Costs Excluding AFUDC (Schedule P-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		89,274	89,274	89,274	89,274	89,274	89,274	535,643
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ 2,762,847	\$ 3,334,159	\$ 3,927,536	\$ 4,547,111	\$ 5,197,301	\$ 5,878,990	\$ 6,596,492	\$ 6,596,492
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$ 1,065,768	\$ 1,286,152	\$ 1,515,047	\$ 1,754,048	\$ 2,004,859	\$ 2,267,820	\$ 2,544,597	n/a
6. Average Accumulated DTA		\$1,175,960	\$1,400,599	\$1,634,548	\$1,879,453	\$2,136,340	\$2,406,209	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		6,425	7,653	8,931	10,269	11,673	13,148	58,099
b. Equity Comp. grossed up for taxes (b)		10,481	12,459	14,540	16,718	19,004	21,404	94,586
c. Debt Component		1,912	2,277	2,658	3,056	3,474	3,912	17,289
8. Total Return Requirements (Line 7b + 7c)	\$ 12,373	\$ 14,736	\$ 17,198	\$ 19,774	\$ 22,477	\$ 25,317	\$ 111,875	

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Balance represents the prior period debt component that was recorded as a liability that is now included in rates and being amortized over twelve months.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

Schedule P-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the projected deferred tax Carrying Costs for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2005

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 5)		\$663,788	\$706,761	\$758,878	\$808,052	\$853,664	\$896,889	\$7,986,024
2. Recovered Costs Excluding AFUDC (Schedule P-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		89,274	89,274	89,274	89,274	89,274	89,274	1,071,287
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$6,596,492	\$7,349,554	\$8,145,579	\$8,993,730	\$9,891,057	\$10,833,995	\$11,820,158	n/a
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$2,544,597	\$2,835,090	\$3,142,157	\$3,469,332	\$3,815,475	\$4,179,213	\$4,559,626	n/a
6. Average Accumulated DTA		\$2,689,844	\$2,988,624	\$3,305,744	\$3,642,403	\$3,997,344	\$4,369,420	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		14,697	16,330	18,063	19,902	21,841	23,875	172,807
b. Equity Comp. grossed up for taxes (b)		23,927	26,585	29,406	32,401	35,558	38,868	281,330
c. Debt Component		4,374	4,860	5,375	5,923	6,500	7,105	51,425
8. Total Return Requirements (Line 7b + 7c)	\$ 28,301	\$ 31,445	\$ 34,761	\$ 38,323	\$ 42,058	\$ 45,972	\$ 332,755	

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Balance represents the prior period debt component that was recorded as a liability that is now included in rates and being amortized over twelve months.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Period Interest**

[Section (5)(c)1.c.]

Schedule P-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Beginning Balance	\$ 97,365,584	\$ 101,020,287	\$ 106,446,490	\$ 111,802,539	\$ 119,045,987	\$ 124,766,410		
2. Additions Preconstruction	-	-	-	-	-	-	-	-
3. Additions Construction	3,654,703	5,426,204	5,356,048	7,243,449	5,720,422	9,018,414	38,419,241	
4. Other Adjustments	-	-	-	-	-	-	-	-
5. Ending Balance Excluding CPI	97,365,584	101,020,287	106,446,490	111,802,539	119,045,987	124,766,410	133,784,824	
6. Average Balance Eligible for CPI	99,192,935	103,733,389	109,124,515	115,424,263	121,906,198	129,275,617		
7. Monthly CPI Rate [Note 1]	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	
8. Construction Period Interest for Tax (CPI)	482,038	504,103	530,301	560,916	592,415	628,228	3,298,001	

Note 1: CPI rate is the projected weighted average debt rate for the period.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$ 133,784,824	\$ 139,401,583	\$ 151,466,265	\$ 160,854,875	\$ 171,704,367	\$ 179,626,642	
2.	Additions Preconstruction	-	-	-	-	-	-	-
3.	Additions Construction	5,616,759	12,064,682	9,388,610	10,849,492	7,922,275	9,867,408	92,128,466
4.	Other Adjustments	-	-	-	-	-	-	-
5.	Ending Balance Excluding CPI	<u>133,784,824</u>	<u>139,401,583</u>	<u>151,466,265</u>	<u>160,854,875</u>	<u>171,704,367</u>	<u>179,626,642</u>	<u>189,494,050</u>
6.	Average Balance Eligible for CPI	136,593,204	145,433,924	156,160,570	166,279,621	175,665,504	184,560,348	
7.	Monthly CPI Rate [Note 1]	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	
8.	Construction Period Interest for Tax (CPI)	<u>663,788</u>	<u>706,751</u>	<u>756,878</u>	<u>808,052</u>	<u>853,664</u>	<u>896,889</u>	<u>7,986,024</u>

Note 1: CPI rate is the projected weighted average debt rate for the period.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule P-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Recoverable O&M projected monthly expenditures by function for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ 3,013	\$ 3,626	\$ 3,585	\$ 3,544	\$ 4,769	\$ 3,422	\$ 3,422	\$ 3,463	\$ 3,381	\$ 4,769	\$ 3,585	\$ 3,585	\$ 44,162
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	7,308	8,893	9,034	9,421	11,853	8,611	8,365	8,470	8,505	12,222	9,526	9,034	111,240
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	8,674	10,616	12,210	10,358	14,242	11,692	9,969	10,099	11,563	14,242	10,487	12,210	136,363
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	22,329	26,468	28,162	26,655	34,196	27,058	25,089	25,365	26,782	34,568	26,931	28,162	331,764
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Total O&M Costs	\$ 22,329	\$ 26,468	\$ 28,162	\$ 26,655	\$ 34,196	\$ 27,058	\$ 25,089	\$ 25,365	\$ 26,782	\$ 34,568	\$ 26,931	\$ 28,162	\$ 331,764
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ 20,469	\$ 24,264	\$ 25,816	\$ 24,435	\$ 31,348	\$ 24,804	\$ 22,999	\$ 23,252	\$ 24,551	\$ 31,687	\$ 24,688	\$ 25,816	\$ 304,128
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuc - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ 20,469	\$ 24,264	\$ 25,816	\$ 24,435	\$ 31,348	\$ 24,804	\$ 22,999	\$ 23,252	\$ 24,551	\$ 31,687	\$ 24,688	\$ 25,816	\$ 304,128
25	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Difference (Line 24 - 26)	\$ 20,469	\$ 24,264	\$ 25,816	\$ 24,435	\$ 31,348	\$ 24,804	\$ 22,999	\$ 23,252	\$ 24,551	\$ 31,687	\$ 24,688	\$ 25,816	\$ 304,128

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule P-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other Recoverable O&M projected monthly expenditures by function for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Total O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Difference (Line 24 - 25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: PEF does not have an estimate of these costs currently.

**Crystal River Unit 3 Upgrade
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Monthly Expenditures**

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule P-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the projected monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the current year.
All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - E1

Witness: Lori Cross

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Site Selection:													
2														
3														
4	Pre-Construction:													
5	Generation:													
6	License Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Engineering & Design	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Permitting	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Clearing, Grading and Excavation	-	-	-	-	-	-	-	-	-	-	-	-	-
10	On-Site Construction Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Total Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Less Adjustments:													
13	Non Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Net Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
17	Total Jurisdictional Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18														
19														
20	Transmission:													
21	Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Less Adjustments:													
27	Non Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Net Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
31	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32														
33														
34	Total Jurisdictional Preconstruction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35														
36	Construction:													
37	Generation:													
38	Real Estate Acquisitions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	Project Management	1,829,882	1,808,882	1,772,990	1,756,099	1,906,715	1,758,199	1,765,615	1,756,519	1,773,615	1,899,040	1,781,806	1,767,906	21,577,271
40	Permanent Staff/Training	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Site Preparation	-	-	-	-	-	-	-	-	-	-	-	-	-
42	On-Site Construction Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Power Block Engineering, Procurement, etc.	2,417,448	4,497,208	4,451,566	6,661,908	4,741,300	8,722,593	4,761,928	12,284,507	9,137,401	10,709,748	7,425,102	9,899,548	85,490,257
44	Non-Power Block Engineering, Procurement,	-	-	-	-	-	-	-	-	-	-	-	-	-
45	Total Generation Costs	\$ 2,424,330	\$ 6,306,090	\$ 6,224,556	\$ 8,418,008	\$ 6,648,016	\$ 10,480,793	\$ 6,527,543	\$ 14,021,026	\$ 10,911,017	\$ 12,908,788	\$ 9,206,909	\$ 11,467,455	\$ 107,067,528
46	Less Adjustments:													
47	Non Cash Accruals	(4,694,437)	(1,378,882)	1,779,503	1,900,728	381,113	1,856,506	(108,425)	3,186,210	3,945,128	(1,271,014)	(1,533,697)	(1,027,200)	3,034,532
48	Other	349,105	518,323	511,621	691,910	548,427	861,458	536,525	1,152,444	806,820	1,038,387	756,753	842,556	8,900,306
49	Net Generation Costs	\$ 8,582,662	\$ 7,167,647	\$ 3,833,432	\$ 5,825,370	\$ 5,720,476	\$ 7,782,828	\$ 6,996,443	\$ 9,882,372	\$ 6,069,070	\$ 12,843,436	\$ 9,883,853	\$ 11,552,099	\$ 95,232,688
50	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
51	Total Jurisdictional Generation Costs	\$ 8,055,878	\$ 6,719,884	\$ 3,687,710	\$ 5,481,459	\$ 5,363,117	\$ 7,277,884	\$ 5,718,411	\$ 9,077,514	\$ 5,889,935	\$ 12,041,106	\$ 9,380,162	\$ 10,830,439	\$ 89,283,502
52														
53														
54	Transmission:													
55	Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
56	Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Real Estate Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
58	Line Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
59	Substation Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
60	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62	Less Adjustments:													
63	Non Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
64	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
65	Net Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
67	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
68														
69														
70	Total Jurisdictional Construction Costs	\$ 8,055,878	\$ 6,719,884	\$ 3,687,710	\$ 5,481,459	\$ 5,363,117	\$ 7,277,884	\$ 5,718,411	\$ 9,077,514	\$ 5,889,935	\$ 12,041,106	\$ 9,380,162	\$ 10,830,439	\$ 89,283,502

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Description of Monthly Expenditures**

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule P-6A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Preconstruction and Construction categories for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Lori Cross

Line No.	Major Task	Description - Includes, but is not limited to:
1	<u>Pre-Construction:</u>	
2	<u>Generation:</u>	
3	License Application	Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
4	Engineering & Design	Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.
5	Permitting	Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)
6	Clearing, Grading and Excavation	Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.
7	On-Site Construction Facilities	includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
8		
9	<u>Transmission:</u>	
10	Line Engineering	Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.
11	Substation Engineering	Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.
12	Clearing	Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.
13		
14	Other	Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.
15		
16	<u>Construction:</u>	
17	<u>Generation:</u>	
18	Real Estate Acquisition	Land, Survey, Legal fees and commissions.
19	Project Management	Management oversight of construction, including, but not limited to engineering, quality assurance, field support and contract services.
20	Permanent Staff/Training	Obtain and train qualified staff by Fuel Load date.
21	Site Preparation	Design and construction of plant site preparations to support fabrication and construction. Remedial work for plant foundation and foundation substrata.
22	On-Site Construction Facilities	includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
23	Power Block Engineering, Procurement, etc.	The cost of constructing and procuring the nuclear power block (reactor vessel, containment vessel, cooling towers, etc.)
24	Non-Power Block Engineering, Procurement, etc.	Site permanent structures and facilities outside the Power Block, including structural, electrical, mechanical, civil and security items. (Admin building, Training center, Security towers, Switchyard, Roads, Railroad, Barge facility, etc.)
25		
26		
27	<u>Transmission:</u>	
28	Line Engineering	See description on Line 10.
29	Substation Engineering	See description on Line 11.
30	Real Estate Acquisition	Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.
31	Line Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with construction of transmission lines.
32	Substation Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with substation and protection and control (relay) construction.
33	Other	See description on Line 14.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Technology Selected**

[Section (8)(b)]

Schedule P-7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Daniel Roderick

Project Title: Phase I - Measurement Uncertainty Recapture (MUR)

The Extended Power Uprate (EPU) Project includes multiple project phases proceeding in parallel. The phases are most simply associated with the outages (2007, 2009, and 2011) in which they will be installed. In the 2006 and 2007 period, expenses were realized on all three phases.

The 2007 phase included installation of improved instruments to allow more accurate measurement of inputs to the secondary heat balance. By far, the largest portion was that associated with main feed-water flow. The vendor chosen to supply this new instrumentation (Fundamentally new technology) was available from two vendors (Westinghouse and Caldon d.b.a. Cameron). However, Progress Energy already had a fleet contract with Caldon for all such applications. Further, the Nuclear Regulatory Commission (NRC) was reviewing both suppliers. Caldon had been re-approved. Westinghouse's approval was not proceeding well and was ultimately withdrawn. Thus, both financial and regulatory reasons led to the selection of this particular technology.

The analytical and licensing support for the required NRC approval was provided by the original Nuclear Steam Supply System (NSSS) and current fuel supplier (AREVA). They were selected (sole source) because they had unique access to and experience with all the requisite safety analysis for CR3. Efforts to use other vendors for such work has been consistently less timely, more costly and of lower quality. The contract for this service was established as a fixed price contract with incentives and penalties (roughly 10%) to provide cost-certainty and appropriate risk-sharing.

The installation contractor (Atlantic) is a standard supplier of such services to Progress Energy. The fleet contract was established after a competitive bidding process.

Project Title: Phase II - Balance of Plant (BOP) and Phase III - Extended Power Uprate (EPU)

Siemens was selected as the vendor for our turbine/generator retrofits. They were selected after fully, open, competitive bidding process with due consideration of both cost and performance. The fixed price contract has appropriate incentives, penalties, and performance guarantees to assure price certainty and expected results.

A number of long-lead components (thus far mostly heat exchangers) were contracted for in late 2007 after evaluation of competitive bids based on cost and performance.

AREVA was contracted to supply the necessary analytical and licensing support to seek NRC approval for the 2011 uprate. This was a sole-source contract for the same reasons noted above. This contract was thoroughly negotiated as a fixed price contract with incentives and penalties to provide cost certainty and appropriate risk sharing. Progress was made on schedule and milestone payments made and/or accrued as appropriate.

A detailed technical evaluation of the EPU was performed by AREVA. They were selected to assure close coordination with the NSSS scope and other on-going activities. The results were reviewed by an expert panel comprised of AREVA, Progress Energy, and external participants.

The results of the evaluation formed the basis for competitively bidding the engineering support for the balance of EPU. A limited partnership between Worley Parsons (the original CR3 Architect and Engineering firm) and AREVA was awarded the contract based on both technical and cost considerations and to assure continued close coordination with the balance of the project.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

REDACTED
[Section (8)(c)]

Schedule P-8

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Daniel Roderick

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	44867 A07	Issued							NuFlo Technologies Sales Co.	Fleet Contract in Place - Sole Source	Purchase & Installation of Leading Edge Flow Meter (LEFM) to Recapture Measurement Uncertainty
2	101659 WA 61	Issued							AREVA - NP	Sole Source - Original Equipment Manufacture	Engineering Design & Licensing for Measurement Uncertainty Recapture
3	101659 WA 84	Issued							AREVA - NP	Sole Source - Original Equipment Manufacture	EPU NSSS Engineering, Fuel Eng, and LAR Support for CR3
4	342253	Issued							Thermal Engineering International (TEI)	RFP	Purchase of 4 moisture separator reheaters (MSRs)
5	101659 WA 93	Issued							Areva NP	RFP KS12007	EPU BOP
6	3714, Amdt 53, Amd 57 to add funds	Issued							Atlantic Group	Fleet Contract in Place - Sole Source	LEFM Install
7	145569 WA 50	Issued							Siemens	RFP	CR3 turbine retrofit for EPU including supply of all equipment and installation.
8	355217	Issued							Yuba Heat Transfer Div.	RFP	CR3 Feedwater Heater and SC cooler replacement

SCHEDULE APPENDIX

REDACTED

EXHIBIT (LC-1)

**PROGRESS ENERGY FLORIDA, INC.
Crystal River Unit 3 Uprate
COMMISSION SCHEDULES (P-1 Through P-10)**

JANUARY 2009 - DECEMBER 2009

Projections

DOCKET NO. 080009-EI

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 0080009 - EI

Witness: Daniel Roderick

Contract No.:

44867 Amendment 07

Major Task or Tasks Associated With:

Purchase & Installation of Leading Edge Flow Meter to Recapture Measurement - Uncertainty - Power Level Update

Vendor Identity:

NuFlo Technologies Sales Co.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

A Fleet Contract had been approved for entire fleet to Purchase the LEFM from Caldon (recognized as industry leader). Further NRC Issue Summary 2007-24 suspended further approvals of the Westinghouse AMAG Crossflow Ultrasonic Flow Meter (UFM) until problems are addressed.

Dollar Value:

Contract Status:

Issued

Term Begin:

Term End:

Nature and Scope of Work:

Progress Energy proposes to perform a thermal power uprate of the Crystal River Unit 3 nuclear plant to achieve an increase in the reactor core thermal power output and subsequent increases in electrical generation output. Current 10 CFR50 regulations allow the plant to recover the difference between 2% and the demonstrated uncertainty of thermal power measurement made possible with the installation of more accurate ultrasonic feedwater flow instrumentation. Caldon shall provide a complete Leading Edge Flow Meter (LEFM) CheckPlus ultrasonic feedwater flow measurement (UFM) system for Crystal River Unit 3. This system shall use ultrasonic "transit time" technology to determine feedwater volumetric flow rate, mass flow rate and fluid temperature. This specification establishes the supply, inspection testing and documentation requirements for the flow measurement system which will be used in conjunction with the Crystal River Unit 3 "Appendix K" thermal power uprate proposals.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

COMPANY: PROGRESS ENERGY - FL

Witness: Daniel Roderick

DOCKET NO.: 0080009 - EI

Contract No.:

101858 WA 61

Major Task or Tasks Associated With:

Engineering Design & Licensing for Measurement Uncertainty Recapture

Vendor Identity:

AREVA NP

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

OEM

Dollar Value:

Contract Status:

Issued

Term Begin:

Term End:

Nature and Scope of Work:

Contractor shall provide engineering, design and licensing for the Measurement Uncertainty Recapture (MUR) project. The awarded Work shall be performed at Owner's, Crystal River Nuclear Plant, located near Crystal River, Florida and shall consist of the following unique work scopes/deliverables. 1.0 December Submittals - These will be completed under AREVA's QA Program and are Non-Safety. 1) 12/07/06 Transmit NSSS I&C System Reviews to CR3 2) 12/08/06 Transmit HVAC System Reviews to CR3 3) 12/19/06 Transmit BOP Elect System Reviews to CR3 4) 12/22/06 Transmit NSSS Fluid System Reviews to CR3 5) 12/29/06 Transmit BOP Fluid System Reviews to CR3 2.0 License Amendment Request - Draft Submittal to CR3 for the MUR The draft license amendment request (LAR) is a AREVA NP 51-document summarizing the license evaluations performed by AREVA NP and CR3 to meet the NRC regulatory information summary (RIS) 2002-003, Guidance on the Content of Measurement Uncertainty Recapture Power Uprate Applications. The draft license amendment request will be completed under AREVA's QA Program and is Safety-Related.

The deliverables to CR3 that are input to this summary document include: AREVA NP 32-document, New Operating Conditions for the CR3 MUR AREVA's QA Program/Safety-Related AREVA NP 32-document, Heat Balance Uncertainty Calculation for the CR3 MUR AREVA's QA Program/Safety-Related AREVA NP 12-document, Revised PEPSE model for CR3 MUR AREVA's QA Program/Non-Safety AREVA NP 51-document, NSSS Fuel Evaluation AREVA's QA Program/Non-Safety.

[Section (8)(c)]

REDACTED

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

Witness: Daniel Roderick

DOCKET NO.: 0080009 - E1

101659 WA 84

Major Task or Tasks Associated With:

EPU NSSS Engineering, Fuel Eng, and LAR Support for CR3

Vendor Identity:

Areva NP, Inc.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

N/A - OEM

Dollar Value:

Contract Status:

Issued

Term Begin:

Term End:

Nature and Scope of Work:

Contractor agrees to perform the following work more fully described in AREVA Proposal No. NSSSE06-1023.0 Revision 000 dated July 18, 2007 to furnish all engineering personnel and tools, engineering supervision and management, deliverable documents and required transportation necessary to perform the following functions in support of the Extended Power Uprate (EPU) Project Nuclear Steam Supply (NSSS) Portion for Crystal River Three (CR-3) Nuclear Power Station: Nuclear Steam Supply System (NSSS) Engineering, Fuel Engineering, Support of the Licensing Amendment Request (LAR).

This work is Nuclear Safety Related.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

Schedule P-8A

[Section (8)(c)]

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Daniel Roderick

Contract No.:

342253

Major Task or Tasks Associated With:

Purchase of 4 MSRs

Vendor Identity:

Thermal Engineering International (TEI)

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

2

Number of Bids Received:

2

Brief Description of Selection Process:

Bid was lower than the competing bidder

Dollar Value:

Contract Status:

Issued

Term Begin:

Term End:

Nature and Scope of Work:

Thermal Engineering International (TEI) is to provide four (4) moisture separator reheaters (MSR's) for Crystal River Unit #3 (CR3) that when combined with other power uprate modifications serve to maximize the uprated turbine steam cycle conditions. The replacement MSR's shall be designed and fabricated with full consideration for maintaining the existing plant piping configuration including the turbine cross under and cross over piping. MSR's are to contribute to the rated generator MVA capability that will have a minimum performance capability of 1080 MWe real power output while concurrently providing 430 MVAR reactive power.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

COMPANY: PROGRESS ENERGY - FL

Witness: Daniel Roderick

DOCKET NO.: 0080009 - EI

Contract No.:

101659-93

Major Task or Tasks Associated With:

EPU, BOP

Vendor Identity:

Areva NP

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

5

Number of Bids Received:

3

Brief Description of Selection Process:

Areva has proven performance on MUR and NSSS with a stronger interface with vendors; teamed with original A/E for BOP at CR3; Areva is the best vendor from a technical perspective and on average equal cost with opportunity to earn higher royalties.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Contractor shall provide Engineering Services for CR3 Secondary Systems Uprate to support the Extended Power Uprate Project. Engineering Services shall be in accordance with Request for Proposal No. KS12007 and "Extended Power Uprate Bid Specification", dated June 25, 2007.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 0080009 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

Witness: Daniel Roderick

Contract No.:

Master 3714, Amdt 53, and Amd 57 to add funds

Major Task or Tasks Associated With:

LEFM Install

Vendor Identity:

Atlantic Group

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

Work awarded under fleet contract that was competitively bid.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

LEFM Installation at CR3

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 0080009 - EI

Witness: Daniel Roderick

Contract No.:

145569 WA 50

Major Task or Tasks Associated With:

CR3 turbine retrofit for EPU including supply of all equipment and installation

Vendor Identity:

Siemens

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

4

Number of Bids Received:

2

Brief Description of Selection Process:

Total cost lower than competing bidder. Siemens adds value by bundling all components and services.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Contractor to provide all materials, equipment, and tools to supply and install High pressure Turbine Rotors, Low Pressure Turbine Rotors, Generator, and Exciter at Crystal River Unit #3 as more fully described in Attachment A - Scope of Work (attached hereto) and as set forth in the Contractor's offer (Proposal Number TA02-280) dated April 16, 2007, the Proposal Revision e-mail TA02-280-1 dated May 18, 2007, Mr Puneet Bahl's Installation Clarification e-mail and its Attachment dated June 4, 2007 and the terms and conditions of the Master Contract # 145569.

This work is non-safety related.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

Witness: Daniel Roderick

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 0080009 - EI

Contract No.:

355217

Major Task or Tasks Associated With:

Purchase of Feedwater Heater and SC Cooler Replacement at CR3.

Vendor Identity:

Yuba Heat Transfer Div.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

2

Number of Bids Received:

2

Brief Description of Selection Process:

Bid was lower than the competing bidder and Yuba is technically and commercially the best supplier of the equipment.

Dollar Value:

Contract Status:

Issued

Term Begin:

Term End:

Nature and Scope of Work:

Supplier of Feedwater Heater and SC Cooler Replacement at CR3.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Feasibility of Completing the Plant**

[Section (5)(c)5.]

Schedule P-9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a detail analysis of the long-term feasibility
of completing the plant.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 0080009 - EI

Witness: Roderick

See Testimony of Danny Roderick.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Estimate Rate Impact

Schedule P-10

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 0080009 - EI

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

For the Year Ended 12/31/2009

Witness: Lori Cross

Line No.	(A) Rate Class	(B) 12CP & 1/13 AD Demand Allocator (%)	(C) Production Demand Costs \$ (see note 1)	(D) Effective Mwh's at Meter Year 2008	(E) Estimated Capacity Cost Recovery Factor (c/Kwh)
Residential					
	RS-1, RST-1, RSL-1, RSL-2, RSS-1				
	Secondary	60.454%	\$15,063,786	21,431,535	0.070
General Service Non-Demand					
	GS-1, GST-1				
	Secondary			1,391,472	0.060
	Primary			8,868	0.000
	Transmission			3,633	0.000
	TOTAL GS	3.352%	\$835,368	1,403,973	
General Service					
	GS-2				
	Secondary	0.146%	\$36,375	89,286	0.041
General Service Demand					
	GSD-1, GSDT-1, SS-1				
	Secondary			12,946,646	0.050
	Primary			2,443,814	0.000
	Transmission			10,004	0.000
	TOTAL GSD	31.042%	\$7,735,099	15,400,464	
Curtailable					
	CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3				
	Secondary			0	0.037
	Primary			193,492	0.000
	Transmission			0	0.000
	TOTAL CS	0.284%	\$70,770	193,492	
Interruptible					
	IS-1, IST-1, IS-2, IST-2, SS-2				
	Secondary			120,638	0.043
	Primary			2,076,176	0.000
	Transmission			481,713	0.000
	TOTAL IS	4.579%	\$1,140,928	2,658,527	
Lighting					
	LS-1				
	Secondary	0.143%	\$35,567	356,390	0.010
		100.000%	\$24,917,893	41,533,666	0.060

NOTE 1: Revenues have been grossed up by 1.00072% for revenue related taxes.

Crystal River 3 Uprate
MUR 12 Month Revenue Requirements

Docket No. 080009
APPENDIX A

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1. Gross Plant In Service Before Jurisdictionalizing and Jt Owner's	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412
2. Remove Jt Owner Portion	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068
3. PEF Portion Of MUR Cost	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344
4. Jurisdictional Factor	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%
5. Jurisdictional MUR Gross Plant In Service	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267
6. Additions	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Depreciation Rate	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	2.24%
8. Depreciation	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	179,878
9. Accumulated Depreciation	14,990	29,980	44,969	59,959	74,949	89,939	104,929	119,919	134,908	149,898	164,888	179,878	
10. Ending Jurisdictional Net Plant In Service	8,015,277	8,000,287	7,985,297	7,970,307	7,955,318	7,940,328	7,925,338	7,910,348	7,895,358	7,880,368	7,865,379	7,850,389	7,850,389
11. Average Balance	8,022,772	8,015,277	8,007,782	8,000,287	7,992,792	7,985,297	7,977,802	7,970,307	7,962,812	7,955,318	7,947,823	7,940,328	
12. Return													
a. Equity Component Grossed Up For Taxes (B)	11.16%	74,612	74,542	74,472	74,403	74,333	74,263	74,194	74,124	74,054	73,984	73,915	890,741
b. Debt Component (Line 6 x 2.04% x 1/12)	2.04%	13,639	13,626	13,613	13,600	13,588	13,575	13,562	13,550	13,537	13,524	13,511	162,824
13. Total Return and Depreciation	103,240	103,158	103,075	102,993	102,911	102,828	102,746	102,663	102,581	102,498	102,416	102,333	1,233,443

2008 RR's (Note 1) 1,181,822
2009 RR's 1,233,443

Note 1: The MUR was placed in service in January 2008. For this reason, 2008 revenue requirements exclude half a month of the above calculated January revenue requirements.

SCHEDULE APPENDIX

EXHIBIT (LC-3)

**PROGRESS ENERGY FLORIDA, INC.
Crystal River Unit 3 Uprate
COMMISSION SCHEDULES (TOR-1 Through TOR-7)**

**JANUARY 2006 - DECEMBER 2011
True-up to Original
DOCKET NO. 080009-EI**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080009-EI EXHIBIT 7
COMPANY Progress Energy FL, Inc. (Direct)
WITNESS Lori Cross (LC-3) (CK3)
DATE 09/11/12/08

Crystal River Unit 3 Upgrade
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule TOR-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the actual to date and projected total retail revenue requirement for the duration of the project.
Information provided is the best available at the time of filing.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Lori Cross

DOCKET NO.: 080119 - EI

Line No.		(A) Actual 2006	(B) Actual 2007	(C) Actual/Projected 2008	(D) Projected 2009	(E) Projected 2010	(F) Projected 2011	(G) Projected 2012	(H) Project Total
Jurisdictional Dollars									
1.	Preconstruction Revenue Requirements (Schedule TOR-2, line 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Construction Carrying Cost Revenue Requirements (Schedule TOR-3, line 7)	-	925,843	6,006,160	14,587,810	4,625,479	12,758,979	4,713,249	43,617,521
3.	Recoverable O&M Revenue Requirements (Schedule TOR-4, line 24)	-	-	261,632	304,128	311,731	319,525	327,513	1,524,528
4.	Deferred Tax Asset Carrying Cost (Schedule TOR-3A, line 8)	-	3,053	63,318	332,755	669,848	820,352	1,028,430	2,917,756
5.	Other Adjustments	-	-	1,181,822	1,233,443	-	-	-	2,415,264.92
6.	Total Period Revenue Requirements (Lines 1 through 5)	\$ -	\$ 928,896	\$ 7,512,933	\$ 16,458,136	\$ 5,607,059	\$ 13,898,856	\$ 6,069,191	\$ 50,475,070
7.	Total Revenue Requirements from Original Projection	-	-	-	-	-	-	-	-
8.	Difference (Line 6 - Line 7)	\$ -	\$ 928,896	\$ 7,512,933	\$ 16,458,136	\$ 5,607,059	\$ 13,898,856	\$ 6,069,191	\$ 50,475,070
9.	Variance Percentage	0%	100%	100%	100%	100%	100%	100%	100%

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Balance
True-up to Original: Projection of Preconstruction Costs

{Section (5)(c)1.c.}

Schedule TOR-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the actual to date and projected
preconstruction costs for the duration of the project.
Information provided is the best available at the time of filing.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080119 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual 2006	(C) Actual 2007	(D) Actual/Project 2008	(E) Projected 2009	(F) Projected 2010	(G) Projected 2011	(H) Projected n-Service yea	(I) Project Total
Jurisdictional Dollars									
1. Nuclear CWIP Additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Average Net CWIP Base eligible for return		-	-	-	-	-	-	-	-
3. Return on Average Net Unamortized CWIP Eligible for Return (c)		-	-	-	-	-	-	-	-
a. Equity Component (a)		-	-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)		-	-	-	-	-	-	-	-
c. Debt Component		-	-	-	-	-	-	-	-
4. Total Return Requirements (Line 3b + 3c)		-	-	-	-	-	-	-	-
5. Total Costs to be Recovered		-	-	-	-	-	-	-	-
6. Preconstruction Revenue Requirements from Original Projection		-	-	-	-	-	-	-	-
7. Difference (Line 5 - Line 6)		-	-	-	-	-	-	-	-
8. Variance Percentage									

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Based on statutory tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) & 0.001626 (Debt), which results in the annual rate of 8.848%.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Balance
True-up to Original: Projection of Construction Costs**

[Section (5)(c)1.c.]

Schedule TOR-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual to date
and projected carrying costs on construction
balances for the duration of the project.
Information provided is the best available at the time of filing.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080119 - E1

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual 2008	(C) Actual 2007	(D) Actual/Projected 2008	(E) Projected 2009	(F) Projected 2010	(G) Projected 2011	(H) Projected 2012	(I) Project Total
Jurisdictional Dollars									
1. Nuclear CWIP Additions	\$	(40,123)	\$32,136,825	\$49,836,695	\$ 89,283,502	\$64,954,069	\$72,434,097	\$3,613,977	\$ 312,219,041
2. Transfers to Plant in Service		-	-	8,030,267	-	163,018,156	-	141,169,619	312,219,041
3. Other Adjustments		-	445,772	3,700,619	(4,146,391)	-	-	-	0.00
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$ -	(\$40,123)	\$ 32,542,475	\$ 78,049,521	\$ 163,186,632	\$ 65,121,545	\$ 137,555,641	0.00	\$476,415,691
5. Average Net CWIP additions		-	7,332,995	47,570,972	115,540,757	114,154,088	101,338,593	68,777,821	
6. Return on Average Net CWIP Additions (c)									
a. Equity Component (a)		-	480,811	3,119,134	7,575,776	2,402,115	6,626,023	2,447,695	22,651,555
b. Equity Comp. grossed up for taxes (b)		-	782,761	5,077,956	12,333,379	3,910,648	10,787,179	3,984,853	36,876,776
c. Debt Component		-	143,082	928,205	2,254,431	714,831	1,971,800	728,395	6,740,745
7. Total Return Requirements (Line 6b + 6c)	\$	-	\$ 925,843	\$ 6,008,160	\$ 14,587,810	\$ 4,625,479	\$ 12,758,979	\$ 4,713,249	\$ 43,617,521
8. Total Return Requirements from Original Projections		-	-	-	-	-	-	-	-
9. Difference (Line 7 - Line 8)	\$	-	\$ 925,843	\$ 6,008,160	\$ 14,587,810	\$ 4,625,479	\$ 12,758,979	\$ 4,713,249	\$ 43,617,521
10. Variance Percentage		0%	100%	100%	100%	100%	100%	100%	100%

Notes:
(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.
(b) Based on statutory tax rate of 38.575%.
(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) & 0.001626 (Debt), which results in the annual rate of 8.648%.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Deferred Tax Carrying Costs**

[Section (5)(c)1.c.]

Schedule TOR-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual to date and projected deferred tax Carrying Costs for the duration of the project. Information provided is the best available at the time of filing.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080119 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual 2006	(C) Actual 2007	(D) Actual/Projected 2008	(E) Projected 2009	(F) Projected 2010	(G) Projected 2011	(H) Projected 2012	(I) Project Total
Jurisdictional Dollars									
1.		\$ -	\$394,395	\$ 3,438,738	\$7,986,024	\$3,095,402	\$4,401,091	\$1,805,470	\$21,122,120
2.		-	-	-	-	-	-	-	-
3.		-	-	-	-	-	-	-	-
4.		-	(143,082)	(928,205)	\$1,071,287	-	-	-	-
5.		\$ -	\$ 251,313	\$ 2,762,846	\$ 11,820,157	\$ 14,915,560	\$ 19,316,651	\$ 21,122,120	\$21,122,120
6.		\$ -	\$96,944	\$1,065,768	\$4,569,626	\$5,753,677	\$7,451,398	\$8,147,858	n/a
7.		-	24,194	501,504	2,635,541	5,156,651	6,602,538	7,799,828	
8.									
a.		-	1,586	32,883	172,807	347,867	426,027	534,087	1,515,257
b.		-	2,581	53,533	281,330	566,328	693,573	869,484	2,466,840
c.		-	472	9,785	51,425	103,520	126,779	158,936	450,916
9.		\$ -	\$ 3,053	\$ 63,318	\$ 332,755	\$ 669,848	\$ 820,352	\$ 1,028,430	\$ 2,917,756
10.		-	-	-	-	-	-	-	-
11.		\$ -	\$ 3,053	\$ 63,318	\$ 332,755	\$ 669,848	\$ 820,352	\$ 1,028,430	\$ 2,917,756
12.		0%	100%	100%	100%	100%	100%	100%	100%

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Based on statutory tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Construction Period Interest

[Section (5)(c)1.c.]

Schedule TOR-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual to date
and projected Construction Period Interest for
the duration of the project.
Information provided is the best available at the time of filing.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080119 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual 2006	(C) Actual 2007	(D) Actual/Projected 2008	(E) Projected 2009	(F) Projected 2010	(G) Projected 2011	(H) Projected 2012	(I) Project Total
Jurisdictional Dollars									
1.	Beginning Balance	\$ -	(\$40,123)	\$33,136,601	\$91,342,613	\$183,471,079	\$240,262,143	\$307,868,118	\$ 856,040,431
2.	Additions Preconstruction	-	-	-	-	-	-	-	-
3.	Additions Construction	(40,123)	33,176,724	58,206,011	92,128,466	56,791,084	67,605,975	3,613,977	311,482,095
4.	Other Adjustments	-	-	-	-	-	-	-	-
5.	Average Balance Eligible for CPI	(\$20,061)	\$7,143,595	\$62,303,260	\$144,649,193	\$58,066,379	\$79,716,051	\$32,702,095	
6.	CPI Rate	0.0041529	0.0552096	0.0552096	0.0552096	0.0552096	0.0552096	0.0552096	
7.	Construction Period Interest for Tax (CPI)	-	394,395	3,439,738	7,986,024	3,095,402	4,401,091	1,805,470	n/a
8.	Ending Balance Including (Excluding) CPI	\$ -	\$ (40,123)	\$ 33,136,601	\$ 91,342,613	\$ 183,471,079	\$ 240,262,143	\$ 307,868,118	\$ 311,482,095

Note 1: CPI rate is the projected weighted average debt rate for the period.

\$ 16,548,239 \$ 62,239,607 \$ 137,406,846 \$ 211,866,611 \$ 274,065,130 \$ 309,675,106
(\$9,404,645) \$63,653 \$7,242,347 (\$155,800,232) (\$194,349,079) (\$276,973,011)

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Recoverable O&M Annual Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule TOR-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the Recoverable O&M actual to date and projected annual expenditures by function for the duration of the project. Information provided is the best available at the time of filing.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080119 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual 2006	(B) Actual 2007	(C) Actual/Projected 2008	(D) Projected 2009	(E) Projected 2010	(F) Projected 2011	(G) Projected 2012	(H) Project Total
1	Accounting	\$ -	\$ -	\$ 29,616	\$ 44,162	\$ 45,266	\$ 46,397	\$ 47,557	\$ 212,999
2	Corporate Communications	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	103,715	111,240	114,021	116,871	119,793	565,640
4	Corporate Services	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-
8	Legal	-	-	40,000	40,000	41,000	42,025	43,076	206,101
9	Project Assurance	-	-	-	-	-	-	-	-
10	Public Affairs	-	-	108,339	136,363	139,772	143,266	146,847	674,586
11	Subtotal A&G	-	-	281,670	331,764	340,058	348,580	357,274	1,659,325
12	Energy Delivery Florida	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-
14	Transmission	-	-	-	-	-	-	-	-
15	Total O&M Costs	\$ -	\$ -	\$ 281,670	\$ 331,764	\$ 340,058	\$ 348,580	\$ 357,274	\$ 1,659,325
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ 258,207	\$ 304,128	\$ 311,731	\$ 319,525	\$ 327,513	\$ 1,521,103
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ 258,207	\$ 304,128	\$ 311,731	\$ 319,525	\$ 327,513	\$ 1,521,103
25	Average Monthly Recoverable O&M Balance	-	-	\$ 114,166	-	-	-	-	-
26	Monthly Short-term Commercial Paper Rate	-	-	3.00%	-	-	-	-	-
27	Interest Provision	\$ -	\$ -	\$ 3,425	\$ -	\$ -	\$ -	\$ -	\$ -
28	Total Monthly Recoverable O&M Costs	\$ -	\$ -	\$ 261,632	\$ -	\$ -	\$ -	\$ -	\$ -
29	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-
30	Difference	\$ -	\$ -	\$ 261,632	\$ 304,128	\$ 311,731	\$ 319,525	\$ 327,513	\$ 1,521,103

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Other Recoverable O&M Annual Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule TOR-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other O&M actual to date and projected annual expenditures by function for the duration of the project. Information provided is the best available at the time of filing.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080119 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual 2006	(B) Actual 2007	(C) Actual/Projected 2008	(D) Projected 2009	(E) Projected 2010	(F) Projected 2011	(G) Projected 2012	(H) Project Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	-	-	-	-	-	-
4	Corporate Services	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-
8	Legal	-	-	-	-	-	-	-	-
9	Project Assurance	-	-	-	-	-	-	-	-
10	Public Affairs	-	-	-	-	-	-	-	-
11	Subtotal A&G	-	-	-	-	-	-	-	-
12	Energy Delivery Florida	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-
14	Transmission	-	-	-	-	-	-	-	-
15	Total O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-
26	Difference (Line 24 - 25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Crystal River Unit 3 Upgrade
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Annual Expenditures**

[Section (5)(c)1.b.]

[Section (8)(d)]

Schedule TOR-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual to date and projected monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the duration of the project.
All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080119 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual 2008	(B) Actual 2007	(C) Actual/Projected 2008	(D) Projected 2009	(E) Projected 2010	(F) Projected 2011	(G) Projected 2012	(H) Project Total
1	<u>Site Selection:</u>								
2									
3									
4	<u>Pre-Construction:</u>								
5	<u>Generation:</u>								
6	License Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Engineering, Design & Procurement	-	-	-	-	-	-	-	-
8	Permitting	-	-	-	-	-	-	-	-
9	Clearing, Grading and Excavation	-	-	-	-	-	-	-	-
10	On-Site Construction Facilities	-	-	-	-	-	-	-	-
11	Total Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	<u>Less Adjustments:</u>								
13	Non Cash Accruals	-	-	-	-	-	-	-	-
14	Other	-	-	-	-	-	-	-	-
15	Net Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	1.93753	2.93753	3.93753	4.93753
17	Total Jurisdictional Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18									
19									
20	<u>Transmission:</u>								
21	Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Substation Engineering and Procurement	-	-	-	-	-	-	-	-
23	Real Estate Acquisitions	-	-	-	-	-	-	-	-
24	Clearing	-	-	-	-	-	-	-	-
25	Other	-	-	-	-	-	-	-	-
26	Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	<u>Less Adjustments:</u>								
28	Non Cash Accruals	-	-	-	-	-	-	-	-
29	Other	-	-	-	-	-	-	-	-
30	Net Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	1.70597	2.70597	3.70597	4.70597
32	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33									
34									
35	Total Jurisdictional Preconstruction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36									
37	<u>Construction:</u>								
38	<u>Generation:</u>								
39	Real Estate Acquisitions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	Project Management	132,857	2,320,617	9,430,715	21,577,271	9,205,355	15,833,885	585,785	59,086,308
41	License Application	-	-	-	-	-	-	-	-
42	Engineering, Design & Procurement	-	-	-	-	-	-	-	-
43	Permitting	-	-	-	-	-	-	-	-
44	Permanent Staff/Training	-	-	-	-	-	-	-	-
45	Site Preparation	-	-	-	-	-	-	-	-
46	On-Site Construction Facilities	-	-	-	-	-	-	-	-
47	Power Block Engineering, Procurement, etc.	2,187,016	38,200,299	58,185,056	85,490,257	56,794,845	62,734,705	3,614,205	305,186,182
48	Non-Power Block Engineering, Procurement, etc.	-	-	-	-	-	-	-	-
49	Total Generation Costs	\$ 2,299,673	\$ 38,520,916	\$ 67,615,770	\$ 107,067,528	\$ 66,000,000	\$ 78,568,600	\$ 4,200,000	\$ 364,272,488
50	<u>Less Adjustments:</u>								
51	Non Cash Accruals	\$2,153,450	1,106,190	8,926,888	3,034,532	(8,708,927)	(5,149,832)	-	\$1,367,399
52	Other	\$189,019	3,133,543	5,531,345	8,600,308	5,424,864	6,457,868	345,215	\$29,882,102
53	Net Generation Costs	\$ (42,796)	\$ 34,278,183	\$ 53,157,440	\$ 95,232,688	\$ 68,282,123	\$ 77,260,564	\$ 3,854,785	\$ 333,022,987
54	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
55	Total Jurisdictional Generation Costs	\$ (40,123)	\$ 32,138,825	\$ 49,836,695	\$ 89,283,502	\$ 64,954,069	\$ 72,434,097	\$ 3,613,977	\$ 312,219,041
56									
57									
58	<u>Transmission:</u>								
59	Line Engineering	-	-	-	-	-	-	-	-
60	Substation Engineering	-	-	-	-	-	-	-	-
61	Real Estate Acquisition	-	-	-	-	-	-	-	-
62	Line Construction	-	-	-	-	-	-	-	-
63	Substation Construction	-	-	-	-	-	-	-	-
64	Other	-	-	-	-	-	-	-	-
65	Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66	<u>Less Adjustments:</u>								
67	Non Cash Accruals	-	-	-	-	-	-	-	-
68	Other	-	-	-	-	-	-	-	-
69	Net Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
71	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
72									
73									
74	Total Jurisdictional Construction Costs	\$ (40,123)	\$ 32,138,825	\$ 49,836,695	\$ 89,283,502	\$ 64,954,069	\$ 72,434,097	\$ 3,613,977	\$ 312,219,041

Crystal River Unit 3 Update
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Annual Expenditures

[Section (5)(c)1.a.]

[Section (8)(d)]

Schedule TOR-6A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Preconstruction and Construction categories for the duration of the project.
 Information provided is the best available at the time of filing.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Lori Cross

DOCKET NO.: 080119 - E1

Line No.	Major Task	Description - includes, but not limited to:
1	<u>Pre-Construction:</u>	
2	<u>Generation:</u>	
3	License Application	Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
4	Engineering, Design & Procurement	Engineering & Design associated with the Site Layout, Procuring of the Power Block and Non-Power Block facilities.
5	Permitting	Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)
6	Clearing, Grading and Excavation	Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.
7	On-Site Construction Facilities	includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
8		
9	<u>Transmission:</u>	
10	Line Engineering	Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.
11	Substation Engineering and Procurement	Internal engineering labor, contracted engineering labor and all other costs associated with substation procurement and protection and control (relay) engineering.
12	Real Estate Acquisition	Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.
13	Clearing	Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.
14	Other	Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.
15		
16		
17	<u>Construction:</u>	
18	<u>Generation:</u>	
19	Real Estate Acquisition	Land, Survey, Legal fees and commissions.
20	Project Management	Management oversight of construction, including, but not limited to engineering, quality assurance, field support and contract services.
21	License Application	Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
22	Engineering, Design & Procurement	Engineering & Design associated with the Site Layout, Procuring of the Power Block and Non-Power Block facilities.
23	Permitting	Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)
24	Permanent Staff/Training	Obtain and train qualified staff by Fuel Load date.
25	Site Preparation	Design and construction of plant site preparations to support fabrication and construction. Remedial work for plant foundation and foundation substrata.
26	On-Site Construction Facilities	includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
27	Power Block Engineering, Procurement, etc.	The cost of constructing and procuring the nuclear power block (reactor vessel, containment vessel, cooling towers, etc.)
28	Non-Power Block Engineering, Procurement, etc.	Site permanent structures and facilities outside the Power Block, including structural, electrical, mechanical, civil and security items.
29		(Admin building, Training center, Security towers, Switchyard, Roads, Railroad, Barge facility, etc.)
30		
31	<u>Transmission:</u>	
32	Line Engineering	See description on Line 10.
33	Substation Engineering	See description on Line 11.
34	Real Estate Acquisition	Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.
35	Line Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with construction of transmission lines.
36	Substation Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with substation and protection and control (relay) construction.
37	Other	See description on Line 14.

**Crystal River Unit 3 Uprate
Power Plant Milestones**

Schedule TOR-7

[Section 5)(c)(5.)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide initial project milestones in terms of costs,
budget levels, initiation dates and completion dates.
Provide all revised milestones and reasons for each revision.

COMPANY: PROGRESS ENERGY - FL

For the Period 1/1/2006 through 12/31/2012

DOCKET NO.: 080119 - EI

Witness: Daniel Roderick

	Initial Milestones (See Note 1 & 2)	Revised Milestones (See Note 1)	Reasons for Variance(s)
Licensing/Permits/Authorizations/Legal	0.0		
Site/Site Preparation			
Related Facilities			
Point of Discharge	49.5	42.7	
Generation Plant			
Phase 1 - includes expenditures through 2009		205.7	
Phase 2 - includes expenditures through 2012		115.9	
			Original estimate was developed using best available information. Since then, the Company has continued to conduct necessary engineering studies and that analysis identified additional plant modifications necessary to achieve the power uprate. Additionally, some contract bids have come in higher than originally estimated due to higher
Total	287.5	321.6	labor costs.
			After transmission study was completed, PEF determined that no changes were necessary as
Transmission Facilities	102.4	0.0	result of power uprate.
Total Project Costs	439.3	364.3	

1) These costs represent projected capital expenditures exclusive of AFUDC

2) Initial milestone costs are based on estimates provided in CR3 Power Uprate Need proceeding, Docket # 080642-EI. These numbers have been increased by 15% for indirect costs to make them comparable to the revised milestone amounts which also include the indirect costs.

**SCHEDULE APPENDIX
REDACTED**

EXHIBIT (LC-2)

**PROGRESS ENERGY FLORIDA, INC.
Crystal River Unit 3 Uprate
COMMISSION SCHEDULES (AE-1 Through AE-10)**

**JANUARY 2008 - DECEMBER 2008
Actual/Estimated
DOCKET NO. 080009-EI**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 090008-EI EXHIBIT 8

COMPANY Progress Energy FL Inc (Direct)

WITNESS Lori Cross (LC-2) (CR3)

DATE 09/11-12/08

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule AE-2, line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	324,575	327,622	354,827	376,891	406,300	435,092	2,225,306
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 28)	9,953	16,777	16,662	22,891	28,899	22,227	117,408
4. Deferred Tax Asset Carrying Cost (Schedule AE-3A, line 8)	1,264	1,798	2,395	3,025	3,692	4,427	18,602
5. Other Adjustments [Note 1]	51,620	103,158	103,075	102,993	102,911	102,828	566,585
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>387,412</u>	<u>449,355</u>	<u>476,960</u>	<u>505,800</u>	<u>541,802</u>	<u>564,574</u>	<u>2,925,901</u>
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	<u>\$ 387,412</u>	<u>\$ 449,355</u>	<u>\$ 476,960</u>	<u>\$ 505,800</u>	<u>\$ 541,802</u>	<u>\$ 564,574</u>	<u>\$ 2,925,901</u>

Note 1: The amount in this row represents the revenue requirements associated with the MUR as discussed further in the attached testimony and presented in Appendix A.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

Witness: Lori Cross

Line No.		(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule AE-2, line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	470,318	534,596	609,459	670,214	717,416	778,851	6,006,160
3.	Recoverable O&M Revenue Requirements (Schedule AE-4, line 28)	21,716	21,990	23,091	29,526	23,521	24,380	261,632
4.	Deferred Tax Asset Carrying Cost (Schedule AE-3A, line 8)	5,267	6,195	7,172	8,197	9,321	10,565	63,318
5.	Other Adjustments [Note 1]	102,746	102,663	102,581	102,498	102,416	102,333	1,181,822
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>600,046</u>	<u>665,444</u>	<u>742,302</u>	<u>810,435</u>	<u>852,674</u>	<u>916,130</u>	<u>7,512,933</u>
7.	Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8.	Difference (Line 6 - Line 7)	<u>\$ 600,046</u>	<u>\$ 665,444</u>	<u>\$ 742,302</u>	<u>\$ 810,435</u>	<u>\$ 852,674</u>	<u>\$ 916,130</u>	<u>\$ 7,512,933</u>

Note 1: The amount in this row represents the revenue requirements associated with the MUR as discussed further in the attached testimony and presented in Appendix A.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Preconstruction Costs

[Section (5)(c)1.b.]

Schedule AE-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of preconstruction costs based on actual/estimated preconstruction expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Current Period Pre-Construction Expenses (Schedule AE-6 Line 34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Prior Period Unrecovered Pre-Construction Balance	-	-	-	-	-	-	-
3.	Pre-Construction Expenses Recovered	-	-	-	-	-	-	-
4.	Average Balance Pre-Construction Expenses Eligible for Return	-	-	-	-	-	-	-
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
a.	Equity Component (a)	-	-	-	-	-	-	-
b.	Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-
c.	Debt Component	-	-	-	-	-	-	-
6.	Total Return Requirements (Line 5b + 5c)	-	-	-	-	-	-	-
7.	Total Costs to be Recovered	-	-	-	-	-	-	-
8.	CWIP Additions, Amortization & Return from most recent Projections	-	-	-	-	-	-	-
9.	Over / (Under) Recovery (Line 7 - Line 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Based on statutory tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) & 0.001626 (Debt), which results in the annual rate of 8.848%.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Preconstruction Costs

[Section (5)(c)1.b.]

Schedule AE-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of preconstruction costs based on actual/estimated preconstruction expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.		(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars								
1.	Current Period Pre-Construction Expenses (Schedule AE-6 Line 34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Prior Period Unrecovered Pre-Construction Balance	-	-	-	-	-	-	-
3.	Pre-Construction Expenses Recovered	-	-	-	-	-	-	-
4.	Average Balance Pre-Construction Expenses Eligible for Return	-	-	-	-	-	-	-
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
	a. Equity Component (a)	-	-	-	-	-	-	-
	b. Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-
	c. Debt Component	-	-	-	-	-	-	-
6.	Total Return Requirements (Line 5b + 5c)	-	-	-	-	-	-	-
7.	Total Costs to be Recovered (Line 1 + Line 6)	-	-	-	-	-	-	-
8.	CWIP Additions & Amortization from most recent Projections	-	-	-	-	-	-	-
9.	Difference (Line 7 - Line 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Based on statutory tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) & 0.001626 (Debt), which results in the annual rate of 8.848%.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) Total to Date
Jurisdictional Dollars									
1.	Nuclear CWIP Additions (Schedule AE-6 Line 70)	\$ 32,096,703	\$ 4,287,041	\$ 3,885,021	\$ 844,912	\$ 2,870,871	\$ 2,211,627	\$ 2,713,698	\$ 48,909,873
2.	Transfers to Plant in Service	-	8,030,267	-	-	-	-	-	8,030,267
3.	Other Adjustments (d)	445,772	178,121	218,719	220,773	239,106	253,973	273,791	1,830,255
4.	CWIP Base Eligible for Return (Prior Mo Bal. + Line 1 - 2 + 3)	<u>\$ 28,977,370</u>	<u>\$33,081,110</u>	<u>\$34,146,795</u>	<u>\$37,256,772</u>	<u>\$39,722,372</u>	<u>\$42,709,862</u>	<u>\$42,709,862</u>	
5.	Average Net CWIP Additions		30,848,983	31,138,600	33,724,339	35,821,336	38,616,559	41,353,013	
6.	Return on Average Net CWIP Additions (c)								
a.	Equity Component (a)		168,559	170,141	184,270	185,728	211,001	225,953	1,155,851
b.	Equity Comp. grossed up for taxes (b)		274,414	276,990	299,992	318,645	343,510	367,852	1,881,403
c.	Debt Component		50,160	50,631	54,836	58,245	62,781	67,240	343,904
7.	Total Return Requirements (Line 6b + 6c)		<u>324,575</u>	<u>327,622</u>	<u>354,827</u>	<u>376,891</u>	<u>406,300</u>	<u>435,092</u>	<u>2,225,306</u>
8.	Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
9.	Difference (Line 7 - Line 8)		<u>\$ 324,575</u>	<u>\$ 327,622</u>	<u>\$ 354,827</u>	<u>\$ 376,891</u>	<u>\$ 406,300</u>	<u>\$ 435,092</u>	<u>\$ 2,225,306</u>

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Based on statutory tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) & 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Amount includes the debt and equity component on a one monthly lag that needs to be included in our monthly CWIP balance to calculate the return requirements.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - E!

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) Total To Date
Jurisdictional Dollars								
1. Nuclear CWIP Additions (Schedule AE-6 Line 70)	\$ 48,909,873	\$ 3,396,021	\$ 8,188,745	\$ 5,321,287	\$ 5,406,127	\$ 2,663,123	\$ 8,048,220	\$ 81,933,398
2. Transfers to Plant in Service	8,030,267	-	-	-	-	-	-	8,030,267
3. Other Adjustments (d)	1,830,255	293,193	316,931	360,248	410,693	451,633	483,441	4,146,391
4. CWIP Base Eligible for Return (Prior Mo Bal. + Line 1 - 2 + 3)	<u>\$ 48,399,076</u>	<u>\$ 54,904,751</u>	<u>\$ 60,586,284</u>	<u>\$ 66,403,104</u>	<u>\$ 69,517,861</u>	<u>\$ 78,049,522</u>	<u>\$ 78,049,522</u>	
5. Average Net CWIP Additions		44,701,065	50,810,379	57,925,640	63,700,040	68,186,299	74,025,412	
6. Return on Average Net CWIP Additions (c)								
a. Equity Component (a)		244,247	277,628	316,506	348,057	372,570	404,475	3,119,134
b. Equity Comp. grossed up for taxes (b)		397,634	451,979	515,272	566,638	606,545	658,486	5,077,956
c. Debt Component		72,684	82,618	94,187	103,576	110,871	120,365	928,205
7. Total Return Requirements (Line 6b + 6c)		<u>470,318</u>	<u>534,596</u>	<u>609,459</u>	<u>670,214</u>	<u>717,416</u>	<u>778,851</u>	<u>8,006,160</u>
8. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
9. Difference (Line 7 - Line 8)		<u>\$ 470,318</u>	<u>\$ 534,596</u>	<u>\$ 609,459</u>	<u>\$ 670,214</u>	<u>\$ 717,416</u>	<u>\$ 778,851</u>	<u>\$ 8,006,160</u>

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Based on statutory tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) & 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Amount includes the debt and equity component on a one monthly lag that needs to be included in our monthly CWIP balance to calculate the return requirements.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

Schedule AE-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 5)		\$ 170,477	\$ 193,567	\$ 205,924	\$ 217,591	\$ 232,075	\$ 260,265	\$ 1,279,899
2. Recovered Costs Excluding AFUDC (Schedule AE-2, Line 1 + Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		(50,160)	(50,831)	(54,836)	(58,245)	(62,791)	(67,240)	(343,904)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ 251,314	\$371,631	\$514,566	\$665,654	\$824,999	\$994,284	\$1,187,310	\$1,187,310
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$96,944	\$143,357	\$198,494	\$256,776	\$318,244	\$383,545	\$458,005	n/a
6. Average Accumulated DTA		\$120,150	\$170,925	\$227,635	\$287,510	\$350,894	\$420,775	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		657	934	1,244	1,571	1,917	2,299	8,622
b. Equity Comp. grossed up for taxes (b)		1,069	1,520	2,025	2,558	3,121	3,743	14,036
c. Debt Component		195	278	370	467	571	684	2,566
8. Total Return Requirements (Line 7b + 7c)	\$ 1,264	\$ 1,798	\$ 2,395	\$ 3,025	\$ 3,692	\$ 4,427	\$ 5,106	\$ 16,602
9. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)	\$ 1,264	\$ 1,798	\$ 2,395	\$ 3,025	\$ 3,692	\$ 4,427	\$ 5,106	\$ 16,602

(a) The monthly Equity Component of 8.85% reflects an 11.75% return on equity.

(b) Based on statutory tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) The amount reflected on this line represents the debt component of the carrying charges. Until such time as the carrying charges are collected in rates the difference between the book and tax basis should be the difference between the CPI carrying charges and the debt cost per the books.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

Schedule AE-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
1. Construction Period Interest (Schedule AE-3B, Line 5)		\$ 293,361	\$ 319,431	\$ 338,646	\$ 364,472	\$ 403,876	\$ 440,062	\$ 3,439,738
2. Recovered Costs Excluding AFUDC (Schedule AE-2, Line 1 + Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		(72,684)	(82,618)	(94,187)	(103,576)	(110,871)	(120,365)	(928,205)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>\$1,187,310</u>	<u>\$1,407,987</u>	<u>\$1,844,801</u>	<u>\$1,889,260</u>	<u>\$2,150,156</u>	<u>\$2,443,161</u>	<u>\$2,762,847</u>
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)		<u>\$458,005</u>	<u>\$543,131</u>	<u>\$634,482</u>	<u>\$728,782</u>	<u>\$829,423</u>	<u>\$942,449</u>	<u>\$1,065,768</u>
6. Average Accumulated DTA		\$500,568	\$588,806	\$681,632	\$779,102	\$885,936	\$1,004,109	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		2,735	3,217	3,724	4,257	4,841	5,486	32,883
b. Equity Comp. grossed up for taxes (b)		4,453	5,238	6,063	6,930	7,881	8,932	53,533
c. Debt Component		814	957	1,108	1,267	1,441	1,633	9,785
8. Total Return Requirements (Line 7b + 7c)		<u>\$ 5,267</u>	<u>\$ 6,195</u>	<u>\$ 7,172</u>	<u>\$ 8,197</u>	<u>\$ 9,321</u>	<u>\$ 10,565</u>	<u>\$ 63,318</u>
9. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)		<u>\$ 5,267</u>	<u>\$ 6,195</u>	<u>\$ 7,172</u>	<u>\$ 8,197</u>	<u>\$ 9,321</u>	<u>\$ 10,565</u>	<u>\$ 63,318</u>

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Based on statutory tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.848%.

(d) Other adjustment represents the monthly debt component of the carrying costs. Until such time as the carrying charges are recovered, the difference between the tax basis and book basis will be the difference between the CPI calculated for tax |

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$ 35,719,834	\$ 38,387,803	\$ 41,275,807	\$ 43,473,386	\$ 46,077,654	\$ 49,434,502	
2.	Additions Preconstruction	-	-	-	-	-	-	-
3.	Additions Construction		2,667,969	2,888,004	2,197,579	2,604,268	3,356,848	8,244,842
4.	Other Adjustments		-	-	-	-	-	-
5	Ending Balance Excluding CPI	<u>\$ 35,719,834</u>	<u>\$ 38,387,803</u>	<u>\$ 41,275,807</u>	<u>\$ 43,473,386</u>	<u>\$ 46,077,654</u>	<u>\$ 49,434,502</u>	<u>\$ 57,679,343</u>
6	Average Balance Eligible for CPI	<u>\$ 37,053,819</u>	<u>\$ 39,831,805</u>	<u>\$ 42,374,597</u>	<u>\$ 44,775,520</u>	<u>\$ 47,756,078</u>	<u>\$ 53,556,923</u>	
7	Monthly CPI Rate [Note 1]		0.0046008	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596
8	Construction Period Interest for Tax (CPI)		<u>170,477</u>	<u>193,567</u>	<u>205,924</u>	<u>217,591</u>	<u>232,075</u>	<u>260,265</u>
								<u>1,279,899</u>

Note 1: CPI rate is the projected weighted average debt rate for the period.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
1.	Beginning Balance	\$ 57,679,343	\$ 63,055,366	\$ 68,408,711	\$ 70,963,419	\$ 79,037,413	\$ 87,180,366	
2.	Additions Preconstruction	-	-	-	-	-	-	-
3.	Additions Construction	5,376,022	5,353,345	2,554,708	8,073,894	8,142,953	6,745,479	58,206,011
4.	Other Adjustments	-	-	-	-	-	-	-
5.	Ending Balance Excluding CPI	57,679,343	63,055,366	68,408,711	70,963,419	79,037,413	87,180,366	93,925,845
6.	Average Balance Eligible for CPI	60,367,355	65,732,038	69,686,065	75,000,416	83,108,890	90,553,106	
7.	Monthly CPI Rate [Note 1]	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	
8.	Construction Period Interest for Tax (CPI)	293,361	319,431	338,646	364,472	403,876	440,052	3,439,738

Note 1: CPI rate is the projected weighted average debt rate for the period.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]

[Section (8)(d)]

Schedule AE-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated CCRC Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ 300	\$ 1,835	\$ 2,040	\$ 2,657	\$ 3,575	\$ 2,565	\$ 2,565	\$ 2,596	\$ 2,535	\$ 3,575	\$ 2,688	\$ 2,688	\$ 29,616
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	3,262	6,105	7,042	9,563	12,032	8,741	8,491	8,598	8,634	12,407	9,670	9,170	103,715
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,333	40,000
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	3,943	6,978	5,669	9,275	12,374	9,329	8,965	9,068	10,236	12,374	9,378	10,753	108,339
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	10,839	18,250	18,084	24,828	31,314	23,968	23,354	23,595	24,738	31,689	25,069	25,944	281,670
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Total O&M Costs	\$ 10,839	\$ 18,250	\$ 18,084	\$ 24,828	\$ 31,314	\$ 23,968	\$ 23,354	\$ 23,595	\$ 24,738	\$ 31,689	\$ 25,069	\$ 25,944	\$ 281,670
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ 9,936	\$ 16,730	\$ 16,578	\$ 22,759	\$ 28,705	\$ 21,972	\$ 21,408	\$ 21,630	\$ 22,677	\$ 29,049	\$ 22,980	\$ 23,782	\$ 258,207
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuc - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ 9,936	\$ 16,730	\$ 16,578	\$ 22,759	\$ 28,705	\$ 21,972	\$ 21,408	\$ 21,630	\$ 22,677	\$ 29,049	\$ 22,980	\$ 23,782	\$ 258,207
25	Average Monthly Recoverable O&M Balance	4,968	\$ 18,318	\$ 35,019	\$ 54,772	\$ 80,635	\$ 108,167	\$ 128,112	\$ 149,939	\$ 172,452	\$ 198,729	\$ 225,220	\$ 249,142	
26	Monthly Short-term Commercial Paper Rate	0.34%	0.26%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	
27	Interest Provision	\$ 17	\$ 48	\$ 84	\$ 131	\$ 194	\$ 255	\$ 307	\$ 360	\$ 414	\$ 477	\$ 541	\$ 598	\$ 3,425
28	Total Monthly Recoverable O&M Costs	\$ 9,953	\$ 16,777	\$ 16,662	\$ 22,891	\$ 28,899	\$ 22,227	\$ 21,716	\$ 21,990	\$ 23,091	\$ 29,526	\$ 23,521	\$ 24,380	\$ 261,632
29	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Difference (Line 28 - 29)	\$ 9,953	\$ 16,777	\$ 16,662	\$ 22,891	\$ 28,899	\$ 22,227	\$ 21,716	\$ 21,990	\$ 23,091	\$ 29,526	\$ 23,521	\$ 24,380	\$ 261,632

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]

[Section (8)(d)]

Schedule AE-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated Other Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
15	Total O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 18 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Difference (Line 24 - 26)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: PEF does not have an estimate of these costs currently.

**Crystal River Unit 3 Upgrade
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures**

[Section (5)(c)1.b.]

[Section (6)(d)]

Schedule AE-6

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual/estimated monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the current year.
All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	<u>Site Selection:</u>													
2														
3														
4	<u>Pre-Construction:</u>													
5	<u>Generation:</u>													
6	Licenses Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Engineering & Design	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Permitting	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Clearing, Grading and Excavation	-	-	-	-	-	-	-	-	-	-	-	-	-
10	On-Site Construction Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Total Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	<u>Less Adjustments:</u>													
13	Non Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Net Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
17	Total Jurisdictional Generation Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18														
19	<u>Transmission:</u>													
20														
21	Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	<u>Less Adjustments:</u>													
27	Non Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Net Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
31	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32														
33	Total Jurisdictional Preconstruction Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34														
35														
36	<u>Construction:</u>													
37	<u>Generation:</u>													
38	Real Estate Acquisitions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	Project Management	320,842	366,135	361,146	580,196	1,076,989	753,070	958,017	779,364	746,018	1,574,569	759,255	1,155,316	9,430,715
40	Permanent Staff/Training	-	-	-	-	-	-	-	-	-	-	-	-	-
41	Site Preparation	-	-	-	-	-	-	-	-	-	-	-	-	-
42	On-Site Construction Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-
43	Power Block Engineering, Procurement, etc.	2,775,120	2,976,391	2,182,775	2,446,366	2,824,187	8,828,711	5,289,753	5,442,051	2,222,950	7,808,861	8,704,116	6,683,974	58,185,056
44	Non-Power Block Engineering, Procurement, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-
45	Total Generation Costs (Note 1)	\$ 3,095,762	\$ 3,342,526	\$ 2,543,921	\$3,026,562	\$3,901,177	\$9,581,781	\$6,247,770	\$6,221,415	\$2,968,968	\$9,383,230	\$9,463,371	\$7,839,290	\$67,615,770
46	<u>Less Adjustments:</u>													
47	Non Cash Accruals	(1,726,954)	(1,063,451)	1,442,798	(284,368)	1,221,530	5,899,697	2,111,834	(3,024,330)	(2,950,924)	2,845,634	5,844,985	(1,389,546)	8,926,986
48	Other	250,019	262,087	199,912	248,785	320,653	787,585	513,529	244,031	244,031	771,245	777,832	644,343	5,531,345
49	Net Generation Costs (Note 2)	\$ 4,572,887	\$ 4,143,890	\$ 901,211	\$ 3,062,184	\$ 2,358,893	\$ 2,894,519	\$ 3,622,307	\$ 8,734,382	\$ 5,875,858	\$ 5,796,351	\$ 2,840,574	\$ 8,894,494	\$ 53,157,440
50	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
51	Total Jurisdictional Generation Costs	\$ 4,287,041	\$ 3,885,021	\$ 844,912	\$ 2,870,871	\$ 2,211,627	\$ 2,713,898	\$ 3,396,021	\$ 8,188,745	\$ 5,321,287	\$ 5,406,127	\$ 2,663,123	\$ 8,048,220	\$ 49,836,695
52														
53	<u>Transmission:</u>													
54														
55	Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
56	Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Real Estate Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
58	Line Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
59	Substation Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
60	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
61	Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
62	<u>Less Adjustments:</u>													
63	Non Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
64	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
65	Net Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
67	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
68														
69	Total Jurisdictional Construction Costs	\$ 4,287,041	\$ 3,885,021	\$ 844,912	\$ 2,870,871	\$ 2,211,627	\$ 2,713,898	\$ 3,396,021	\$ 8,188,745	\$ 5,321,287	\$ 5,406,127	\$ 2,663,123	\$ 8,048,220	\$ 49,836,695
70														

Note 1: Line 45 represents generation construction costs on an accrual basis, gross of joint owner billings and excludes AFUDC.
Note 2: Line 49 represents net generation costs on a cash basis, net of joint owner billings.

Crystal River Unit 3 Upgrade
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.b.]

[Section (8)(d)]

Schedule AE-6A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Preconstruction and Construction categories for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Major Task	Description - Includes, but is not limited to:
1	<u>Pre-Construction:</u>	
2	<u>Generation:</u>	
3	License Application	Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
4	Engineering & Design	Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.
5	Permitting	Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)
6	Clearing, Grading and Excavation	Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.
7	On-Site Construction Facilities	includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
8		
9	<u>Transmission:</u>	
10	Line Engineering	Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.
11	Substation Engineering	Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.
12	Clearing	Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.
13		
14	Other	Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.
15		
16	<u>Construction:</u>	
17	<u>Generation:</u>	
18	Real Estate Acquisition	Land, Survey, Legal fees and commissions.
19	Project Management	Management oversight of construction, including, but not limited to engineering, quality assurance, field support and contract services.
20	Permanent Staff/Training	Obtain and train qualified staff by Fuel Load date.
21	Site Preparation	Design and construction of plant site preparations to support fabrication and construction. Remedial work for plant foundation and foundation substrata.
22	On-Site Construction Facilities	includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
23	Power Block Engineering, Procurement, etc.	The cost of constructing and procuring the nuclear power block (reactor vessel, containment vessel, cooling towers, etc.)
24	Non-Power Block Engineering, Procurement, etc.	Site permanent structures and facilities outside the Power Block, including structural, electrical, mechanical, civil and security items.
25		(Admin building, Training center, Security towers, Switchyard, Roads, Railroad, Barge facility, etc.)
26		
27	<u>Transmission:</u>	
28	Line Engineering	See description on Line 10.
29	Substation Engineering	See description on Line 11.
30	Real Estate Acquisition	Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.
31	Line Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with construction of transmission lines.
32	Substation Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with substation and protection and control (relay) construction.
33	Other	See description on Line 14.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Variance Explanations

[Section (8)(d)]

Schedule AE-6B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual/estimated expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1	<u>Site Selection:</u>			
2				
3				
4	<u>Pre-Construction:</u>			
5	<u>Generation:</u>			
6	License Application	\$ -	\$ -	\$ - N/A
7	Engineering & Design	-	-	- N/A
8	Permitting	-	-	- N/A
9	Clearing, Grading and Excavation	-	-	- N/A
10	On-Site Construction Facilities	-	-	- N/A
11	Total Generation Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
12				
13	<u>Transmission:</u>			
14	Line Engineering	\$ -	\$ -	\$ - N/A
15	Substation Engineering	-	-	- N/A
16	Clearing	-	-	- N/A
17	Other	-	-	- N/A
18	Total Transmission Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
19				
20	<u>Construction:</u>			
21	<u>Generation:</u>			
22	Real Estate Acquisitions	\$ -	\$ -	\$ - N/A
23	Project Management	9,430,715	-	9,430,715 Note 1
24	Permanent Staff/Training	-	-	- N/A
25	Site Preparation	-	-	- N/A
26	On-Site Construction Facilities	-	-	- N/A
27	Power Block Engineering, Procurement, ei	58,185,056	-	58,185,056 Note 1
28	Non-Power Block Engineering, Procurement	-	-	- N/A
29	Total Generation Costs	<u>\$ 67,615,770</u>	<u>\$ -</u>	<u>\$ 67,615,770</u>
30				
31	<u>Transmission:</u>			
32	Line Engineering	\$ -	\$ -	\$ - N/A
33	Substation Engineering	-	-	- N/A
34	Real Estate Acquisition	-	-	- N/A
35	Line Construction	-	-	- N/A
36	Substation Construction	-	-	- N/A
37	Other	-	-	- N/A
38	Total Transmission Costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: No costs were projected due to the fact that Progress Energy (PEF) has never filed a projection to date.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Technology Selected**

[Section (8)(b)]

Schedule AE-7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Daniel L. Roderick

Project Title: Phase I - Measurement Uncertainty Recapture (MUR)

The Extended Power Uprate (EPU) Project includes multiple project phases proceeding in parallel. The phases are most simply associated with the outages (2007, 2009, and 2011) in which they will be installed. In the 2006 and 2007 period, expenses were realized on all three phases.

The 2007 phase included installation of improved instruments to allow more accurate measurement of inputs to the secondary heat balance. By far, the largest portion was that associated with main feed-water flow. The vendor chosen to supply this new instrumentation (Fundamentally new technology) was available from two vendors (Westinghouse and Caldon d.b.a. Cameron). However, Progress Energy already had a fleet contract with Caldon for all such applications. Further, the Nuclear Regulatory Commission (NRC) was reviewing both suppliers. Caldon had been re-approved. Westinghouse's approval was not proceeding well and was ultimately withdrawn. Thus, both financial and regulatory reasons led to the selection of this particular technology.

The analytical and licensing support for the required NRC approval was provided by the original Nuclear Steam Supply System (NSSS) and current fuel supplier (AREVA). They were selected (sole source) because they had unique access to and experience with all the requisite safety analysis for CR3. Efforts to use other vendors for such work has been consistently less timely, more costly and of lower quality. The contract for this service was established as a fixed price contract with incentives and penalties (roughly 10%) to provide cost-certainty and appropriate risk-sharing.

The installation contractor (Atlantic) is a standard supplier of such services to Progress Energy. The fleet contract was established after a competitive bidding process.

Project Title: Phase II - Balance of Plant (BOP) and Phase III - Extended Power Uprate (EPU)

Siemens was selected as the vendor for our turbine/generator retrofits. They were selected after fully, open, competitive bidding process with due consideration of both cost and performance. The fixed price contract has appropriate incentives, penalties, and performance guarantees to assure price certainty and expected results.

A number of long-lead components (thus far mostly heat exchangers) were contracted for in late 2007 after evaluation of competitive bids based on cost and performance.

AREVA was contracted to supply the necessary analytical and licensing support to seek NRC approval for the 2011 uprate. This was a sole-source contract for the same reasons noted above. This contract was thoroughly negotiated as a fixed price contract with incentives and penalties to provide cost certainty and appropriate risk sharing. Progress was made on schedule and milestone payments made and/or accrued as appropriate.

A detailed technical evaluation of the EPU was performed by AREVA. They were selected to assure close coordination with the NSSS scope and other on-going activities. The results were reviewed by an expert panel comprised of AREVA, Progress Energy, and external participants.

The results of the evaluation formed the basis for competitively bidding the engineering support for the balance of EPU. A limited partnership between Worley Parsons (the original CR3 Architect and Engineering firm) and AREVA was awarded the contract based on both technical and cost considerations and to assure continued close coordination with the balance of the project.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

REDACTED

Schedule AE-8

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel L. Roderick

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End (2006/2007)	Estimate of amount to be Expended in Current Year (2008)	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	44867 A07	Issued							NuFlo Technologies Sales Co.	Fleet Contract in Place - Sole Source	Purchase & Installation of Leading Edge Flow Meter (LEFM) to Recapture Measurement Uncertainty
2	101659 WA 81	Issued							AREVA - NP	Sole Source - Original Equipment Manufacture	Engineering Design & Licensing for Measurement Uncertainty Recapture
3	101659 WA 84	Issued							AREVA - NP	Sole Source - Original Equipment Manufacture	EPU NSSS Engineering, Fuel Eng, and LAR Support
4	342253	Issued							Thermal Engineering	RFP	Purchase of 4 moisture separator reheaters (MSRs)
5	101659 WA 93	Issued							Areva NP	RFP KS12007	EPU BOP
6	3714, Amdt 53, Amd 57 to add funds	Issued							Atlantic Group	Fleet Contract in Place - Sole Source	LEFM Install
7	145569 WA 50	Issued							Siemens	RFP	CR3 turbine retrofit for EPU including supply of all equipment and installation.
8	355217	Issued							Yuba Heat Transfer Div.	RFP	CR3 Feedwater Heater and SC cooler replacement

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed**

[Section (8)(c)]

REDACTED

Schedule AE-8A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Daniel L. Roderick

DOCKET NO.: 080009 - EI

Contract No.:

44867 Amendment 07

Major Task or Tasks Associated With:

Purchase & Installation of Leading Edge Flow Meter to Recapture Measurement - Uncertainty - Power Level Update

Vendor Identity:

NuFlo Technologies Sales Co.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

A Fleet Contract had been approved for entire fleet to Purchase the LEFM from Caldon (recognized as industry leader). Further NRC Issue Summary 2007-24 suspended further approvals of the Westinghouse AMAG Crossflow Ultrasonic Flow Meter (UFM) until problems are addressed.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Progress Energy proposes to perform a thermal power uprate of the Crystal River Unit 3 nuclear plant to achieve an increase in the reactor core thermal power output and subsequent increases in electrical generation output. Current 10 CFR50 regulations allow the plant to recover the difference between 2% and the demonstrated uncertainty of thermal power measurement made possible with the installation of more accurate ultrasonic feedwater flow instrumentation. Caldon shall provide a complete Leading Edge Flow Meter (LEFM) CheckPlus ultrasonic feedwater flow measurement (UFM) system for Crystal River Unit 3. This system shall use ultrasonic "transit time" technology to determine feedwater volumetric flow rate, mass flow rate and fluid temperature. This specification establishes the supply, inspection testing and documentation requirements for the flow measurement system which will be used in conjunction with the Crystal River Unit 3 "Appendix K" thermal power uprate proposals.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed**

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Daniel L. Roderick

DOCKET NO.: 080009 - EI

Contract No.:

101659 WA 61

Major Task or Tasks Associated With:

Engineering Design & Licensing for Measurement Uncertainty Recapture

Vendor Identity:

AREVA NP

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

OEM

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Contractor shall provide engineering, design and licensing for the Measurement Uncertainty Recapture (MUR) project. The awarded Work shall be performed at Owner's, Crystal River Nuclear Plant, located near Crystal River, Florida and shall consist of the following unique work scopes/deliverables. 1.0 December Submittals - These will be completed under AREVA's QA Program and are Non-Safety. 1) 12/07/06 Transmit NSSS I&C System Reviews to CR3 2) 12/08/06 Transmit HVAC System Reviews to CR3 3) 12/19/06 Transmit BOP Elect System Reviews to CR3 4) 12/22/06 Transmit NSSS Fluid System Reviews to CR3 5) 12/29/06 Transmit BOP Fluid System Reviews to CR3 2.0 License Amendment Request - Draft Submittal to CR3 for the MUR The draft license amendment request (LAR) is a AREVA NP 51-document summarizing the license evaluations performed by AREVA NP and CR3 to meet the NRC regulatory information summary (RIS) 2002-003, Guidance on the Content of Measurement Uncertainty Recapture Power Uprate Applications. The draft license amendment request will be completed under AREVA's QA Program and is Safety-Related.

The deliverables to CR3 that are input to this summary document include: AREVA NP 32-document, New Operating Conditions for the CR3 MUR AREVA's QA Program/Safety-Related AREVA NP 32-document, Heat Balance Uncertainty Calculation for the CR3 MUR AREVA's QA Program/Safety-Related AREVA NP 12-document, Revised PEPSE model for CR3 MUR AREVA's QA Program/Non-Safety AREVA NP 51-document, NSSS Fuel Evaluation AREVA's QA Program/Non-Safety.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

Schedule AE-8A

[Section (8)(c)]

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel L. Roderick

Contract No.:

101659 WA 84

Major Task or Tasks Associated With:

EPU NSSS Engineering, Fuel Eng, and LAR Support for CR3

Vendor Identity:

Areva NP, Inc.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

N/A - OEM

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Contractor agrees to perform the following work more fully described in AREVA Proposal No. NSSSE06-1023.0 Revision 000 dated July 18, 2007 to furnish all engineering personnel and tools, engineering supervision and management, deliverable documents and required transportation necessary to perform the following functions in support of the Extended Power Uprate (EPU) Project Nuclear Steam Supply (NSSS) Portion for Crystal River Three (CR-3) Nuclear Power Station: Nuclear Steam Supply System (NSSS) Engineering, Fuel Engineering, Support of the Licensing Amendment Request (LAR).

This work is Nuclear Safety Related.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed**

Schedule AE-8A

[Section (8)(c)]

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel L. Roderick

Contract No.:

342253

Major Task or Tasks Associated With:

Purchase of 4 MSRs

Vendor Identity:

Thermal Engineering International (TEI)

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

2

Number of Bids Received:

2

Brief Description of Selection Process:

Bid was lower than the competing bidder

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Thermal Engineering International (TEI) is to provide four (4) moisture separator reheaters (MSR's) for Crystal River Unit #3 (CR3) that when combined with other power uprate modifications serve to maximize the uprated turbine steam cycle conditions. The replacement MSR's shall be designed and fabricated with full consideration for maintaining the existing plant piping configuration including the turbine cross under and cross over piping. MSRs are to contribute to the rated generator MVA capability that will have a minimum performance capability of 1080 MWe real power output while concurrently providing 430 MVAR reactive power.

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed**

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel L. Roderick

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Contract No.:

101659-93

Major Task or Tasks Associated With:

EPU, BOP

Vendor Identity:

Areva NP

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

5

Number of Bids Received:

3

Brief Description of Selection Process:

Areva has proven performance on MUR and NSSS with a stronger interface with vendors; teamed with original A/E for BOP at CR3; Areva is the best vendor from a technical perspective and on average equal cost with opportunity to earn higher royalties.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Contractor shall provide Engineering Services for CR3 Secondary Systems Uprate to support the Extended Power Uprate Project. Engineering Services shall be in accordance with Request for Proposal No. KS12007 and "Extended Power Uprate Bid Specification", dated June 25, 2007.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Daniel L. Roderick

DOCKET NO.: 080009 - EI

Contract No.:

Master 3714, Amdt 53, and Amd 57 to add funds

Major Task or Tasks Associated With:

LEFM Install

Vendor Identity:

Atlantic Group

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

Sole Source

Number of Bids Received:

N/A

Brief Description of Selection Process:

Work awarded under fleet contract that was competitively bid.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

LEFM Installation at CR3

**Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed**

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Daniel L. Roderick

DOCKET NO.: 080009 - EI

Contract No.:

145569 WA 50

Major Task or Tasks Associated With:

CR3 turbine retrofit for EPU including supply of all equipment and installation

Vendor Identity:

Siemens

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

4

Number of Bids Received:

2

Brief Description of Selection Process:

Total cost lower than competing bidder. Siemens adds value by bundling all components and services.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Contractor to provide all materials, equipment, and tools to supply and install High pressure Turbine Rotors, Low Pressure Turbine Rotors, Generator, and Exciter at Crystal River Unit #3 as more fully described in Attachment A - Scope of Work (attached hereto) and as set forth in the Contractor's offer (Proposal Number TA02-280) dated April 16, 2007, the Proposal Revision e-mail TA02-280-1 dated May 18, 2007, Mr Puneet Bahl's Installation Clarification e-mail and its Attachment dated June 4, 2007 and the terms and conditions of the Master Contract # 145569.

This work is non-safety related.

**Crystal River Unit 3 Upate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed**

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Daniel L. Roderick

Contract No.:

355217

Major Task or Tasks Associated With:

Purchase of Feedwater Heater and SC Cooler Replacement at CR3.

Vendor Identity:

Yuba Heat Transfer Div.

Vendor Affiliation (specify 'direct' or 'indirect'):

Direct

Number of Vendors Solicited:

2

Number of Bids Received:

2

Brief Description of Selection Process:

Bid was lower than the competing bidder and Yuba is technically and commercially the best supplier of the equipment.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

[REDACTED]

Nature and Scope of Work:

Supplier of Feedwater Heater and SC Cooler Replacement at CR3.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	True-Up Provision	-	-	-	-	-	-	-
3	NFR Revenues Applicable to Period (Lines 1 + 2)	-	-	-	-	-	-	-
4	Jurisdictional NFR Costs	387,412	449,355	476,960	505,800	541,802	564,574	2,925,901
5	Over/Under Recovery true-up provision (Line 3 - Line 4)	(387,412)	(449,355)	(476,960)	(505,800)	(541,802)	(564,574)	(2,925,901)
6	Interest Provision	-	-	-	-	-	-	-
7	Beginning Balance True-up & Interest Provision	-	-	-	-	-	-	-
a	Deferred True-up	-	-	-	-	-	-	-
8	True-Up Collected (Refunded) (See Line 2)	-	-	-	-	-	-	-
9	End of Period True-up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: No costs were estimated due to the fact that Progress Energy's (PEF) has never filed a projection to date.

Note 2: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	True-Up Provision	-	-	-	-	-	-	-
3	NFR Revenues Applicable to Period (Lines 1 + 2)	-	-	-	-	-	-	-
4	Jurisdictional NFR Costs	600,046	665,444	742,302	810,435	852,674	916,130	7,512,933
5	Over/Under Recovery true-up provision (Line 3 - Line 4)	(600,046)	(665,444)	(742,302)	(810,435)	(852,674)	(916,130)	(7,512,933)
6	Interest Provision	-	-	-	-	-	-	-
7	Beginning Balance True-up & Interest Provision	-	-	-	-	-	-	-
a	Deferred True-up	-	-	-	-	-	-	-
8	True-Up Collected (Refunded) (See Line 2)	-	-	-	-	-	-	-
9	End of Period True-up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: No costs were estimated due to the fact that Progress Energy's (PEF) has never filed a projection to date.

Note 2: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	Beginning Monthly Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Ending Monthly Balance	-	-	-	-	-	-	-
3	Average Monthly Balance	-	-	-	-	-	-	-
4	Beginning of Month interest	-	-	-	-	-	-	-
5	Ending of Month Interest	-	-	-	-	-	-	-
6	Average Interest	-	-	-	-	-	-	-
7	Average Monthly Interest	-	-	-	-	-	-	-
8	Monthly Interest Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

Crystal River Unit 3 Uprate
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	Beginning Monthly Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Ending Monthly Balance	-	-	-	-	-	-	-
3	Average Monthly Balance	-	-	-	-	-	-	-
4	Beginning of Month interest	-	-	-	-	-	-	-
5	Ending of Month Interest	-	-	-	-	-	-	-
6	Average Interest	-	-	-	-	-	-	-
7	Average Monthly Interest	-	-	-	-	-	-	-
8	Monthly Interest Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

Crystal River 3 Uprate
MUR 12 Month Revenue Requirements

Docket No. 080009
APPENDIX A

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
1. Gross Plant In Service Before Jurisdictionalizing and Jt Owner's	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412	9,332,412
2. Remove Jt Owner Portion	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068	767,068
3. PEF Portion Of MUR Cost	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344	8,565,344
4. Jurisdictional Factor	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%	93.753%
5. Jurisdictional MUR Gross Plant In Service	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267	8,030,267
6. Additions	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Depreciation Rate	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%	2.24%
8. Depreciation	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	14,990	179,878
9. Accumulated Depreciation	14,990	29,980	44,969	59,959	74,949	89,939	104,929	119,919	134,908	149,898	164,888	179,878	
10. Ending Jurisdictional Net Plant In Service	8,015,277	8,000,287	7,985,297	7,970,307	7,955,318	7,940,328	7,925,338	7,910,348	7,895,358	7,880,368	7,865,379	7,850,389	7,850,389
11. Average Balance	8,022,772	8,015,277	8,007,782	8,000,287	7,992,792	7,985,297	7,977,802	7,970,307	7,962,812	7,955,318	7,947,823	7,940,328	
12. Return													
a. Equity Component Grossed Up For Taxes (B)	11.16%	74,612	74,542	74,472	74,403	74,333	74,263	74,194	74,124	74,054	73,984	73,915	890,741
b. Debt Component (Line 6 x 2.04% x 1/12)	2.04%	13,639	13,626	13,613	13,600	13,588	13,575	13,562	13,550	13,537	13,524	13,511	162,824
13. Total Return and Depreciation	103,240	103,158	103,075	102,993	102,911	102,828	102,746	102,663	102,581	102,498	102,416	102,333	1,233,443
2008 RR's (Note 1)	1,181,822												
2009 RR's	1,233,443												

Note 1: The MUR was placed in service in January 2008. For this reason, 2008 revenue requirements exclude half a month of the above calculated January revenue requirements.

**SCHEDULE APPENDIX
REDACTED**

EXHIBIT (LC-1)

**PROGRESS ENERGY FLORIDA, INC.
Levy County Nuclear Filing
COMMISSION SCHEDULES (AE-1 Through AE-10)**

JANUARY 2008 - DECEMBER 2008

Actual/Estimated

DOCKET NO. 080149-EI

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 9

COMPANY Progress Energy Fl. Inc. (Direct)

WITNESS Lori Cross (LC-1) (Levy)

DATE 09/11-12/08

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule AE-2, line 7)	\$ -	\$ -	\$ 167,383	\$ 53,520,752	\$ 46,647,962	\$ 14,585,636	\$ 114,921,733
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	596,728	600,958	605,429	610,033	614,763	619,877	3,647,788
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 28)	-	-	44,550	139,372	138,704	88,249	410,875
4. Deferred Tax Asset Carrying Cost (Schedule AE-3A, line 8)	(1,262)	(1,637)	(2,016)	(2,485)	(3,204)	(4,184)	(14,788)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>595,466</u>	<u>599,321</u>	<u>815,346</u>	<u>54,267,673</u>	<u>47,398,226</u>	<u>15,289,578</u>	<u>118,965,609</u>
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	<u>\$ 595,466</u>	<u>\$ 599,321</u>	<u>\$ 815,346</u>	<u>\$ 54,267,673</u>	<u>\$ 47,398,226</u>	<u>\$ 15,289,578</u>	<u>\$ 118,965,609</u>

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule AE-2, line 7)	\$ 4,925,982	\$ 8,122,965	\$ 40,823,518	\$ 5,651,959	\$ 8,240,539	\$ 15,681,016	\$ 198,367,692
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	625,459	631,482	638,513	648,813	662,354	697,349	7,551,759
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 28)	161,054	149,263	149,679	176,546	153,746	153,984	1,355,147
4. Deferred Tax Asset Carrying Cost (Schedule AE-3A, line 8)	(17,178)	(18,328)	(19,573)	(20,967)	(22,451)	(23,988)	(137,271)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>5,695,297</u>	<u>8,885,382</u>	<u>41,592,137</u>	<u>6,456,351</u>	<u>9,034,189</u>	<u>16,508,362</u>	<u>207,137,326</u>
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	<u>\$ 5,695,297</u>	<u>\$ 8,885,382</u>	<u>\$ 41,592,137</u>	<u>\$ 6,456,351</u>	<u>\$ 9,034,189</u>	<u>\$ 16,508,362</u>	<u>\$ 207,137,326</u>

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Preconstruction Costs

[Section (5)(c)1.b.]

Schedule AE-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of preconstruction costs based on actual/estimated preconstruction expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Current Period Pre-Construction Expenses (Schedule AE-6 Line 34)	\$ -	\$ -	\$ 166,507	\$ 53,238,923	\$ 45,843,886	\$ 13,465,700	\$ 112,715,016
2. Prior Period Unrecovered Pre-Construction Balance	-	-	166,507	53,408,020	99,439,821	113,447,359	
3. Pre-Construction Expenses Recovered	-	-	-	-	-	-	
4. Average Balance Pre-Construction Expenses Eligible for Return	-	-	83,254	26,786,264	76,422,921	106,443,590	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	-	-	455	146,360	417,575	581,608	1,145,998
b. Equity Comp. grossed up for taxes (b)	-	-	741	238,275	679,813	946,859	1,865,686
c. Debt Component	-	-	135	43,554	124,264	173,077	341,031
6. Total Return Requirements (Line 5b + 5c)	-	-	876	281,829	804,076	1,119,936	2,206,717
7. Total Costs to be Recovered	-	-	167,383	53,520,752	46,647,962	14,585,636	114,921,733
8. CWIP Additions, Amortization & Return from most recent Projections	-	-	-	-	-	-	-
9. Over / (Under) Recovery (Line 7 - Line 8)	\$ -	\$ -	\$ 167,383	\$ 53,520,752	\$ 46,647,962	\$ 14,585,636	\$ 114,921,733

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001826 (Debt), which results in the annual rate of 8.848%.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Preconstruction Costs

{Section (5)(c)1.b.}

Schedule AE-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of preconstruction costs based on actual/estimated preconstruction expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars							
1. Current Period Pre-Construction Expenses (Schedule AE-6 Line 34)	\$ 3,708,855	\$ 6,842,068	\$ 39,291,073	\$ 3,882,418	\$ 6,405,173	\$ 13,726,961	\$ 186,571,563
2. Prior Period Unrecovered Pre-Construction Balance	117,910,900	125,573,133	165,727,357	170,642,434	178,240,038	193,203,787	
3. Pre-Construction Expenses Recovered	-	-	-	-	-	-	
4. Average Balance Pre-Construction Expenses Eligible for Return	115,679,129	121,742,016	145,650,245	168,184,896	174,441,236	185,721,913	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	632,071	665,198	795,833	918,962	953,147	1,014,785	6,125,993
b. Equity Comp. grossed up for taxes (b)	1,029,012	1,082,944	1,295,618	1,496,072	1,551,725	1,652,071	9,973,130
c. Debt Component	188,094	197,953	236,827	273,469	283,641	301,984	1,822,999
6. Total Return Requirements (Line 5b + 5c)	1,217,107	1,280,897	1,532,445	1,769,541	1,835,367	1,954,055	11,796,128
7. Total Costs to be Recovered	4,925,962	8,122,965	40,823,518	5,651,959	8,240,539	15,681,016	198,367,692
8. CWIP Additions & Amortization from most recent Projections	-	-	-	-	-	-	-
9. Difference (Line 7 - Line 8)	\$ 4,925,962	\$ 8,122,965	\$ 40,823,518	\$ 5,651,959	\$ 8,240,539	\$ 15,681,016	\$ 198,367,692

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) Total to Date
Jurisdictional Dollars									
1.	Nuclear CWIP Additions (Schedule AE-6 Line 70)	\$ 55,561,072	\$ -	\$ -	\$ 39,826	\$ 19,434	\$ 57,566	\$ 86,020	\$ 55,763,917
2.	Transfers to Plant in Service	-	-	-	-	-	-	-	-
3.	Other Adjustments (d)	787,441.17	367,080	402,114	404,965	407,977	411,080	414,267	3,194,823
4.	CWIP Base Eligible for Return (PM CWIP Bal. + Line 1 - 2 + 3)		\$56,715,593	\$57,117,706	\$57,562,497	\$57,989,908	\$58,458,553	\$58,958,840	\$58,958,840
5.	Average Net CWIP Additions		\$56,715,593	\$57,117,706	\$57,542,584	\$57,980,191	\$58,429,770	\$58,915,830	
6.	Return on Average Net CWIP Additions (c)								
a.	Equity Component (a)		309,894	312,091	314,413	316,804	319,260	321,916	1,894,378
b.	Equity Comp. grossed up for taxes (b)		\$64,508	\$68,085	\$111,864	\$115,757	\$119,756	\$124,080	\$3,084,051
c.	Debt Component		92,220	92,873	93,564	94,276	95,007	95,797	563,737
7.	Total Return Requirements (Line 6b + 6c)		\$96,728	\$60,958	\$605,429	\$610,033	\$614,763	\$619,877	\$3,647,788
8.	Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
9.	Difference (Line 7 - Line 8)		\$ 96,728	\$ 60,958	\$ 605,429	\$ 610,033	\$ 614,763	\$ 619,877	\$ 3,647,788

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001826 (Debt), which results in the annual rate of 8.848%.

(d) Amount includes the debt and equity component on a one monthly lag that needs to be included in our monthly CWIP balance to calculate the return requirements.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) Total to Date
Jurisdictional Dollars								
1. Nuclear CWIP Additions (Schedule AE-6 Line 70)	\$ 55,763,917	\$ 139,548	\$ 162,517	\$ 322,834	\$ 774,608	\$ 924,908	\$ 4,834,867	\$ 62,923,001
2. Transfers to Plant in Service	-	-	-	-	-	-	-	-
3. Other Adjustments (d)	3,194,923	417,713	421,474	425,534	430,271	437,212	446,337	5,773,464
4. CWIP Base Eligible for Return (PM CWIP Bal. + Line 1 - 2 + 3)		\$59,516,101	\$60,100,093	\$60,848,460	\$62,053,340	\$63,415,461	\$68,696,465	\$68,696,465
5. Average Net CWIP Additions		\$59,446,327	\$60,016,834	\$60,687,043	\$61,666,035	\$62,953,006	\$66,279,131	
6. Return on Average Net CWIP Additions (c)								
a. Equity Component (a)		324,815	327,943	331,594	336,943	343,975	362,148	3,921,797
b. Equity Comp. grossed up for taxes (b)		528,799	533,892	539,836	548,544	559,992	589,580	6,384,694
c. Debt Component		96,660	97,591	98,677	100,269	102,362	107,770	1,167,065
7. Total Return Requirements (Line 6b + 6c)		625,459	631,482	638,513	648,813	662,354	697,349	7,551,759
8. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
9. Difference (Line 7 - Line 8)		\$ 625,459	\$ 631,482	\$ 638,513	\$ 648,813	\$ 662,354	\$ 697,349	\$ 7,551,759

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Amount includes the debt and equity component on a one monthly lag that needs to be included in our monthly CWIP balance to calculate the return requirements.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

Schedule AE-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 5)		\$ -	\$ -	\$ -	\$ 638	\$ 1,863	\$ 3,538	\$ 6,039
2. Recovered Costs Excluding AFUDC (Schedule AE-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		(\$92,220)	(\$92,873)	(\$93,700)	(\$137,830)	(\$219,270)	(\$268,874)	(\$904,768)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ (264,775)	(\$356,995)	(\$449,868)	(\$543,568)	(\$680,760)	(\$898,167)	(\$1,163,504)	(\$4,092,861)
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	(\$102,137)	(\$137,711)	(\$173,537)	(\$209,681)	(\$262,603)	(\$346,468)	(\$448,822)	n/a
6. Average Accumulated DTA		(\$119,924)	(\$155,624)	(\$191,809)	(\$236,142)	(\$304,536)	(\$397,845)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		(655)	(850)	(1,047)	(1,290)	(1,664)	(2,173)	(7,680)
b. Equity Comp. grossed up for taxes (b)		(1,067)	(1,384)	(1,704)	(2,101)	(2,709)	(3,537)	(12,502)
c. Debt Component		(195)	(253)	(312)	(384)	(495)	(647)	(2,285)
8. Total Return Requirements (Line 7b + 7c)		(1,262)	(1,637)	(2,016)	(2,485)	(3,204)	(4,184)	(14,788)
9. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)	\$ (1,262)	\$ (1,637)	\$ (2,016)	\$ (2,485)	\$ (3,204)	\$ (4,184)	\$ (4,184)	\$ (14,788)

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

Schedule AE-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
1. Construction Period Interest (Schedule AE-3B, Line 5)		\$ 5,668	\$ 7,757	\$ 10,003	\$ 12,267	\$ 16,242	\$ 22,033	\$ 80,008
2. Recovered Costs Excluding AFUDC (Schedule AE-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		(284,754)	(295,543)	(335,504)	(373,738)	(386,003)	(409,754)	(2,990,064)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	(\$4,092,861)	(\$4,371,947)	(\$4,659,734)	(\$4,965,235)	(\$5,346,706)	(\$5,716,467)	(\$6,104,188)	n/a
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	(\$1,578,821)	(\$1,886,479)	(\$1,797,492)	(\$1,923,055)	(\$2,062,492)	(\$2,205,127)	(\$2,354,690)	n/a
6. Average Accumulated DTA		(\$1,632,650)	(\$1,741,985)	(\$1,860,273)	(\$1,992,773)	(\$2,133,809)	(\$2,279,909)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		(8,921)	(9,518)	(10,165)	(10,889)	(11,659)	(12,457)	(71,288)
b. Equity Comp. grossed up for taxes (b)		(14,523)	(15,496)	(16,548)	(17,727)	(18,981)	(20,281)	(116,057)
c. Debt Component		(2,655)	(2,832)	(3,025)	(3,240)	(3,470)	(3,707)	(21,214)
8. Total Return Requirements (Line 7b + 7c)		(17,178)	(18,328)	(19,573)	(20,967)	(22,451)	(23,988)	(137,271)
9. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)	\$ (17,178)	\$ (18,328)	\$ (19,573)	\$ (20,967)	\$ (22,451)	\$ (23,988)	\$ (23,988)	\$ (137,271)

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ 262,508	\$ 504,391	
2.	Additions Preconstruction		-	-	-	262,508	241,883	951,593
3.	Additions Construction		-	-	-	-	-	-
4.	Other Adjustments		-	-	-	-	-	-
5.	Ending Balance Excluding CPI	\$ -	\$ -	\$ -	\$ -	\$ 262,508	\$ 504,391	\$ 951,593
6.	Average Balance Eligible for CPI		-	-	-	131,254	383,450	727,992
7.	Monthly CPI Rate [Note 1]		0.0046008	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596
8.	Construction Period Interest for Tax (CPI)	\$ -	\$ -	\$ -	\$ -	\$ 638	\$ 1,863	\$ 3,538
								\$ 6,039

Note 1: CPI rate is the projected weighted average debt rate for the period.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Period Interest

{Section (5)(c)1.b.}

Schedule AE-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
1.	Beginning Balance	\$ 951,593	\$ 1,380,982	\$ 1,811,308	\$ 2,305,386	\$ 2,743,213	\$ 3,941,356	
2.	Additions Preconstruction		429,389	430,326	494,078	437,827	430,326	417,201
3.	Additions Construction		-	-	-	-	767,817	767,817
4.	Other Adjustments		-	-	-	-	-	-
5.	Ending Balance Excluding CPI	\$ 951,593	\$ 1,380,982	\$ 1,811,308	\$ 2,305,386	\$ 2,743,213	\$ 3,941,356	\$ 5,126,374
6.	Average Balance Eligible for CPI		1,166,287	1,696,145	2,058,347	2,524,300	3,342,285	4,533,865
7.	Monthly CPI Rate [Note 1]		0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596
8.	Construction Period Interest for Tax (CPI)	\$ 5,668	\$ 7,767	\$ 10,003	\$ 12,267	\$ 16,242	\$ 22,033	\$ 80,008

Note 1: CPI rate is the projected weighted average debt rate for the period.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]

[Section (8)(d)]

Schedule AE-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated CCRC Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ 3,947	\$ 7,970	\$ 10,725	\$ 7,695	\$ 7,695	\$ 7,787	\$ 7,604	\$ 10,725	\$ 8,063	\$ 8,063	\$ 80,273
2	Corporate Communications	\$ -	\$ -	\$ 2,434	\$ 25,760	\$ 56,076	\$ 25,271	\$ 25,271	\$ 25,434	\$ 25,108	\$ 30,851	\$ 25,923	\$ 25,923	\$ 267,851
3	Corporate Planning	\$ -	\$ -	\$ 9,087	\$ 19,126	\$ 24,064	\$ 17,482	\$ 16,982	\$ 17,197	\$ 17,268	\$ 24,814	\$ 19,341	\$ 18,341	\$ 183,699
4	Corporate Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	External Relations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 384,000
6	Human Resources	\$ -	\$ -	\$ 7,862	\$ 9,239	\$ 12,390	\$ 8,924	\$ 8,924	\$ 9,029	\$ 8,819	\$ 12,390	\$ 9,344	\$ 9,344	\$ 96,265
7	IT & Telecom	\$ -	\$ -	\$ -	\$ 6,667	\$ 6,667	\$ 6,667	\$ 6,667	\$ 6,667	\$ 6,667	\$ 6,667	\$ 6,667	\$ 6,667	\$ 60,000
8	Legal	\$ -	\$ -	\$ -	\$ 52,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,000
9	Project Assurance	\$ -	\$ -	\$ 11,338	\$ 9,275	\$ 12,374	\$ 9,329	\$ 8,965	\$ 9,068	\$ 10,236	\$ 12,374	\$ 9,378	\$ 10,753	\$ 103,087
10	Public Affairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Subtotal A&G	\$ -	\$ -	\$ 34,668	\$ 130,036	\$ 122,295	\$ 75,368	\$ 153,503	\$ 139,181	\$ 139,701	\$ 161,620	\$ 142,714	\$ 143,089	\$ 1,242,175
12	Energy Delivery Florida	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Nuclear Generation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Transmission	\$ -	\$ -	\$ 18,012	\$ 28,180	\$ 36,814	\$ 25,894	\$ 27,139	\$ 28,507	\$ 27,915	\$ 36,957	\$ 28,649	\$ 27,976	\$ 286,043
15	Total O&M Costs	\$ -	\$ -	\$ 52,680	\$ 168,216	\$ 159,109	\$ 101,262	\$ 180,642	\$ 167,688	\$ 167,616	\$ 198,577	\$ 171,363	\$ 171,065	\$ 1,528,218
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ 31,780	\$ 119,204	\$ 112,108	\$ 69,090	\$ 140,716	\$ 127,588	\$ 128,064	\$ 148,157	\$ 130,826	\$ 131,170	\$ 1,138,702
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ 12,718	\$ 19,894	\$ 25,990	\$ 18,280	\$ 19,159	\$ 20,125	\$ 19,707	\$ 26,091	\$ 20,225	\$ 19,750	\$ 201,938
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ 44,496	\$ 139,099	\$ 138,097	\$ 87,370	\$ 159,876	\$ 147,713	\$ 147,771	\$ 174,247	\$ 151,051	\$ 150,920	\$ 1,340,640
25	Average Monthly Recoverable O&M Balance	\$ -	\$ -	\$ 22,248	\$ 114,099	\$ 252,971	\$ 366,311	\$ 490,813	\$ 645,785	\$ 795,077	\$ 957,994	\$ 1,122,943	\$ 1,276,824	
26	Monthly Short-term Commercial Paper Rate	0.34%	0.26%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	
27	Interest Provision	\$ -	\$ -	\$ 53	\$ 274	\$ 607	\$ 879	\$ 1,178	\$ 1,550	\$ 1,908	\$ 2,299	\$ 2,695	\$ 3,064	\$ 14,508
28	Total Monthly Recoverable O&M Costs	\$ -	\$ -	\$ 44,550	\$ 139,372	\$ 138,704	\$ 88,249	\$ 161,054	\$ 149,263	\$ 149,679	\$ 176,546	\$ 153,746	\$ 153,984	\$ 1,355,147
29	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Difference (Line 28 - 29)	\$ -	\$ -	\$ 44,550	\$ 139,372	\$ 138,704	\$ 88,249	\$ 161,054	\$ 149,263	\$ 149,679	\$ 176,546	\$ 153,746	\$ 153,984	\$ 1,355,147

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]

[Section (8)(d)]

Schedule AE-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated Other Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 9,000
2	Corporate Communications	-	-	4,311	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	50,490
3	Corporate Planning	-	1,339	6,230	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	25,569
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	2,877	50,850	5,543	(52,000)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	23,270
9	Project Assurance	-	182	-	-	-	-	-	-	-	-	-	-	182
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	2,877	52,371	16,084	(43,869)	10,131	10,131	10,131	10,131	10,131	10,131	10,131	10,131	108,511
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	\$ 7,430	\$ (395)	\$ 6,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,547
15	Total O&M Costs	\$ 10,307	\$ 51,976	\$ 22,596	\$ (43,869)	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 122,058
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ 2,637	\$ 48,008	\$ 14,744	\$ (40,215)	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 99,472
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ 5,245	\$ (279)	\$ 4,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,564
24	Total Jurisdictional Recoverable O&M Costs	\$ 7,883	\$ 47,730	\$ 19,341	\$ (40,215)	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 109,036
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Difference (Line 24 - 25)	\$ 7,883	\$ 47,730	\$ 19,341	\$ (40,215)	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 109,036

Schedule AE-6

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)(1.b.)]

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual/estimated monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the current year.

All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

For the Year Ended 12/31/2008

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Pre-Construction:													
2	Generation:													
3	License Application													
4	Engineering, Design & Procurement	\$ -	\$ -	\$ 1,846,845	\$ 5,015,000	\$ 3,316,000	\$ 5,828,000	\$ 1,336,000	\$ 1,058,000	\$ 3,765,000	\$ 1,449,000	\$ 1,383,000	\$ 4,149,000	\$ 29,155,845
5	Permitting				57,659,000	46,489,000	7,521,000	1,000,000	1,500,000	39,331,000	1,500,000	1,500,000	11,059,000	167,539,000
6	Clearing, Grading and Excavation													
7	On-Site Construction Facilities													
8	Total Generation Costs	\$ -	\$ -	\$ -	\$ 280,000	\$ 258,000	\$ 477,000	\$ 458,000	\$ 459,000	\$ 527,000	\$ 467,000	\$ 459,000	\$ 445,000	\$ 3,830,000
9	Less Adjustments:													
10	Non Cash Accruals				62,954,000	50,043,000	13,828,000	2,794,000	3,017,000	43,623,000	3,416,000	3,352,000	15,653,000	200,524,845
11	Other			1,718,562	6,208,200	1,554,440	(86,400)	(702,000)	(3,406,500)	2,698,200	359,100	(2,196,000)	2,410,200	8,557,802
12	Net Generation Costs	\$ -	\$ -	\$ -	\$ 56,745,800	\$ 48,488,561	\$ 13,912,400	\$ 3,496,000	\$ 6,423,500	\$ 40,924,800	\$ 3,056,900	\$ 5,548,000	\$ 13,242,800	\$ 191,967,044
13	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
14	Total Jurisdictional Generation Costs	\$ -	\$ -	\$ -	\$ 120,269	\$ 53,200,890	\$ 45,459,480	\$ 13,043,292	\$ 3,277,606	\$ 6,022,224	\$ 38,368,228	\$ 2,865,935	\$ 5,201,416	\$ 179,974,862
15	Transmission:													
16	Line Engineering	\$ -	\$ -	\$ 173,570	\$ 268,272	\$ 266,272	\$ 596,862	\$ 596,862	\$ 663,180	\$ 729,498	\$ 729,498	\$ 862,134	\$ 994,770	\$ 5,879,818
17	Substation Engineering			18,693	155,636	198,954	464,226	596,862	663,180	862,134	994,770	1,127,406	1,326,360	8,408,221
18	Clearing													
19	Other													
20	Total Transmission Costs	\$ -	\$ -	\$ 352,977	\$ 114,824	\$ 73,687	\$ 73,687	\$ 73,687	\$ 73,687	\$ 73,687	\$ 73,687	\$ 73,687	\$ 73,687	\$ 1,057,294
21	Less Adjustments:													
22	Non Cash Accruals				545,240	538,732	537,913	1,134,775	1,267,411	1,400,047	1,665,319	1,797,955	2,063,227	13,345,433
23	Other			479,744	484,859	(6,595)	538,438	656,548	238,745	358,117	358,117	358,117	537,176	4,001,267
24	Net Transmission Costs	\$ -	\$ -	\$ 65,496	\$ 53,873	\$ 544,507	\$ 588,338	\$ 610,862	\$ 1,161,302	\$ 1,307,201	\$ 1,439,837	\$ 1,705,109	\$ 1,857,641	\$ 9,344,166
25	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
26	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ 46,238	\$ 38,033	\$ 384,406	\$ 422,407	\$ 431,251	\$ 819,844	\$ 922,845	\$ 1,016,482	\$ 1,203,756	\$ 1,311,439	\$ 6,596,701
27	Total Jurisdictional Preconstruction Costs	\$ -	\$ -	\$ 166,507	\$ 53,238,923	\$ 45,843,886	\$ 13,465,700	\$ 3,708,855	\$ 6,842,068	\$ 39,291,073	\$ 3,882,416	\$ 6,405,173	\$ 13,726,961	\$ 196,571,563
28	Construction:													
29	Generation:													
30	Real Estate Acquisitions	\$ -	\$ 13,655	\$ 53,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 4,476,000	\$ -	\$ -	\$ 5,042,839
31	Project Management													
32	Permanent Staff/Training				11,000	11,000	11,000	91,000	91,000	91,000	91,000	91,000	90,000	578,000
33	On-Site Construction Facilities													
34	Power Block Engineering, Procurement, etc.													
35	Non-Power Block Engineering, Procurement, etc.													
36	Total Generation Costs	\$ -	\$ 13,655	\$ 53,284	\$ 11,000	\$ 11,000	\$ 11,000	\$ 91,000	\$ 91,000	\$ 91,000	\$ 91,000	\$ 91,000	\$ 90,000	\$ 5,620,939
37	Less Adjustments:													
38	Non Cash Accruals													
39	Other		13,655	10,911	(2,390)	(38,056)		72,000	72,000	450,000	4,028,400	(450,000)	(4,028,300)	127,221
40	Net Generation Costs	\$ -	\$ -	\$ 42,373	\$ 13,390	\$ 49,056	\$ 11,000	\$ 19,000	\$ 19,000	\$ 141,000	\$ 538,600	\$ 541,000	\$ 4,119,300	\$ 5,493,718
41	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
42	Total Jurisdictional Generation Costs	\$ -	\$ -	\$ 39,726	\$ 12,553	\$ 45,991	\$ 10,313	\$ 17,813	\$ 17,813	\$ 132,182	\$ 504,954	\$ 507,204	\$ 3,861,967	\$ 5,150,526
43	Transmission:													
44	Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	Substation Engineering													
46	Real Estate Acquisition				69,718	116,197	139,437	185,916	209,155	255,634	302,113	371,831	441,549	2,091,550
47	Line Construction													
48	Substation Construction													
49	Other													
50	Total Transmission Costs	\$ -	\$ -	\$ 142	\$ 27,745	\$ 46,479	\$ 55,775	\$ 74,366	\$ 83,862	\$ 102,254	\$ 120,845	\$ 1,087,606	\$ 1,413,888	\$ 3,262,818
51	Less Adjustments:													
52	Non Cash Accruals				142	97,464	162,676	195,211	260,282	292,817	357,887	1,184,282	2,896,776	8,366,200
53	Other													
54	Net Transmission Costs	\$ -	\$ -	\$ -	\$ 87,717	\$ 146,281	\$ 87,973	\$ 87,845	\$ 87,845	\$ 87,845	\$ 802,319	\$ 2,104,099	\$ 1,741,843	\$ 5,233,767
55	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
56	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ 100	\$ 6,881	\$ 11,575	\$ 75,707	\$ 121,735	\$ 144,704	\$ 190,642	\$ 269,655	\$ 417,706	\$ 972,700	\$ 2,211,404
57	Total Jurisdictional Construction Costs	\$ -	\$ -	\$ 39,826	\$ 19,434	\$ 57,566	\$ 86,020	\$ 139,548	\$ 162,517	\$ 322,834	\$ 774,608	\$ 924,909	\$ 4,834,667	\$ 7,361,929

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.b.]

[Section (8)(d)]

Schedule AE-6A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Preconstruction and Construction categories for the current year.

For the Year Ended 12/31/2008

Witness: Lori Cross

Line

No. Major Task

Description - Includes, but is not limited to:

1 Pre-Construction:

2 Generation:

3 License Application

Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.

4 Engineering & Design

Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.

5 Permitting

Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)

6 Clearing, Grading and Excavation

Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.

7 On-Site Construction Facilities

includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.

8

9 Transmission:

10 Line Engineering

Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.

11 Substation Engineering

Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.

12 Clearing

Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.

13

14 Other

Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.

15

16 Construction:

17 Generation:

18 Real Estate Acquisition

Land, Survey, Legal fees and commissions.

19 Project Management

Management oversight of construction, including, but not limited to engineering, quality assurance, field support and contract services.

20 Permanent Staff/Training

Obtain and train qualified staff by Fuel Load date.

21 Site Preparation

Design and construction of plant site preparations to support fabrication and construction. Remedial work for plant foundation and foundation substrata.

22 On-Site Construction Facilities

includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.

23 Power Block Engineering, Procurement, etc.

The cost of constructing and procuring the nuclear power block (reactor vessel, containment vessel, cooling towers, etc.)

24 Non-Power Block Engineering, Procurement, etc.

Site permanent structures and facilities outside the Power Block, including structural, electrical, mechanical, civil and security items.

25

(Admin building, Training center, Security towers, Switchyard, Roads, Railroad, Barge facility, etc.)

26

27 Transmission:

28 Line Engineering

See description on Line 10.

29 Substation Engineering

See description on Line 11.

30 Real Estate Acquisition

Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.

31 Line Construction

Contracted construction labor, structures and materials, equipment and all other costs associated with construction of transmission lines.

32 Substation Construction

Contracted construction labor, structures and materials, equipment and all other costs associated with substation and protection and control (relay) construction.

33

Other

See description on Line 14.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Variance Explanations

[Section (8)(d)]

Schedule AE-6B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual/estimated expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - E1

Witness: Lori Cross

Line No.		(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1	<u>Site Selection:</u>				
2					
3					
4	<u>Pre-Construction:</u>				
5	<u>Generation:</u>				
6	License Application	\$ 29,155,845	\$ -	\$ 29,155,845	Note 1
7	Engineering & Design	167,539,000	-	167,539,000	Note 1
8	Permitting	-	-	-	N/A
9	Clearing, Grading and Excavation	-	-	-	N/A
10	On-Site Construction Facilities	3,830,000	-	3,830,000	Note 1
11	Total Generation Costs	<u>\$ 200,524,845</u>	<u>\$ -</u>	<u>\$ 200,524,845</u>	
12					
13	<u>Transmission:</u>				
14	Line Engineering	\$ 5,879,918	\$ -	\$ 5,879,918	Note 1
15	Substation Engineering	6,408,221	-	6,408,221	Note 1
16	Clearing	-	-	-	N/A
17	Other	1,057,294	-	1,057,294	Note 1
18	Total Transmission Costs	<u>\$ 13,345,433</u>	<u>\$ -</u>	<u>\$ 13,345,433</u>	
19					
20	<u>Construction:</u>				
21	<u>Generation:</u>				
22	Real Estate Acquisitions	\$ 5,042,939	\$ -	\$ 5,042,939	Note 1
23	Project Management	-	-	-	N/A
24	Permanent Staff/Training	578,000	-	578,000	Note 1
25	Site Preparation	-	-	-	N/A
26	On-Site Construction Facilities	-	-	-	N/A
27	Power Block Engineering, Procurement, etc.	-	-	-	Note 1
28	Non-Power Block Engineering, Procurement, etc.	-	-	-	N/A
29	Total Generation Costs	<u>\$ 5,620,939</u>	<u>\$ -</u>	<u>\$ 5,620,939</u>	
30					
31	<u>Transmission:</u>				
32	Line Engineering	\$ -	\$ -	\$ -	N/A
33	Substation Engineering	2,091,550	-	2,091,550	Note 1
34	Real Estate Acquisition	3,262,818	-	3,262,818	Note 1
35	Line Construction	-	-	-	N/A
36	Substation Construction	2,175,212	-	2,175,212	Note 1
37	Other	836,620	-	836,620	Note 1
38	Total Transmission Costs	<u>\$ 8,366,200</u>	<u>\$ -</u>	<u>\$ 8,366,200</u>	

Note 1: No costs were projected due to the fact that Progress Energy (PEF) has never filed a projection to date.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Technology Selected

[Section (8)(b)]

Schedule AE-7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick

Progress Energy Inc. Florida ("PEF") performed a methodical, detailed quantitative and qualitative evaluation of commercially available advanced reactor technologies. PEF issued RFPs to the three vendors that had advanced reactor designs: General Electric ("GE"); Westinghouse; and Areva, for the GE Economic Simplified Boiling Water Reactor ("ESBWR"), the Westinghouse AP-1000 advanced passive pressurized water reactor, and the Areva European Pressurized Reactor ("EPR"), respectively. PEF completed a thorough and extensive evaluation of the vendor proposal responses associated with technical and operational requirements for licensing, design, construction, and capability input by the vendors. Following nearly a year of detailed evaluation, PEF initially selected the Westinghouse AP-1000 design as the best advanced technology for PEF. Since the preliminary selection of the Westinghouse AP-1000 design in January 2006, PEF continued to monitor industry changes, advanced reactor technology developments, and other information that might affect PEF's technology selection, or the assumptions PEF used in its initial analysis. The Westinghouse AP-1000 design is a standardized, advanced passive pressurized water nuclear reactor. It is an advanced generation nuclear technology that employs "passive" rather than traditional "active" safety systems. In other words, the design uses gravity and natural recirculation of air and water in emergency situations that do not require engines or pumps to power key safety systems. The result is an extremely safe and much simpler design that requires significantly less cable, pumps, valves, and other equipment than existing nuclear power reactors. In addition, PEF is still in negotiations with the Consortium on the terms and conditions of an acceptable EPC contract, including price structure. PEF expects to finalize and execute the EPC contract by the end of 2008.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filings: Contracts Executed

Schedule AE-5

[Section (B)(c)]
REDACTED

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Witness: Daniel Rodrick/Date Oliver

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year (2008)	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	00003382-00128	Issued							Westinghouse Electric Co. LLC.	Sole Source. Award based on selected vendor from the technology selected	Lvry Price Finalization support
2	00300968-00004	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Lvry Price Finalization support
3	00300968-00002	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Lvry Phase 1A - Conceptual Design and site characterization
4	00255834-00002	Issued							Joint Venture Team (Sargent & Lundy, CH2M Hill, & Worley Parsons) - 00255934-00003	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Combined Operating License Application (COLA) preparer
5	00060578-00111	Issued							Golder Associates Inc.	Sole Sourced	LNP Transmission Corridor Study
6	00252141-00003	Issued							Power Engineers Inc.	Sole Sourced	Line and Substation Design Study Support
7	00300968-06	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	LNP Phase 1 Work Activities to Support SCALWA Submittals
8	00300968-07	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	
9	00003382-14	Issued							Westinghouse Electric Co. LLC.	Sole Source. Award based on selected vendor from the technology selected	
10	00255834-00003	Issued							Joint Venture Team (Sargent & Lundy, CH2M Hill, & Worley Parsons) - 00255934-00003	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Lvry Site Certification Application

(a) \$12.7M of Lube and maintenance services

(a) \$12.7M of Lybase land purchase was allocated to Lvry project, the remainder of \$27.7M was allocated to Lind held for future use.
Note: Original amount for contract nbr. 00255834-00002 reflects cost of COLA prior to final site selection work being completed.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

Schedule AE-8A

[Section (8)(c)]

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00003382-00128

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs associated with the Levy Nuclear Plant (LNP) standard plant. These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Westinghouse Electric Company LLC.

Vendor Affiliation (specify "direct" or "indirect"): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected.

Number of Bids Received: A proposal was submitted by Westinghouse LLC.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

Term End:

[REDACTED]

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Daniel Roderick/Dale Oliver

DOCKET NO.: 080009 - EI

Contract No.: 00300968-00004

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

REDACTED

Contract Status:

Issued

Term Begin:

REDACTED

Term End:

Nature and Scope of Work:

REDACTED

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Daniel Roderick/Dale Oliver

DOCKET NO.: 080009 - EI

Contract No.: 00300988-00002

Major Task or Tasks Associated With: The project management and conceptual engineering activities to require further characterization of the Levy site by performing geotechnical evaluations, regional infrastructure studies, early procurement requirements, preliminary construction plan development, COLA development interfacete, and development of the site specific schedule.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

Term End:

[REDACTED]

Nature and Scope of Work:

Activities related to completing detailed estimates for site specific buildings, systems and components, and studies and evaluations in support of determining the overall site specific plant cost.

**Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed**

[Section (8)(c)]
REDACTED

Schedule AE-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080008 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255834-00002

Major Task or Tasks Associated With: activities associated with providing engineering, environmental, and licensing services to support of Combined Operating License Application (COLA) development for a new greenfield site in Florida.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Six

Number of Bids Received: Six

Brief Description of Selection Process: An RFP was completed for COLA Application preparation and sent to vendors. The next step required New Plant Development to

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

Term End:

[REDACTED]

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of COLA development. Major tasks include:

Task 1 - Prepare License Application and associated General & Admin. Information

Task 2 - Perform site investigation, including necessary soil borings and constructing a meteorological tower to gather weather information.

Task 3 - Prepare Chapter 2 of FASR in accordance with applicable regulatory requirements including meteorological, geological, geotechnical, and seismological sections.

Task 4 - Prepare Environmental Report in accordance with applicable regulatory requirements, including site ecological investigations. Prepare Emergency Plan in accordance with applicable regulatory requirements.

Task 5 - Prepare FSAR Chapters 4, 5, 6, 7, and 12 in accordance with applicable regulatory requirements.

Task 6 - Prepare FSAR Chapters 13, 14, and 16 in accordance with applicable regulatory requirements.

Task 7 - Prepare FSAR Chapters 1, 3, 8, 17, 18, & 19 in accordance with applicable regulatory requirements.

Task 8 - Prepare FSAR Chapters 9, 10, 11, & 15 in accordance with applicable regulatory requirements.

Task 9 - Prepare fire protection program, inspection programs, other programs, the security plan and quality assurance plan in accordance with applicable regulatory requirements.

Task 10 - Prepare conceptual designs for various plant systems.

Task 11 - Project Management support for all COLA preparation activities.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]
REDACTED

Schedule AE-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080008 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00080678-00111

Major Task or Tasks Associated With: activities associated with providing environmental, line corridor selection studies, and licensing services in support of Site Certification Application (SCA) and Combined Operating License Application (COLA) development for transmission facilities to support a new greenfield site in Florida.

These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Golder Associates Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Golder Associates Inc.

Brief Description of Selection Process: Upon receipt of proposal, Supply Chain and company management representatives reviewed the proposal's technical scope, schedule, and cost. A single source justification memo was prepared and approved based on the vendor's involvement since inception of the project and their ability to meet the required schedule requirements, a contract requisition was developed by Transmission Ops and Planning Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value:

Contract Issued:

Issued

Term Begin:

Term End:

Nature and Scope of Work: Provide environmental, line corridor selection studies, and licensing services in support of SCA and COLA development including:

Task 1 - Corridor Routing Study

Task 1a - Public Involvement

Task 2 - Preparation of applicable sections of the SCA

Task 3 - Certification Support and Hearings/Expert Testimony/Hearing Support/Agency Meetings/Outreach

Task 4 - Preparation of applicable sections of the NRC COLA

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Contract No.: 00262141-00003

Major Task or Tasks Associated With: Activities associated with providing conceptual substation engineering and routing study services in support of transmission facilities to support a new greenfield site in Florida.

There are planning activities and do not include actual design or construction activities.

Vendor Identity: Power Engineers Inc

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Power Engineers Inc.

Brief Description of Selection Process: A contract requisition was developed by Transmission Ops and Planning (TOPS) Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work: Provide conceptual substation engineering and line route study services in support of transmission facilities including:

- Preparation of preliminary substation design criteria and layout work
- Preparation of preliminary transmission line corridor layout work
- For each of the substations, prepare conceptual drawings/site plans

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

Schedule AE-8A

[Section (B)(c)]

FLORIDA PUBLIC SERVICE COMMISSION

REDACTED

COMPANY: PROGRESS ENERGY - FL

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EJ

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00003382-00148

Major Task or Tasks Associated With:

Vendor Identity: Westinghouse Electric Company LLC.

Vendor Affiliation (specify "direct" or "indirect"): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected.

Number of Bids Received: N/A

Brief Description of Selection Process: Per approved Letter of Intent.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (B)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00007

Major Task or Tasks Associated With:

[REDACTED]

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify "direct" or "indirect"): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: N/A

Brief Description of Selection Process: Per approved Letter of Intent.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00006

Major Task or Tasks Associated With:

[REDACTED]

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

REDACTED

Schedule AE-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255934-00003

Major Task or Tasks Associated With: activities associated with developing the Site Certification Application for the Levy Plant. The application will be submitted to the Florida Department of Environmental Protection.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: 1

Number of Bids Received: 1

Brief Description of Selection Process: This authorization is closely tied to the Levy COLA Environmental Report. An Impact Evaluation was submitted to document project scope, schedule, cost, and risk. The impact evaluation is challenged with technical, QA, and financial reviews prior to approval. The approved impact evaluation is incorporated into a new work authorization.

Dollar Value:

[REDACTED]

Contract Status:

Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of Site Certification Application development. Major tasks include:

- Task 1 - Site Characterization
- Task 2 - Plant & Associated Facilities
- Task 3 - Construction Impacts
- Task 4 - Operational Impacts
- Task 5 - Economic and Social Effects
- Task 6 - Electrical Transmission Lines
- Task 7 - Need for Power
- Task 8 - Site & Design Alternatives

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	True-Up Provision	-	-	-	-	-	-	-
3	NFR Revenues Applicable to Period (Lines 1 + 2)	-	-	-	-	-	-	-
4	Jurisdictional NFR Costs	595,466	599,321	815,346	54,267,673	47,398,226	15,289,578	118,965,609
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	(595,466)	(599,321)	(815,346)	(54,267,673)	(47,398,226)	(15,289,578)	(118,965,609)
6	Interest Provision	-	-	-	-	-	-	-
7	Beginning Balance True-up & Interest Provision	-	-	-	-	-	-	-
a	Deferred True-up	-	-	-	-	-	-	-
8	True-Up Collected (Refunded) (See Line 2)	-	-	-	-	-	-	-
9	End of Period True-up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	True-Up Provision	-	-	-	-	-	-	-
3	NFR Revenues Applicable to Period (Lines 1 + 2)	-	-	-	-	-	-	-
4	Jurisdictional NFR Costs	5,695,297	8,885,382	41,592,137	6,456,351	9,034,189	16,508,362	207,137,326
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	(5,695,297)	(8,885,382)	(41,592,137)	(6,456,351)	(9,034,189)	(16,508,362)	(207,137,326)
6	Interest Provision	-	-	-	-	-	-	-
7	Beginning Balance True-up & Interest Provision	-	-	-	-	-	-	-
a	Deferred True-up	-	-	-	-	-	-	-
8	True-Up Collected (Refunded) (See Line 2)	-	-	-	-	-	-	-
9	End of Period True-up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	Beginning Monthly Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Ending Monthly Balance	-	-	-	-	-	-	-
3	Average Monthly Balance	-	-	-	-	-	-	-
4	Beginning of Month interest	-	-	-	-	-	-	-
5	Ending of Month Interest	-	-	-	-	-	-	-
6	Average Interest	-	-	-	-	-	-	-
7	Average Monthly Interest	-	-	-	-	-	-	-
8	Monthly Interest Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	Beginning Monthly Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Ending Monthly Balance	-	-	-	-	-	-	-
3	Average Monthly Balance	-	-	-	-	-	-	-
4	Beginning of Month interest	-	-	-	-	-	-	-
5	Ending of Month Interest	-	-	-	-	-	-	-
6	Average Interest	-	-	-	-	-	-	-
7	Average Monthly Interest	-	-	-	-	-	-	-
8	Monthly Interest Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Rates have not been put in place for Levy and costs are still accounted for in CWIP and thus accrue a carrying charge equal to PEF's AFUDC rate.

**SCHEDULE APPENDIX
REDACTED**

EXHIBIT (LC-2)

**PROGRESS ENERGY FLORIDA, INC.
Levy County Nuclear Filing
COMMISSION SCHEDULES (P-1 Through P-10)**

**JANUARY 2009 - DECEMBER 2009
Projections
DOCKET NO. 080149-EI**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 10

COMPANY Progress Energy FL Inc. (Direct)

WITNESS Lori Cross (LC2) (Levy)

DATE 09/11-12/08

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule P-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail
revenue requirement for the subsequent year.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule P-2, line 7)	\$ 6,892,358	\$ 9,247,280	\$ 9,659,514	\$ 9,575,619	\$ 9,406,221	\$ 10,008,348	\$ 54,787,342
2. Construction Carrying Cost Revenue Requirements (Schedule P-3, line 7)							
3. Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	80,973	101,395	102,384	101,868	129,517	97,901	613,807
4. Deferred Tax Asset Carrying Cost (Schedule P-3A, line 8)	19,910	114,629	216,905	321,225	426,684	534,707	1,634,259
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)							
7. Prior Prior January - December 2007 Revenue Requirements	-	-	-	-	-	-	-
8. Prior Prior January - December 2008 Revenue Requirements							
9. Total Revenue Requirements as of December 2009							

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule P-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule P-2, line 7)	\$ 9,738,603	\$ 9,569,205	\$ 8,514,665	\$ 8,523,867	\$ 8,354,489	\$ 9,792,486	\$ 109,280,898
2. Construction Carrying Cost Revenue Requirements (Schedule P-3, line 7)							
3. Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	98,522	98,282	98,535	130,634	102,792	102,542	1,243,114
4. Deferred Tax Asset Carrying Cost (Schedule P-3A, line 8)	645,051	756,070	868,125	975,654	1,066,610	1,201,970	7,165,740
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)							
7. Prior Prior January - December 2007 Revenue Requirements	-	-	224,596	480,273	482,739	543,835	1,711,443
8. Prior Prior January - December 2008 Revenue Requirements							
9. Total Revenue Requirements as of December 2009							

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Preconstruction Costs

[Section (5)(c)1.c.]

Schedule P-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the projected
preconstruction costs for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.		(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars									
1.	Current Period Pre-Construction Expenses (Schedule AE-6 Line 34)		\$ 4,944,282	\$ 7,468,602	\$ 8,060,234	\$ 8,135,737	\$ 8,135,737	\$ 8,905,262	\$ 45,639,855
2.	Prior Period Unrecovered Pre-Construction Balance	193,203,787	177,103,472	161,003,156	144,902,840	128,802,525	112,702,209	96,601,894	
3.	Pre-Construction Expenses Recovered		16,100,316	16,100,316	16,100,316	16,100,316	16,100,316	16,100,316	96,601,894
4.	Average Balance Pre-Construction Expenses Eligible for Return		185,153,629	169,053,314	152,952,998	138,852,683	120,752,367	104,652,051	
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)								
a.	Equity Component (a)		1,011,679	923,707	835,735	747,763	659,791	571,819	4,750,495
b.	Equity Comp. grossed up for taxes (b)		1,647,016	1,503,797	1,360,579	1,217,360	1,074,141	930,922	7,733,815
c.	Debt Component		301,060	274,881	248,702	222,522	196,343	170,164	1,413,672
6.	Total Return Requirements (Line 5b + 5c)		1,948,076	1,778,678	1,609,280	1,439,882	1,270,484	1,101,086	9,147,487
7.	Total Costs to be Recovered (Line 1 + Line 6)		\$ 6,892,358	\$ 9,247,280	\$ 9,659,514	\$ 9,575,619	\$ 9,406,221	\$ 10,006,348	\$ 54,787,342

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Preconstruction Costs

[Section (5)(c)1.c.]

Schedule P-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the projected
preconstruction costs for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.		(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars								
1.	Current Period Pre-Construction Expenses (Schedule AE-6 Line 34)	\$ 8,806,915	\$ 8,806,915	\$ 7,921,793	\$ 8,100,392	\$ 8,100,392	\$ 9,707,787	\$ 97,084,049
2.	Prior Period Unrecovered Pre-Construction Balance	80,501,578	64,401,262	48,300,947	32,200,631	16,100,316	-	
3.	Pre-Construction Expenses Recovered	16,100,316	16,100,316	16,100,316	16,100,316	16,100,316	16,100,316	193,203,787
4.	Average Balance Pre-Construction Expenses Eligible for Return	88,551,736	72,451,420	56,351,105	40,250,789	24,150,473	8,050,158	
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
	a. Equity Component (a)	483,847	395,875	307,902	219,930	131,958	43,986	6,333,993
	b. Equity Comp. grossed up for taxes (b)	787,703	644,485	501,266	358,047	214,828	71,609	10,311,753
	c. Debt Component	143,985	117,806	91,627	65,448	39,269	13,090	1,884,896
6.	Total Return Requirements (Line 5b + 5c)	<u>931,688</u>	<u>762,291</u>	<u>592,893</u>	<u>423,495</u>	<u>254,097</u>	<u>84,699</u>	<u>12,196,649</u>
7.	Total Costs to be Recovered (Line 1 + Line 6)	<u>\$ 9,738,603</u>	<u>\$ 9,569,205</u>	<u>\$ 8,514,685</u>	<u>\$ 8,523,887</u>	<u>\$ 8,354,489</u>	<u>\$ 9,792,486</u>	<u>\$ 109,280,698</u>

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Costs

[Section (5)(c)1.c.]

Schedule P-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected carrying costs on projected construction balances for the subsequent year.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) Total to Date
Jurisdictional Dollars								
1.	Nuclear CWIP Additions (Schedule P-6, line 70)							
2.	Transfers to Plant in Service							
3.	Other Adjustments (d)							
4.	CWIP Base Eligible for Return (Line 1 - 2 + 3)							
5.	Average Net CWIP Additions							
6.	Return on Average Net CWIP Additions (c)							
a.	Equity Component (a)							
b.	Equity Comp. grossed up for taxes (b)							
c.	Debt Component							
7.	Total Return Requirements (Line 6b + 6c)							

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) This adjustment is the amortization of the prior period carrying charges that will be collected through rates in 2009.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Costs

[Section (5)(c)1.c.]

Schedule P-3

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected carrying costs on projected construction balances for the subsequent year.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) Total to Date
Jurisdictional Dollars								
1.	Nuclear CWIP Additions (Schedule P-6, line 70)							
2.	Transfers to Plant in Service							
3.	Other Adjustments (d)							
4.	CWIP Base Eligible for Return (Line 1 - 2 + 3)							
5.	Average Net CWIP Additions							
6.	Return on Average Net CWIP Additions (c)							
a.	Equity Component (a)							
b.	Equity Comp. grossed up for taxes (b)							
c.	Debt Component							
7.	Total Return Requirements (Line 6b + 6c)							

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = \{(1 + A/100)^{1/12} - 1\} \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) This adjustment is the amortization of the prior period carrying charges that will be collected through rates in 2009.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Deferred Tax Carrying Costs

{Section (5)(c)1.c.}

Schedule P-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the projected
deferred tax Carrying Costs
for the subsequent year.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 5)		\$1,258,429	\$1,466,788	\$1,677,147	\$1,905,804	\$2,152,761	\$2,399,719	\$10,858,648
2. Recovered Costs Excluding AFUDC (Schedule P-2, Line 1+ Line 3)								
3. Other Adjustments (d)		271,237	271,237	271,237	271,237	271,237	271,237	1,627,419
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ (6,104,188)	\$15,915,391	\$40,669,848	\$66,215,896	\$92,076,304	\$118,183,669	\$145,307,516	\$145,307,516
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$ (2,354,690)	\$ 8,139,362	\$ 15,686,317	\$ 25,542,782	\$ 35,518,434	\$ 45,589,360	\$ 56,052,374	n/a
6. Average Accumulated DTA		\$1,882,336	\$10,913,839	\$20,815,549	\$30,530,608	\$40,553,892	\$50,820,862	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		10,340	59,633	112,643	166,819	221,586	277,886	848,707
b. Equity Comp. grossed up for taxes (b)		16,833	97,083	183,384	271,582	360,743	452,072	1,381,897
c. Debt Component		3,077	17,746	33,521	49,643	65,941	82,635	252,562
8. Total Return Requirements (Line 7b + 7c)	\$ 19,910	\$ 114,829	\$ 216,905	\$ 321,225	\$ 426,684	\$ 534,707	\$ 634,259	

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.848%.

(d) Balance represents the prior period debt component that was recorded as a liability that is now included in rates and being amortized over twelve months.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

Schedule P-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the projected deferred tax Carrying Costs for the subsequent year.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 5)		\$2,625,625	\$2,630,480	\$3,035,334	\$3,278,405	\$3,559,692	\$3,840,979	\$30,029,183
2. Recovered Costs Excluding AFUDC (Schedule P-2, Line 1+ Line 3)								
3. Other Adjustments (d)		271,237	271,237	271,237	271,237	271,237	271,237	3,254,838
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$145,307,516	\$172,558,922	\$200,015,183	\$226,791,177	\$253,988,842	\$281,467,793	\$310,835,426	n/a
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$56,052,374	\$66,564,604	\$77,155,857	\$87,484,897	\$97,976,196	\$108,576,201	\$119,904,765	n/a
6. Average Accumulated DTA		\$61,308,489	\$71,860,231	\$82,320,277	\$92,730,446	\$103,276,198	\$114,240,483	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		334,560	392,644	449,798	506,679	564,301	624,210	3,721,329
b. Equity Comp. grossed up for taxes (b)		545,364	639,226	732,272	824,875	918,683	1,016,215	6,058,332
c. Debt Component		99,688	116,845	133,853	150,780	167,927	185,755	1,107,409
8. Total Return Requirements (Line 7b + 7c)	\$ 645,051	\$ 758,070	\$ 886,125	\$ 975,654	\$ 1,086,610	\$ 1,201,970	\$ 1,316,970	\$ 7,165,740

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005484 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Balance represents the prior period debt component that was recorded as a liability that is now included in rates and being amortized over twelve months.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$ 236,902,219	\$ 280,189,444	\$ 323,476,869	\$ 366,763,895	\$ 417,582,299	\$ 468,400,702	
2. Additions Preconstruction								
3. Additions Construction		36,834,542	36,834,542	36,834,542	43,510,693	43,510,693	43,510,693	241,035,706
4. Other Adjustments		-	-	-	-	-	-	-
5. Ending Balance Excluding CPI								
6. Average Balance Eligible for CPI		258,545,832	301,833,057	345,120,282	382,173,097	442,991,500	493,809,904	
7. Monthly CPI Rate [Note 1]		0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	
8. Construction Period Interest for Tax (CPI)		\$ 1,256,429	\$ 1,466,788	\$ 1,677,147	\$ 1,905,804	\$ 2,162,761	\$ 2,399,719	\$ 10,858,648

Note 1: CPI rate is the projected weighted average debt rate for the period.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$ 519,219,106	\$ 561,373,795	\$ 603,528,484	\$ 645,683,173	\$ 703,565,866	\$ 761,448,558	
2. Additions Preconstruction								
3. Additions Construction		35,830,447	35,830,447	35,830,447	49,772,456	49,772,456	49,772,456	497,844,417
4. Other Adjustments		-	-	-	-	-	-	
5. Ending Balance Excluding CPI								
6. Average Balance Eligible for CPI		540,296,451	582,451,140	624,605,829	674,624,519	732,507,212	790,389,904	
7. Monthly CPI Rate [Note 1]		0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	0.0048596	
8. Construction Period Interest for Tax (CPI)		\$ 2,625,625	\$ 2,830,480	\$ 3,035,334	\$ 3,278,405	\$ 3,559,692	\$ 3,840,979	

Note 1: CPI rate is the projected weighted average debt rate for the period.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule P-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Recoverable O&M projected monthly expenditures by function for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ 9,040	\$ 10,877	\$ 10,755	\$ 10,632	\$ 14,306	\$ 10,265	\$ 10,265	\$ 10,388	\$ 10,143	\$ 14,306	\$ 10,755	\$ 10,755	\$ 132,485
2	Corporate Communications	23,136	25,980	25,790	25,601	31,287	25,032	25,032	25,222	24,843	31,287	25,790	25,790	314,792
3	Corporate Planning	14,615	26,679	27,101	28,262	35,558	25,832	25,094	25,411	25,515	36,666	28,579	27,101	326,412
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	7,971	9,565	9,459	9,352	12,542	9,033	9,033	9,140	8,927	12,542	9,459	9,459	116,481
7	IT & Telecom	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	8,674	10,616	12,210	10,358	14,242	11,692	9,969	10,099	11,563	14,242	10,487	12,210	136,363
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	68,436	88,717	90,315	89,204	112,935	86,855	84,393	85,259	85,991	114,043	90,069	90,315	1,086,532
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	\$ 25,833	\$ 28,384	\$ 27,752	\$ 28,180	\$ 36,814	\$ 25,894	\$ 27,139	\$ 28,507	\$ 27,915	\$ 36,957	\$ 28,649	\$ 27,976	\$ 350,000
15	Total O&M Costs	\$ 94,269	\$ 117,101	\$ 118,067	\$ 117,384	\$ 149,749	\$ 112,749	\$ 111,532	\$ 113,766	\$ 113,906	\$ 151,000	\$ 118,718	\$ 118,291	\$ 1,436,532
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ 62,735	\$ 81,327	\$ 82,792	\$ 81,774	\$ 103,528	\$ 79,620	\$ 77,363	\$ 78,157	\$ 78,828	\$ 104,544	\$ 82,566	\$ 82,792	\$ 996,024
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuc - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ 18,237	\$ 20,038	\$ 19,592	\$ 19,894	\$ 25,990	\$ 18,280	\$ 19,159	\$ 20,125	\$ 19,707	\$ 26,091	\$ 20,225	\$ 19,750	\$ 247,090
24	Total Jurisdictional Recoverable O&M Costs	\$ 80,973	\$ 101,365	\$ 102,384	\$ 101,668	\$ 129,517	\$ 97,901	\$ 96,522	\$ 98,282	\$ 98,535	\$ 130,634	\$ 102,792	\$ 102,542	\$ 1,243,114
25	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Difference (Line 24 - 26)	\$ 80,973	\$ 101,365	\$ 102,384	\$ 101,668	\$ 129,517	\$ 97,901	\$ 96,522	\$ 98,282	\$ 98,535	\$ 130,634	\$ 102,792	\$ 102,542	\$ 1,243,114

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule P-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other Recoverable O&M projected monthly expenditures by function for the subsequent year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 10,000
2	Corporate Communications	-	-	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	5,131	51,310
3	Corporate Planning	-	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	-	-	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000
9	Project Assurance	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	-	-	10,131	10,131	10,131	10,131	10,131	10,131	10,131	10,131	10,131	10,131	101,310
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Total O&M Costs	\$ -	\$ -	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 10,131	\$ 101,310
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 92,871
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 92,871
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Difference (Line 24 - 25)	\$ -	\$ -	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 9,287	\$ 92,871

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Monthly Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule P-6

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the projected monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the current year.
 All Site Selection costs also included in Pre-Construction costs must be identified.

REDACTED

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Lori Cross

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1														
2														
3														
4	Pre-Construction:													
5	Generation:													
6	License Application	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 1,704,000	\$ 20,448,000
7	Engineering & Design	1,207,000	1,207,000	1,207,000	1,435,000	1,435,000	1,435,000	1,173,000	1,173,000	1,173,000	1,849,000	1,849,000	1,849,000	16,392,000
8	Permitting	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Clearing, Grading and Excavation	3,477,000	3,477,000	3,477,000	4,134,000	4,134,000	4,134,000	3,378,000	3,378,000	3,378,000	4,750,000	4,750,000	4,750,000	47,217,000
10	On-Site Construction Facilities	145,000	145,000	145,000	172,000	172,000	172,000	141,000	141,000	141,000	198,000	198,000	198,000	1,968,000
11	Total Generation Costs	\$ 6,533,000	\$ 6,533,000	\$ 6,533,000	\$ 7,445,000	\$ 7,445,000	\$ 7,445,000	\$ 6,396,000	\$ 6,396,000	\$ 6,396,000	\$ 8,301,000	\$ 8,301,000	\$ 8,301,000	\$ 86,025,000
12	Less Adjustments:													
13	Non Cash Accruals	2,882,900	395,100	-	820,800	820,800	-	(944,100)	(944,100)	-	1,714,500	1,714,500	-	6,440,400
14	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Net Generation Costs	\$ 3,670,100	\$ 6,137,900	\$ 6,533,000	\$ 6,624,200	\$ 6,624,200	\$ 7,445,000	\$ 7,340,100	\$ 7,340,100	\$ 6,396,000	\$ 6,586,500	\$ 6,586,500	\$ 8,301,000	\$ 79,584,800
16	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
17	Total Jurisdictional Generation Costs	\$ 3,440,829	\$ 5,754,465	\$ 6,124,883	\$ 6,210,386	\$ 6,210,386	\$ 6,979,911	\$ 6,881,564	\$ 6,881,564	\$ 5,996,442	\$ 6,175,041	\$ 6,175,041	\$ 7,782,437	\$ 74,612,850
18														
19	Transmission:													
20														
21	Line Engineering	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 1,090,897	\$ 13,090,760
22	Substation Engineering	1,090,897	1,090,897	1,090,897	1,090,897	1,090,897	1,090,897	1,090,897	1,090,897	1,090,897	1,090,897	1,090,897	1,090,897	13,090,760
23	Clearing	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	3,272,880
24	Other	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	272,724	3,272,880
25	Total Transmission Costs	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 32,726,960
26	Less Adjustments:													
27	Non Cash Accruals	597,614	299,183	-	-	-	-	-	-	-	-	-	-	896,796
28	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Net Transmission Costs	\$ 2,129,628	\$ 2,428,059	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 2,727,242	\$ 31,830,164
30	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
31	Total Jurisdictional Transmission Costs	\$ 1,503,454	\$ 1,714,137	\$ 1,925,351	\$ 1,925,351	\$ 1,925,351	\$ 1,925,351	\$ 1,925,351	\$ 1,925,351	\$ 1,925,351	\$ 1,925,351	\$ 1,925,351	\$ 1,925,351	\$ 22,471,099
32														
33	Total Jurisdictional Preconstruction Costs	\$ 4,944,282	\$ 7,468,602	\$ 8,050,234	\$ 8,135,737	\$ 8,135,737	\$ 8,905,262	\$ 8,806,915	\$ 8,806,915	\$ 7,921,793	\$ 8,100,392	\$ 8,100,392	\$ 9,707,787	\$ 97,084,049
34														
35	Construction:													
36	Generation:													
37														
38	Real Estate Acquisitions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39	Project Management	-	-	-	-	-	-	-	-	-	-	-	-	-
40	Permanent Staff/Training	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	1,800,000
41	Site Preparation	1,046,000	1,046,000	1,046,000	1,244,000	1,244,000	1,244,000	1,017,000	1,017,000	1,017,000	1,429,000	1,429,000	1,429,000	14,208,000
42	On-Site Construction Facilities	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	84,000	1,008,000
43	Power Block Engineering, Procurement, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Non-Power Block Engineering, Procurement, etc.	\$ 4,185,000	\$ 4,185,000	\$ 4,185,000	\$ 4,976,000	\$ 4,976,000	\$ 4,976,000	\$ 4,066,000	\$ 4,066,000	\$ 4,066,000	\$ 5,718,000	\$ 5,718,000	\$ 5,718,000	\$ 58,835,000
45	Total Generation Costs	\$ 4,185,000	\$ 4,185,000	\$ 4,185,000	\$ 4,976,000	\$ 4,976,000	\$ 4,976,000	\$ 4,066,000	\$ 4,066,000	\$ 4,066,000	\$ 5,718,000	\$ 5,718,000	\$ 5,718,000	\$ 58,835,000
46	Less Adjustments:													
47	Non Cash Accruals	27,369,225	27,370,125	-	6,408,900	6,408,900	-	(7,372,800)	(7,372,800)	-	13,383,900	13,383,900	-	79,579,350
48	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
49	Net Generation Costs	\$ 3,132,025	\$ 3,131,125	\$ 30,501,250	\$ 31,213,350	\$ 31,213,350	\$ 37,622,250	\$ 38,803,050	\$ 38,803,050	\$ 29,430,250	\$ 30,917,350	\$ 30,917,350	\$ 44,301,250	\$ 345,985,650
50	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
51	Total Jurisdictional Generation Costs	\$ 2,926,500	\$ 2,926,500	\$ 28,468,750	\$ 29,588,500	\$ 29,588,500	\$ 35,400,000	\$ 36,588,500	\$ 36,588,500	\$ 27,430,000	\$ 28,588,500	\$ 28,588,500	\$ 41,301,250	\$ 324,900,000
52														
53	Transmission:													
54														
55	Line Engineering	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 350,102	\$ 4,201,218
56	Substation Engineering	2,450,711	2,450,711	2,450,711	2,450,711	2,450,711	2,450,711	2,450,711	2,450,711	2,450,711	2,450,711	2,450,711	2,450,711	29,408,528
57	Real Estate Acquisition	4,477,798	4,477,798	4,477,798	4,477,798	4,477,798	4,477,798	4,477,798	4,477,798	4,477,798	4,477,798	4,477,798	4,477,798	53,733,576
58	Line Construction	583,503	583,503	583,503	583,503	583,503	583,503	583,503	583,503	583,503	583,503	583,503	583,503	7,002,036
59	Substation Construction	2,684,112	2,684,112	2,684,112	2,684,112	2,684,112	2,684,112	2,684,112	2,684,112	2,684,112	2,684,112	2,684,112	2,684,112	32,209,336
60	Other	1,123,826	1,123,826	1,123,826	1,123,826	1,123,826	1,123,826	1,123,826	1,123,826	1,123,826	1,123,826	1,123,826	1,123,826	13,485,810
61	Total Transmission Costs	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 140,040,800
62	Less Adjustments:													
63	Non Cash Accruals	8,076,847	7,895,348	-	-	-	-	-	-	-	-	-	-	15,772,195
64	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
65	Net Transmission Costs	\$ 3,593,203	\$ 3,974,702	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 11,670,050	\$ 124,268,605
66	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
67	Total Jurisdictional Transmission Costs	\$ 2,536,694	\$ 2,806,020	\$ 8,238,705	\$ 8,238,705	\$ 8,238,705	\$ 8,238,705	\$ 8,238,705	\$ 8,238,705	\$ 8,238,705	\$ 8,238,705	\$ 8,238,705	\$ 8,238,705	\$ 87,729,766
68														
69	Total Jurisdictional Construction Costs	\$ 5,463,176	\$ 10,274,622	\$ 16,698,939	\$ 16,374,442	\$ 16,374,442	\$ 23,143,967	\$ 23,045,620	\$ 23,045,620	\$ 16,159,497	\$ 16,339,097	\$ 16,339,097	\$ 17,946,492	\$ 170,813,815

Lavy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Description of Monthly Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

Schedule P-6A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Preconstruction and Construction categories for the current year.

For the Year Ended 12/31/2009

Witness: Lori Cross

Line No.	Major Task	Description - Includes, but is not limited to:
1	<u>Pre-Construction:</u>	
2	<u>Generation:</u>	
3	License Application	Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
4	Engineering & Design	Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.
5	Permitting	Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)
6	Clearing, Grading and Excavation	Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.
7	On-Site Construction Facilities	Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
8		
9	<u>Transmission:</u>	
10	Line Engineering	Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.
11	Substation Engineering	Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.
12	Clearing	Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.
13		
14	Other	Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.
15		
16	<u>Construction:</u>	
17	<u>Generation:</u>	
18	Real Estate Acquisition	Land, Survey, Legal fees and commissions.
19	Project Management	Management oversight of construction, including, but not limited to engineering, quality assurance, field support and contract services.
20	Permanent Staff/Training	Obtain and train qualified staff by Fuel Load date.
21	Site Preparation	Design and construction of plant site preparations to support fabrication and construction. Remedial work for plant foundation and foundation substrata.
22	On-Site Construction Facilities	Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.
23	Power Block Engineering, Procurement, etc.	The cost of constructing and procuring the nuclear power block (reactor vessel, containment vessel, cooling towers, etc.)
24	Non-Power Block Engineering, Procurement, etc.	Site permanent structures and facilities outside the Power Block, including structural, electrical, mechanical, civil and security items.
25		(Admin building, Training center, Security towers, Switchyard, Roads, Railroad, Barge facility, etc.)
26		
27	<u>Transmission:</u>	
28	Line Engineering	See description on Line 10.
29	Substation Engineering	See description on Line 11.
30	Real Estate Acquisition	Land, route siting, survey, appraisal, title commitments, acquisition, permitting, eminent domain support and ordinance review costs.
31	Line Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with construction of transmission lines.
32	Substation Construction	Contracted construction labor, structures and materials, equipment and all other costs associated with substation and protection and control (relay) construction.
33	Other	See description on Line 14.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Technology Selected

[Section (8)(b)]

Schedule P-7

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick

Progress Energy Inc. Florida ("PEF") performed a methodical, detailed quantitative and qualitative evaluation of commercially available advanced reactor technologies. PEF issued RFPs to the three vendors that had advanced reactor designs: General Electric ("GE"); Westinghouse; and Areva, for the GE Economic Simplified Boiling Water Reactor ("ESBWR"), the Westinghouse AP-1000 *advanced passive pressurized water reactor*, and the Areva European Pressurized Reactor ("EPR"), respectively. PEF completed a thorough and extensive evaluation of the vendor proposal responses associated with technical and operational requirements for licensing, design, construction, and capability input by the vendors. Following nearly a year of detailed evaluation, PEF initially selected the Westinghouse AP-1000 design as the best advanced technology for PEF. Since the preliminary selection of the Westinghouse AP-1000 design in January 2006, PEF continued to monitor industry changes, advanced reactor technology developments, and other information that might affect PEF's technology selection, or the assumptions PEF used in its initial analysis. The Westinghouse AP-1000 design is a standardized, advanced passive pressurized water nuclear reactor. It is an advanced generation nuclear technology that employs "passive" rather than traditional "active" safety systems. In other words, the design uses gravity and natural recirculation of air and water in emergency situations that do not require engines or pumps to power key safety systems. The result is an extremely safe and much simpler design that requires significantly less cable, pumps, valves, and other equipment than existing nuclear power reactors. In addition, PEF is still in negotiations with the Consortium on the terms and conditions of an acceptable EPC contract, including price structure. PEF expects to finalize and execute the EPC contract by the end of 2008.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section 9(c)]

Schedule P-5

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: PROGRESS ENERGY - FL
DOCKET NO.: 080009 - EI

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

REDACTED

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year (2008)	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	00023382-00128	Issued							Westinghouse Electric Co. LLC.	Sole Source. Award based on selected vendor from the technology selected	Levy Price Finalization support
2	00300968-00004	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Levy Price Finalization support
3	00300968-00002	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Levy Phase 1A - Conceptual Design and site characterization
4	00256634-00002	Issued							Joint Venture Team (Burgert & Lindsey, CH2M Hill, & Worley Parsons) - 00256634-00003	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Combined Operating License Application (COLA) preparer
5	00080678-00111	Issued							Golden Associates Inc.	Sole Sourced	LNP Transmission Corridor Study
6	00262141-00003	Issued							Power Engineers Inc.	Sole Sourced	Line and Substation Design Study Support
7											
	00300968-06	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	LNP Phase 1 Work Activities to Support SCALWA Submittals
8									Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	
9									Westinghouse Electric Co. LLC.	Sole Source. Award based on selected vendor from the technology selected	
10	00023382-14-00003	Issued							Joint Venture Team (Burgert & Lindsey, CH2M Hill, & Worley Parsons) - 00256634-00003	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Levy Site Certification Application

Note: Original amount for contract nbr. 00256634-00002 reflects cost of COLA prior to final site selection work being completed.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (B)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00003382-00128

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs associated with the Levy Nuclear Plant (LNP) standard plant. These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Westinghouse Electric Company LLC.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected.

Number of Bids Received: A proposal was submitted by Westinghouse LLC.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00004

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs associated with the Levy Nuclear Plant (LNP) site specific systems and buildings. These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00002

Major Task or Tasks Associated With: The project management and conceptual engineering activities to require further characterization of the Levy site by performing geotechnical evaluations, regional infrastructure studies, early procurement requirements, preliminary construction plan development, COLA development interfacete, and development of the site specific schedule.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify "direct" or "indirect"): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Activities related to completing detailed estimates for site specific buildings, systems and components, and studies and evaluations in support of determining the overall site specific plant cost.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255934-00002

Major Task or Tasks Associated With: activities associated with providing engineering, environmental, and licensing services to support of Combined Operating License Application (COLA) development for a new greenfield site in Florida.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Six

Number of Bids Received: Six

Brief Description of Selection Process: An RFP was completed for COLA Application preparation and sent to vendors. The next step required New Plant Development to assemble a review team and complete a detailed evaluation of the proposals. Vendors were evaluated and scored on the following criteria: Corporate Experience, Team Experience, Technical Plan, and Financial. This evaluation has been formally documented. Once the vendor was selected, a contract was prepared and approved and a pre-award meeting was held prior to starting work on the project.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of COLA development. Major tasks include:

- Task 1 - Prepare License Application and associated General & Admin. Information
- Task 2 - Perform site investigation, including necessary soil borings and constructing a meteorological tower to gather weather information.
- Task 3 - Prepare Chapter 2 of FSAR in accordance with applicable regulatory requirements including meteorological, geological, geotechnical, and seismological sections.
- Task 4 - Prepare Environmental Report in accordance with applicable regulatory requirements, including site ecological investigations. Prepare Emergency Plan in accordance with applicable regulatory requirements.
- Task 5 - Prepare FSAR Chapters 4, 5, 6, 7, and 12 in accordance with applicable regulatory requirements.
- Task 6 - Prepare FSAR Chapters 13, 14, and 16 in accordance with applicable regulatory requirements.
- Task 7 - Prepare FSAR Chapters 1, 3, 8, 17, 18, & 19 in accordance with applicable regulatory requirements.
- Task 8 - Prepare FSAR Chapters 9, 10, 11, & 15 in accordance with applicable regulatory requirements.
- Task 9 - Prepare fire protection program, inspection programs, other programs, the security plan and quality assurance plan in accordance with applicable regulatory requirements.
- Task 10 - Prepare conceptual designs for various plant systems.
- Task 11 - Project Management support for all COLA preparation activities.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00080678-00111

Major Task or Tasks Associated With: activities associated with providing environmental, line corridor selection studies, and licensing services in support of Site Certification Application (SCA) and Combined Operating License Application (COLA) development for transmission facilities to support a new greenfield site in Florida.

Vendor Identity: Golder Associates Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Golder Associates Inc.

Brief Description of Selection Process: Upon receipt of proposal, Supply Chain and company management representatives reviewed the proposal's technical scope, schedule, and cost. A single source justification memo was prepared and approved based on the vendor's involvement since inception of the project and their ability to meet the required schedule requirements, a contract requisition was developed by Transmission Ops and Planning Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value: [REDACTED]

Contract Status: Issued

Term Begin: [REDACTED]

Term End: [REDACTED]

Nature and Scope of Work: Provide environmental, line corridor selection studies, and licensing services in support of SCA and COLA development including:

Task 1 - Corridor Routing Study

Task 1a - Public Involvement

Task 2 - Preparation of applicable sections of the SCA

Task 3 - Certification Support and Hearings/Expert Testimony/Hearing Support/Agency Meetings/Outreach

Task 4 - Preparation of applicable sections of the NRC COLA

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00262141-00003

Major Task or Tasks Associated With: Activities associated with providing conceptual substation engineering and routing study services in support of transmission facilities to support a new greenfield site in Florida.

There are planning activities and do not include actual design or construction activities.

Vendor Identity: Power Engineers Inc

Vendor Affiliation (specify "direct" or "indirect"): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Power Engineers Inc.

Brief Description of Selection Process: A contract requisition was developed by Transmission Ops and Planning (TOPS) Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work: Provide conceptual substation engineering and line route study services in support of transmission facilities including:
- Preparation of preliminary substation design criteria and layout work
- Preparation of preliminary transmission line corridor layout work
- For each of the substations, prepare conceptual drawings/site plans

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00003382-00148

Major Task or Tasks Associated With: The contractor will provide supply chain, Quality Assurance, project management, and engineering services as necessary to negotiate and establish manufacturing agreements for a limited amount of equipment associated with the AP-1000 reactor technology for the potential new Levy Plant.

Vendor Identity: Westinghouse Electric Company LLC.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected.

Number of Bids Received: N/A

Brief Description of Selection Process: Per approved Letter of Intent.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00007

Major Task or Tasks Associated With: Execute the Limited Authorization described in the Letter of Intent (LOI) issued to Westinghouse Company (WEC) and Shaw Stone and Webster

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify "direct" or "indirect"): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: N/A

Brief Description of Selection Process: Per approved Letter of Intent.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00006

Major Task or Tasks Associated With: 1) The scope of work includes those activities necessary to support the Site Certification Application (SCA) and Limited Work Authorization (LWA) submittals.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

All work activities required to support the Levy Limited Work Authorization and Site Certification Application.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A

REDACTED

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255934-00003

Major Task or Tasks Associated With: activities associated with developing the Site Certification Application for the Levy Plant. The application will be submitted to the Florida Department of Environmental Protection.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: 1

Number of Bids Received: 1

Brief Description of Selection Process: This authorization is closely tied to the Levy COLA Environmental Report. An Impact Evaluation was submitted to document project scope, schedule, cost, and risk. The impact evaluation is challenged with technical, QA, and financial reviews prior to approval. The approved impact evaluation is incorporated into a new work authorization.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of Site Certification Application development. Major tasks include:

- Task 1 - Site Characterization
- Task 2 - Plant & Associated Facilities
- Task 3 - Construction Impacts
- Task 4 - Operational Impacts
- Task 5 - Economic and Social Effects
- Task 6 - Electrical Transmission Lines
- Task 7 - Need for Power
- Task 8 - Site & Design Alternatives

**Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Feasibility of Completing the Plant**

[Section (5)(c)5.]

Schedule P-9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a detail analysis of the long-term feasibility
of completing the plant.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2009

DOCKET NO.: 080009 - EI

Witness:

Please see testimony of Daniel L. Roderick and Dale Oliver.

Levy County Nuclear Filings
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Estimate Rate Impact

Schedule P-10

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080009 - EI

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

CONFIDENTIAL

For the Year Ended 12/31/2009

Witness: Lori Cross

Line No.	(A) Rate Class	(B) 12CP & 1/13 AD Demand Allocator (%)	(C) Production Demand Costs \$	(D) Effective Mwh's at Meter Year 2008	(E) Estimated Capacity Cost Recovery Factor (c/Kwh)
Residential					
	RS-1, RST-1, RSL-1, RSL-2, RSS-1				
	Secondary	80.454%		21,431,535	
General Service Non-Demand					
	GS-1, GST-1				
	Secondary			1,391,472	
	Primary			8,888	
	Transmission			3,833	
	TOTAL GS	3.352%		1,403,973	
General Service					
	GS-2				
	Secondary	0.146%		89,286	
General Service Demand					
	GSD-1, GSDT-1, SS-1				
	Secondary			12,946,646	
	Primary			2,443,814	
	Transmission			10,004	
	TOTAL GSD	31.042%		15,400,464	
Curtailable					
	CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3				
	Secondary			0	
	Primary			193,492	
	Transmission			0	
	TOTAL CS	0.284%		193,492	
Interruptible					
	IS-1, IST-1, IS-2, IST-2, SS-2				
	Secondary			120,638	
	Primary			2,076,176	
	Transmission			461,713	
	TOTAL IS	4.579%		2,658,527	
Lighting					
	LS-1				
	Secondary	0.143%		356,390	
	TOTAL	100.000%		41,533,666	

NOTE: Revenues have been grossed up by 1.00072% for revenue related taxes.

SCHEDULE APPENDIX

EXHIBIT (LC-3)

**PROGRESS ENERGY FLORIDA, INC.
Levy County Nuclear Filing
COMMISSION SCHEDULES (SS-1 Through SS-6B)**

**JANUARY 2006 - DECEMBER 2006
2006 SITE SELECTION
DOCKET NO. 080149-EI**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 11

COMPANY Progress Energy FL, Inc. (Direct

WITNESS Zori Cross (LC-3) (Levy)

DATE 09/11-12/08

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Retail Revenue Requirements Summary**

[Section (4)]
[Section (8)(d)]

Schedule SS-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2006

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Site Selection Revenue Requirements (Schedule SS-2, line 7)	\$ -	\$ -	\$ -	\$ 11,287	\$ 211,044	\$ (10,772)	\$ 211,559
2.	Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3.	Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	-	-	-	-	-	-	-
4.	Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	-	-	-	-	-	-	-
5.	Other Adjustments	-	-	-	-	-	-	-
6.	Total Period Revenue Requirements (Lines 1 through 5)	-	-	-	11,287	211,044	(10,772)	211,559
7.	Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8.	Difference (Line 6 - Line 7)	\$ -	\$ -	\$ -	\$ 11,287	\$ 211,044	\$ (10,772)	\$ 211,559

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Retail Revenue Requirements Summary**

Schedule SS-1

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2006

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.		(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule SS-2, line 7)	\$ 155,142	\$ 137,968	\$ 36,960	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,739
2.	Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3.	Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	-	-	-	-	-	-	-
4.	Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	-	-	-	-	-	-	-
5.	Other Adjustments	-	-	-	-	-	-	-
6.	Total Period Revenue Requirements (Lines 1 through 5)	155,142	137,968	36,960	483,518	134,404	2,332,188	3,491,739
7.	Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8.	Difference (Line 6 - Line 7)	\$ 155,142	\$ 137,968	\$ 36,960	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,739

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Site Selection Costs**

[Section (4)]
[Section (8)(d)]

Schedule SS-2

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Current Period Pre-Construction Expenses (Schedule SS-6 Line 34)	\$ -	\$ -	\$ -	\$ 11,287	\$ 211,044	\$ (10,772)	\$ 211,559
2. Prior Period Unrecovered Pre-Construction Balance	-	-	-	11,287	222,331	211,559	
3. Pre-Construction Expenses Recovered	-	-	-	-	-	-	
4. Average Balance Pre-Construction Expenses Eligible for Return	-	-	-	5,644	116,809	216,945	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-
c. Debt Component	-	-	-	-	-	-	-
6. Total Return Requirements (Line 5b + 5c)	-	-	-	-	-	-	-
7. Total Costs to be Recovered	-	-	-	11,287	211,044	(10,772)	211,559
8. CWIP Additions, Amortization & Return from most recent Projections	-	-	-	-	-	-	-
9. Over / (Under) Recovery (Line 7 - Line 8)	\$ -	\$ -	\$ -	\$ 11,287	\$ 211,044	\$ (10,772)	\$ 211,559

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Site Selection Costs**

Schedule SS-2

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - E!

Witness: Lori Cross

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. Current Period Pre-Construction Expenses (Schedule SS-6 Line 34)	\$ 155,142	\$ 137,968	\$ 36,960	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,739
2. Prior Period Unrecovered Pre-Construction Balance	366,701	504,669	541,629	1,025,147	1,159,551	3,491,739	
3. Pre-Construction Expenses Recovered	-	-	-	-	-	-	
4. Average Balance Pre-Construction Expenses Eligible for Return	289,130	435,685	523,149	783,388	1,092,349	2,325,645	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)	-	-	-	-	-	-	-
c. Debt Component	-	-	-	-	-	-	-
6. Total Return Requirements (Line 5b + 5c)	-	-	-	-	-	-	-
7. Total Costs to be Recovered	155,142	137,968	36,960	483,518	134,404	2,332,188	3,491,739
8. CWIP Additions & Amortization from most recent Projections	-	-	-	-	-	-	-
9. Difference (Line 7 - Line 8)	\$ 155,142	\$ 137,968	\$ 36,960	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,739

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Deferred Tax Carrying Costs**

[Section (4)]
[Section (8)(d)]

Schedule SS-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule SS-3B, Line 5)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule SS-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
6. Average Accumulated DTA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)		-	-	-	-	-	-	-
c. Debt Component		-	-	-	-	-	-	-
8. Total Return Requirements (Line 7b + 7c)		-	-	-	-	-	-	-
9. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Deferred Tax Carrying Costs**

Schedule SS-3A

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual
deferred tax Carrying Costs for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
1. Construction Period Interest (Schedule SS-3B, Line 5)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule SS-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		-	-	-	-	-	-	-
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a
6. Average Accumulated DTA		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		-	-	-	-	-	-	-
b. Equity Comp. grossed up for taxes (b)		-	-	-	-	-	-	-
c. Debt Component		-	-	-	-	-	-	-
8. Total Return Requirements (Line 7b + 7c)		-	-	-	-	-	-	-
9. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001628 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs**

Schedule SS-3B

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2.	Additions Preconstruction	-	-	-	-	-	-	-
3.	Additions Construction	-	-	-	-	-	-	-
4.	Other Adjustments	-	-	-	-	-	-	-
5.	Ending Balance Excluding CPI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
6.	Average Balance Eligible for CPI	-	-	-	-	-	-	-
7.	Monthly CPI Rate [Note 1]							
8.	Construction Period Interest for Tax (CPI)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

Note 1: CPI rate is the projected weighted average debt rate for the period.

Note 2: This schedule for informational purposes only. In 2006 none of the costs being presented were considered under construction per tax and therefore no CPI was accrued.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs**

Schedule SS-3B

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
1.	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2.	Additions Preconstruction	-	-	-	-	-	-	-
3.	Additions Construction	-	-	-	-	-	-	-
4.	Other Adjustments	-	-	-	-	-	-	-
5.	Ending Balance Excluding CPI	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-
6.	Average Balance Eligible for CPI	-	-	-	-	-	-	-
7.	Monthly CPI Rate [Note 1]							
8.	Construction Period Interest for Tax (CPI)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-

Note 1: CPI rate is the projected weighted average debt rate for the period.

Note 2: This schedule for informational purposes only. In 2006 none of the costs being presented were considered under construction per tax and therefore no CPI was accrued.

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Recoverable O&M Monthly Expenditures

[Section (4)]
[Section (8)(d)]

Schedule SS-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual CCRC Recoverable O&M
monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 060149 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Total O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Average Monthly Recoverable O&M Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Monthly Short-term Commercial Paper Rate													
27	Interest Provision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Total Monthly Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Difference (Line 28 - 29)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Other Recoverable O&M Monthly Expenditures

Schedule SS-5

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual Other Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Total O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Difference (Line 24 - 25)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: This schedule provided for informational purposes only. These costs were not tracked in this manner in 2006.

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Monthly Expenditures

Schedule SS-8

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed within Site Selection category.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1														
2														
3														
4	Site Selection:													
5	Generation:													
6	License Application	\$ -	\$ -	\$ -	\$ 175,119	\$ 269,670	\$ 210,344	\$ 145,154	\$ (74,571)	\$ 285,111	\$ 620,777	\$ 275,963	\$ 941,644	\$ 2,849,210
7	Engineering, Design & Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Permitting	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Clearing, Grading and Excavation	-	-	-	-	-	-	-	-	-	-	-	-	-
10	On-Site Construction Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Total Generation Costs	\$ -	\$ -	\$ -	\$ 175,119	\$ 269,670	\$ 210,344	\$ 145,154	\$ (74,571)	\$ 285,111	\$ 620,777	\$ 275,963	\$ 941,644	\$ 2,849,210
12	Less Adjustments:													
13	Non Cash Accruals	0	0	0	163,080	44,564	221,834	(20,326)	(221,731)	245,668	105,041	132,603	280,293	951,044
14	Other	-	-	-	-	-	-	-	-	-	-	-	(1,826,236)	(1,826,236)
15	Net Generation Costs	\$ -	\$ -	\$ -	\$ 12,039	\$ 225,106	\$ (11,490)	\$ 165,480	\$ 147,161	\$ 39,423	\$ 515,736	\$ 143,360	\$ 2,487,588	\$ 3,724,402
16	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
17														
18	Total Jurisdictional Generation Costs	\$ -	\$ -	\$ -	\$ 11,287	\$ 211,044	\$ (10,772)	\$ 155,142	\$ 137,968	\$ 36,960	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,739
19														
20	Transmission:													
21	Line Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Less Adjustments:													
27	Non Cash Accruals	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Net Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
31														
32	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33														
34	Total Jurisdictional Site Selection Costs	\$ -	\$ -	\$ -	\$ 11,287	\$ 211,044	\$ (10,772)	\$ 155,142	\$ 137,968	\$ 36,960	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,739
35														

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Monthly Expenditures

Schedule SS-6A

[Section (4)]

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed
within Site Selection category for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line

No. Major Task

Description - Includes, but is not limited to:

1 Site Selection

2 Generation:

3 License Application

4 Engineering & Design

5 Permitting

6 Clearing, Grading and Excavation

7 On-Site Construction Facilities

8 Transmission:

9 Line Engineering

10 Substation Engineering

11 Clearing

12 Other

Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.
Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.

Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)

Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.

includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.

Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.

Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.

Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for

construction, operating and maintenance of transmission lines.

Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Variance Explanations**

Schedule SS-6B

[Section (4)]

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1				Site Selection:
2				Generation:
3	\$ 2,849,210	\$ -	\$ 2,849,210	Note 1
4	-	-	-	Note 1
5	-	-	-	N/A
6	-	-	-	N/A
7	-	-	-	Note 1
8	<u>\$ 2,849,210</u>	<u>\$ -</u>	<u>\$ 2,849,210</u>	
9				
10				Transmission:
11	\$ -	\$ -	\$ -	Note 1
12	-	-	-	Note 1
13	-	-	-	N/A
14	-	-	-	Note 1
15	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Note 1: No costs were projected due to the fact that Progress Energy (PEF) has never filed a projection to date.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Technology Selected**

Schedule SS-7

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Daniel Roderick

Progress Energy Inc. Florida ("PEF") performed a methodical, detailed quantitative and qualitative evaluation of commercially available advanced reactor technologies. PEF issued RFPs to the three vendors that had advanced reactor designs: General Electric ("GE"); Westinghouse; and Areva, for the GE Economic Simplified Boiling Water Reactor ("ESBWR"), the Westinghouse AP-1000 advanced passive pressurized water reactor, and the Areva European Pressurized Reactor ("EPR"), respectively. PEF completed a thorough and extensive evaluation of the vendor proposal responses associated with technical and operational requirements for licensing, design, construction, and capability input by the vendors. Following nearly a year of detailed evaluation, PEF initially selected the Westinghouse AP-1000 design as the best advanced technology for PEF. Since the preliminary selection of the Westinghouse AP-1000 design in January 2006, PEF continued to monitor industry changes, advanced reactor technology developments, and other information that might affect PEF's technology selection, or the assumptions PEF used in its initial analysis. The Westinghouse AP-1000 design is a standardized, advanced passive pressurized water nuclear reactor. It is an advanced generation nuclear technology that employs "passive" rather than traditional "active" safety systems. In other words, the design uses gravity and natural recirculation of air and water in emergency situations that do not require engines or pumps to power key safety systems. The result is an extremely safe and much simpler design that requires significantly less cable, pumps, valves, and other equipment than existing nuclear power reactors. In addition, PEF is still in negotiations with the Consortium on the terms and conditions of an acceptable EPC contract, including price structure. PEF expects to finalize and execute the EPC contract by the end of 2008.

**Levy County Nuclear Filing
Site Selection**

Schedule SS-8

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

COMPANY: Progress Energy Florida

DOCKET NO.: 080149 - EI

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

For the Year Ended 12/31/2007
REDACTED

Witness: Daniel Roderick/Dale Oliver

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End (2006)	Actual amount Expended in Current Year (2007)	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	00003382-00128	Issued							Westinghouse Electric Co. LLC.	Sole Source. Award based on selected vendor from the technology selected	Levy Price Finalization support
2	00300968-00004	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Levy Price Finalization support
3	00300968-00002	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Levy Phase 1A - Conceptual Design and site characterization
4	00255934-00002	Issued							Joint Venture Team (Sargent & Lundy, CH2M Hill, & Worley Parsons) - 00255934-00003)	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Combined Operating License Application (COLA) preparer
5	00080678-00111	Issued							Golder Associates Inc.	Sole Sourced	LNP Transmission Corridor Study
6	00262141-00003	Issued							Power Engineers Inc.	Sole Sourced	Line and Substation Design Study Support
7	00255934-00003	Issued							Joint Venture Team (Sargent & Lundy, CH2M Hill, & Worley Parsons) - 00255934-00003)	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Levy Site Certification Application

Note: Original amount for contract nbr. 00255934-00002 reflects cost of COLA prior to final site selection work being completed.

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

Levy County Nuclear Filling
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00003382-00128

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs associated with the Levy Nuclear Plant (LNP) standard plant. These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Westinghouse Electric Company LLC.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected.

Number of Bids Received: A proposal was submitted by Westinghouse LLC.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin

Term End:

[REDACTED]

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00004

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs associated with the Levy Nuclear Plant (LNP) site specific systems and buildings. These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00002

Major Task or Tasks Associated With: The project management and conceptual engineering activities to require further characterization of the Levy site by performing geotechnical evaluations, regional infrastructure studies, early procurement requirements, preliminary construction plan development, COLA development interfacete, and development of the site specific schedule.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Activities related to completing detailed estimates for site specific buildings, systems and components, and studies and evaluations in support of determining the overall site specific plant cost.

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL
DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007
REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255934-00002

Major Task or Tasks Associated With: activities associated with providing engineering, environmental, and licensing services to support of Combined Operating License Application (COLA) development for a new greenfield site in Florida.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Six

Number of Bids Received: Six

Brief Description of Selection Process: An RFP was completed for COLA Application preparation and sent to vendors. The next step required New Plant Development to assemble a review team and complete a detailed evaluation of the proposals. Vendors were evaluated and scored on the following criteria: Corporate Experience, Team Experience, Technical Plan, and Financial. This evaluation has been formally documented. Once the vendor was selected, a contract was prepared and approved and a pre-award meeting was held prior to starting work on the project.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of COLA development. Major tasks include:

Task 1 - Prepare License Application and associated General & Admin. Information

Task 2 - Perform site investigation, including necessary soil borings and constructing a meteorological tower to gather weather information.

Task 3 - Prepare Chapter 2 of FASR in accordance with applicable regulatory requirements including meteorological, geological, geotechnical, and seismological sections.

Task 4 - Prepare Environmental Report in accordance with applicable regulatory requirements, including site ecological investigations. Prepare Emergency Plan in accordance with applicable regulatory requirements.

Task 5 - Prepare FSAR Chapters 4, 5, 6, 7, and 12 in accordance with applicable regulatory requirements.

Task 6 - Prepare FSAR Chapters 13, 14, and 16 in accordance with applicable regulatory requirements.

Task 7 - Prepare FSAR Chapters 1, 3, 8, 17, 18, & 19 in accordance with applicable regulatory requirements.

Task 8 - Prepare FSAR Chapters 9, 10, 11, & 15 in accordance with applicable regulatory requirements.

Task 9 - Prepare fire protection program, inspection programs, other programs, the security plan and quality assurance plan in accordance with applicable regulatory requirements.

Task 10 - Prepare conceptual designs for various plant systems.

Task 11 - Project Management support for all COLA preparation activities.

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00080678-00111

Major Task or Tasks Associated With: activities associated with providing environmental, line corridor selection studies, and licensing services in support of Site Certification Application (SCA) and Combined Operating License Application (COLA) development for transmission facilities to support a new greenfield site in Florida.

These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Golder Associates Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Golder Associates Inc.

Brief Description of Selection Process: Upon receipt of proposal, Supply Chain and company management representatives reviewed the proposal's technical scope, schedule, and cost. A single source justification memo was prepared and approved based on the vendor's involvement since inception of the project and their ability to meet the required schedule requirements, a contract requisition was developed by Transmission Ops and Planning Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work: Provide environmental, line corridor selection studies, and licensing services in support of SCA and COLA development including:

Task 1 - Corridor Routing Study

Task 1a - Public Involvement

Task 2 - Preparation of applicable sections of the SCA

Task 3 - Certification Support and Hearings/Expert Testimony/Hearing Support/Agency Meetings/Outreach

Task 4 - Preparation of applicable sections of the NRC COLA

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00262141-00003

Major Task or Tasks Associated With: Activities associated with providing conceptual substation engineering and routing study services in support of transmission facilities to support a new greenfield site in Florida.

There all planning activities and do not include actual design or construction activities.

Vendor Identity: Power Engineers Inc

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Power Engineers Inc.

Brief Description of Selection Process: A contract requisition was developed by Transmission Ops and Planning (TOPS) Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work: Provide conceptual substation engineering and line route study services in support of transmission facilities including:

- Preparation of preliminary substation design criteria and layout work
- Preparation of preliminary transmission line corridor layout work
- For each of the substations, prepare conceptual drawings/site plans

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255934-00003

Major Task or Tasks Associated With: activities associated with developing the Site Certification Application for the Levy Plant. The application will be submitted to the Florida Department of Environmental Protection.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: 1

Number of Bids Received: 1

Brief Description of Selection Process: This authorization is closely tied to the Levy COLA Environmental Report. An Impact Evaluation was submitted to document project scope, schedule, cost, and risk. The impact evaluation is challenged with technical, QA, and financial reviews prior to approval. The approved impact evaluation is incorporated into a new work authorization.

Dollar Value:

Contract Status: issued

Term Begin:

Term End:

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of Site Certification Application development. Major tasks include:

Task 1 - Site Characterization

Task 2 - Plant & Associated Facilities

Task 3 - Construction Impacts

Task 4 - Operational Impacts

Task 5 - Economic and Social Effects

Task 6 - Electrical Transmission Lines

Task 7 - Need for Power

Task 8 - Site & Design Alternatives

**SCHEDULE APPENDIX
REDACTED**

EXHIBIT (LC-4)

**PROGRESS ENERGY FLORIDA, INC.
Levy County Nuclear Filing
COMMISSION SCHEDULES (SS-1 Through SS-8A)**

**JANUARY 2007 - DECEMBER 2007
2007 SITE SELECTION
DOCKET NO. 080149-EI**

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080009-EI EXHIBIT 12
COMPANY Progress Energy FL Inc. (Direct)
WITNESS Don Cross (LC-4) (Levy)
DATE 09/11-12/08

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Retail Revenue Requirements Summary**

[Section (4)]
[Section (8)(d)]

Schedule SS-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule SS-2, line 7)	\$ 201,370	\$ 1,817,898	\$ 517,359	\$ (1,987,956)	\$ 4,091,375	\$ 1,716,077	\$ 6,356,124
2. Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	-	-	25,123	110	15,220	178	40,630
4. Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	(12)	(39)	(73)	(108)	(144)	(193)	(568)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	201,358	1,817,860	542,410	(1,987,954)	4,106,451	1,716,061	6,396,186
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	\$ 201,358	\$ 1,817,860	\$ 542,410	\$ (1,987,954)	\$ 4,106,451	\$ 1,716,061	\$ 6,396,186

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Retail Revenue Requirements Summary

[Section (4)]
[Section (8)(d)]

Schedule SS-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule SS-2, line 7)	\$ 1,483,159	\$ 1,537,118	\$ 2,265,727	\$ 1,246,825	\$ 2,173,840	\$ (1,028,384)	\$ 14,036,210
2. Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	178	185	4,764	112,379	165,265	224,072	547,473
4. Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	(713)	(787)	(871)	(967)	(1,075)	(1,189)	(6,170)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>1,482,624</u>	<u>1,536,517</u>	<u>2,269,620</u>	<u>1,358,037</u>	<u>2,338,030</u>	<u>(803,501)</u>	<u>14,577,513</u>
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	<u>\$ 1,482,624</u>	<u>\$ 1,536,517</u>	<u>\$ 2,269,620</u>	<u>\$ 1,358,037</u>	<u>\$ 2,338,030</u>	<u>\$ (803,501)</u>	<u>\$ 14,577,513</u>

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Site Selection Costs**

Schedule SS-2

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Current Period Pre-Construction Expenses (Schedule SS-6 Line 34)	\$ 163,770	\$ 1,769,860	\$ 457,264	\$ (2,040,150)	\$ 4,028,352	\$ 1,622,877	\$ 6,001,973
2.	Prior Period Unrecovered Pre-Construction Balance	3,491,739	3,655,509	5,450,706	5,940,342	3,940,688	8,004,211	9,669,558
3.	Pre-Construction Expenses Recovered							
4.	Average Balance Pre-Construction Expenses Eligible for Return	3,573,624	4,565,776	5,711,710	4,960,763	5,990,035	8,858,119	
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
a.	Equity Component (a)	19,526	24,947	31,209	27,106	32,730	48,401	183,918
b.	Equity Comp. grossed up for taxes (b)	31,789	40,614	50,808	44,128	53,284	78,797	299,420
c.	Debt Component	5,811	7,424	9,287	8,066	9,740	14,403	54,731
6.	Total Return Requirements (Line 5b + 5c)	37,600	48,038	60,095	52,194	63,024	93,200	354,151
7.	Total Costs to be Recovered	201,370	1,817,898	517,359	(1,987,956)	4,091,375	1,716,077	6,356,124
8.	CWIP Additions, Amortization & Return from most recent Projections	-	-	-	-	-	-	-
9.	Over / (Under) Recovery (Line 7 - Line 8)	\$ 201,370	\$ 1,817,898	\$ 517,359	\$ (1,987,956)	\$ 4,091,375	\$ 1,716,077	\$ 6,356,124

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Site Selection Costs**

Schedule SS-2

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. Current Period Pre-Construction Expenses (Schedule SS-6 Line 34)	\$ 1,373,535	\$ 1,412,063	\$ 2,121,198	\$ 1,084,209	\$ 1,994,077	\$ (1,211,538)	\$ 12,775,518
2. Prior Period Unrecovered Pre-Construction Balance	11,105,897	12,591,832	14,797,300	15,978,902	18,082,426	16,992,024	
3. Pre-Construction Expenses Recovered							
4. Average Balance Pre-Construction Expenses Eligible for Return	10,419,129	11,885,800	13,736,701	15,436,798	17,085,388	17,597,793	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	56,930	64,944	75,057	84,347	93,355	96,154	654,705
b. Equity Comp. grossed up for taxes (b)	92,682	105,729	122,193	137,317	151,981	156,539	1,065,862
c. Debt Component	16,942	19,326	22,336	25,100	27,781	28,614	194,830
6. Total Return Requirements (Line 5b + 5c)	109,624	125,055	144,529	162,417	179,762	185,153	1,260,692
7. Total Costs to be Recovered	1,483,159	1,537,118	2,265,727	1,246,625	2,173,840	(1,026,384)	14,036,210
8. CWIP Additions & Amortization from most recent Projections	-	-	-	-	-	-	-
9. Difference (Line 7 - Line 8)	\$ 1,483,159	\$ 1,537,118	\$ 2,265,727	\$ 1,246,625	\$ 2,173,840	\$ (1,026,384)	\$ 14,036,210

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual & Estimated Filing: Deferred Tax Carrying Costs

Schedule SS-3A

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule SS-3B, Line 5)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule SS-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		\$ (5,811)	\$ (7,424)	\$ (8,287)	\$ (8,066)	\$ (9,740)	\$ (14,403)	(54,731)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$ -	\$ (5,811)	\$ (13,235)	\$ (22,522)	\$ (30,588)	\$ (40,328)	\$ (54,731)
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)		\$ -	\$ (2,241)	\$ (5,105)	\$ (8,688)	\$ (11,799)	\$ (15,556)	\$ (21,113) n/a
6. Average Accumulated DTA		\$ (1,121)	\$ (3,673)	\$ (6,897)	\$ (10,244)	\$ (13,678)	\$ (18,335)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		(6)	(20)	(38)	(56)	(75)	(100)	(285)
b. Equity Comp. grossed up for taxes (b)		(10)	(33)	(61)	(91)	(122)	(163)	(480)
c. Debt Component		(2)	(6)	(11)	(17)	(22)	(30)	(88)
8. Total Return Requirements (Line 7b + 7c)		(12)	(39)	(73)	(108)	(144)	(193)	(568)
9. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)		\$ (12)	\$ (39)	\$ (73)	\$ (108)	\$ (144)	\$ (193)	\$ (568)

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001826 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual & Estimated Filing: Deferred Tax Carrying Costs**

Schedule SS-3A

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual
deferred tax Carrying Costs for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
1. Construction Period Interest (Schedule SS-3B, Line 5)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule SS-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		\$ (16,942)	\$ (19,326)	\$ (22,336)	\$ (25,100)	\$ (27,781)	\$ (28,614)	(194,830)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$ (167,214)	\$ (184,156)	\$ (203,482)	\$ (225,818)	\$ (250,918)	\$ (278,699)	\$ (307,313) n/a
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)		\$ (64,503)	\$ (71,038)	\$ (78,493)	\$ (87,109)	\$ (96,792)	\$ (107,508)	\$ (118,546) n/a
6. Average Accumulated DTA		\$ (67,771)	\$ (74,766)	\$ (82,801)	\$ (91,951)	\$ (102,150)	\$ (113,027)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		(370)	(409)	(452)	(502)	(558)	(618)	(3,204)
b. Equity Comp. grossed up for taxes (b)		(603)	(665)	(737)	(818)	(909)	(1,005)	(5,216)
c. Debt Component		(110)	(122)	(135)	(150)	(166)	(184)	(954)
8. Total Return Requirements (Line 7b + 7c)		(713)	(787)	(871)	(967)	(1,075)	(1,189)	(5,170)
9. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)		\$ (713)	\$ (787)	\$ (871)	\$ (967)	\$ (1,075)	\$ (1,189)	\$ (5,170)

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Construction Period Interest**

Schedule SS-3B

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2.	Additions Preconstruction		-	-	-	-	-	-
3.	Additions Construction		-	-	-	-	-	-
4.	Other Adjustments		-	-	-	-	-	-
5.	Ending Balance Excluding CPI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
6.	Average Balance Eligible for CPI		-	-	-	-	-	-
7.	Monthly CPI Rate [Note 1]							
8.	Construction Period Interest for Tax (CPI)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

Note 1: CPI rate is the projected weighted average debt rate for the period:

Note 2: This schedule for informational purposes only. In 2007 none of the costs being presented were considered under construction per tax and therefore no CPI was accrued.

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Construction Period Interest

Schedule SS-3B

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.		(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
1.	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2.	Additions Preconstruction		-	-	-	-	-	-	-
3.	Additions Construction		-	-	-	-	-	-	-
4.	Other Adjustments		-	-	-	-	-	-	-
5.	Ending Balance Excluding CPI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
6.	Average Balance Eligible for CPI		-	-	-	-	-	-	-
7.	Monthly CPI Rate [Note 1]								
8.	Construction Period Interest for Tax (CPI)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

Note 1: CPI rate is the projected weighted average debt rate for the period.

Note 2: This schedule for informational purposes only. In 2007 none of the costs being presented were considered under construction per tax and therefore no CPI was accrued.

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Recoverable O&M Monthly Expenditures

[Section (4)]
[Section (8)(d)]

Schedule SS-4

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual CCRC Recoverable O&M
monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	0	0	146,827	144	146,971
8	Legal	-	-	-	-	-	-	-	-	0	0	0	0	-
9	Project Assurance	-	-	-	-	-	-	-	-	4,987	11,907	27,179	15,740	59,813
10	Public Affairs	-	-	-	-	-	-	-	-	0	0	0	0	-
11	Subtotal A&G	-	-	-	-	-	-	-	-	4,987	11,907	174,006	15,884	206,784
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	\$ -	\$ -	\$ 35,509	\$ -	\$ 21,355	\$ -	\$ -	\$ -	\$ -	\$ 143,136	\$ 6,805	\$ 294,278	\$ 501,083
15	Total O&M Costs	\$ -	\$ -	\$ 35,509	\$ -	\$ 21,355	\$ -	\$ -	\$ -	\$ 4,987	\$ 155,043	\$ 180,811	\$ 310,162	\$ 707,867
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,572	\$ 10,915	\$ 159,511	\$ 14,561	\$ 189,559
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ 25,068	\$ -	\$ 15,076	\$ -	\$ -	\$ -	\$ -	\$ 101,050	\$ 4,804	\$ 207,751	\$ 353,750
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ 25,068	\$ -	\$ 15,076	\$ -	\$ -	\$ -	\$ 4,572	\$ 111,965	\$ 164,315	\$ 222,312	\$ 543,308
25	Average Monthly Recoverable O&M Balance	\$ -	\$ -	\$ 12,534	\$ 25,123	\$ 32,771	\$ 40,453	\$ 40,630	\$ 40,808	\$ 43,279	\$ 101,740	\$ 240,294	\$ 434,557	
26	Monthly Short-term Commercial Paper Rate	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.45%	0.45%	0.41%	0.40%	0.41%	
27	Interest Provision	\$ -	\$ -	\$ 55	\$ 110	\$ 144	\$ 178	\$ 178	\$ 185	\$ 193	\$ 414	\$ 949	\$ 1,760	\$ 4,165
28	Total Monthly Recoverable O&M Costs	\$ -	\$ -	\$ 25,123	\$ 110	\$ 15,220	\$ 178	\$ 178	\$ 185	\$ 4,764	\$ 112,379	\$ 165,265	\$ 224,072	\$ 547,473
29	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Difference (Line 28 - 29)	\$ -	\$ -	\$ 25,123	\$ 110	\$ 15,220	\$ 178	\$ 178	\$ 185	\$ 4,764	\$ 112,379	\$ 165,265	\$ 224,072	\$ 547,473

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Other Recoverable O&M Monthly Expenditures

[Section (4)]
[Section (8)(d)]

Schedule SS-5

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual Other Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Total O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuc - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Difference (Line 24 - 26)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: This schedule provided for informational purposes only. These costs were not tracked in this manner in 2007.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Monthly Expenditures**

[Section (4)]
[Section (8)(d)]

Schedule SS-6

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed
within Site Selection category.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No. Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1													
2													
3													
4 Site Selection:													
5 Generation:													
6 License Application	\$ 277,674	\$ 530,026	\$ 1,228,637	\$ 1,973,080	\$ 4,283,412	\$ 1,846,881	\$ 1,715,789	\$ 1,613,340	\$ 1,628,865	\$ 1,672,606	\$ 3,171,782	\$ 594,805	\$ 20,536,898
7 Engineering, Design & Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-
8 Permitting	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Clearing, Grading and Excavation	-	-	-	-	-	-	-	-	-	-	-	-	-
10 On-Site Construction Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11 Total Generation Costs	\$ 277,674	\$ 530,026	\$ 1,228,637	\$ 1,973,080	\$ 4,283,412	\$ 1,846,881	\$ 1,715,789	\$ 1,613,340	\$ 1,628,865	\$ 1,672,606	\$ 3,171,782	\$ 594,805	\$ 20,536,898
12 Less Adjustments:													
13 Non Cash Accruals	121,430	(340,912)	830,364	1,229,825	92,326	183,913	298,227	294,835	(394,668)	679,620	1,337,566	2,215,551	6,548,076
14 Other	(18,439)	(1,016,852)	(70,617)	2,932,144	-	-	-	-	-	-	-	-	1,826,238
15 Net Generation Costs	\$ 174,683	\$ 1,887,790	\$ 468,891	\$ (2,188,889)	\$ 4,191,086	\$ 1,662,968	\$ 1,417,561	\$ 1,318,505	\$ 2,023,533	\$ 992,986	\$ 1,834,216	\$ (1,620,745)	\$ 12,162,596
16 Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
17													
18 Total Jurisdictional Generation Costs	\$ 163,770	\$ 1,769,860	\$ 439,599	\$ (2,052,149)	\$ 3,929,269	\$ 1,559,083	\$ 1,329,006	\$ 1,236,138	\$ 1,897,123	\$ 930,954	\$ 1,719,632	\$ (1,519,497)	\$ 11,402,789
19													
20 Transmission:													
21 Line Engineering	\$ -	\$ -	\$ 2,355	\$ 19,726	\$ 170,189	\$ 49,444	\$ 23,958	\$ 78,279	\$ 465,349	\$ 170,729	\$ 112,889	\$ 418,620	\$ 1,511,538
22 Substation Engineering	-	-	-	-	-	-	-	-	5,880	150,923	6,506	8,124	171,433
23 Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-
24 Other	\$ -	\$ -	\$ 23,320	\$ 9,331	\$ 23,441	\$ 10,130	\$ 21,639	\$ 214,325	\$ (13,786)	\$ 269,214	\$ 67,873	\$ 240,509	\$ 866,016
25 Total Transmission Costs	\$ -	\$ -	\$ 25,675	\$ 29,057	\$ 193,630	\$ 59,574	\$ 45,597	\$ 292,604	\$ 457,463	\$ 590,866	\$ 187,268	\$ 667,253	\$ 2,548,987
26 Less Adjustments:													
27 Non Cash Accruals	0	0	663	12,060	53,280	(30,790)	(17,478)	43,408	140,063	373,783	(201,481)	231,031	604,529
28 Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Net Transmission Costs	\$ -	\$ -	\$ 25,022	\$ 16,997	\$ 140,350	\$ 90,364	\$ 63,075	\$ 249,196	\$ 317,400	\$ 217,083	\$ 388,749	\$ 436,222	\$ 1,944,458
30 Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
31													
32 Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ 17,665	\$ 11,999	\$ 99,083	\$ 63,794	\$ 44,529	\$ 175,925	\$ 224,075	\$ 153,254	\$ 274,445	\$ 307,960	\$ 1,372,729
33													
34 Total Jurisdictional Site Selection Costs	\$ 163,770	\$ 1,769,860	\$ 457,264	\$ (2,040,150)	\$ 4,028,352	\$ 1,622,877	\$ 1,373,535	\$ 1,412,063	\$ 2,121,198	\$ 1,084,209	\$ 1,994,077	\$ (1,211,538)	\$ 12,775,518
35													

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Monthly Expenditures**

Schedule SS-6A

[Section (4)]

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed
within Site Selection category for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line

No. Major Task

Description - Includes, but is not limited to:

1 Site Selection

2 Generation:

3 License Application

Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.

4 Engineering & Design

Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.

5 Permitting

Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)

6 Clearing, Grading and Excavation

Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.

7 On-Site Construction Facilities

Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.

8

9 Transmission:

10 Line Engineering

Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.

11 Substation Engineering

Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.

12 Clearing

Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for construction, operating and maintenance of transmission lines.

13

14 Other

Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Variance Explanations**

Schedule SS-6B

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1				<u>Site Selection:</u>
2				<u>Generation:</u>
3	\$ 20,536,898	\$ -	\$ 20,536,898	Note 1
4	-	-	-	Note 1
5	-	-	-	N/A
6	-	-	-	N/A
7	-	-	-	Note 1
8	<u>\$ 20,536,898</u>	<u>\$ -</u>	<u>\$ 20,536,898</u>	
9				
10				<u>Transmission:</u>
11	\$ 1,511,538	\$ -	\$ 1,511,538	Note 1
12	171,433	-	171,433	Note 1
13	-	-	-	N/A
14	866,016	-	866,016	Note 1
15	<u>\$ 2,548,987</u>	<u>\$ -</u>	<u>\$ 2,548,987</u>	

Note 1: No costs were projected due to the fact that Progress Energy (PEF) has never filed a projection to date.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Technology Selected**

Schedule SS-7

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Daniel Roderick

Progress Energy Inc. Florida ("PEF") performed a methodical, detailed quantitative and qualitative evaluation of commercially available advanced reactor technologies. PEF issued RFPs to the three vendors that had advanced reactor designs: General Electric ("GE"); Westinghouse; and Areva, for the GE Economic Simplified Boiling Water Reactor ("ESBWR"), the Westinghouse AP-1000 advanced passive pressurized water reactor, and the Areva European Pressurized Reactor ("EPR"), respectively. PEF completed a thorough and extensive evaluation of the vendor proposal responses associated with technical and operational requirements for licensing, design, construction, and capability input by the vendors. Following nearly a year of detailed evaluation, PEF initially selected the Westinghouse AP-1000 design as the best advanced technology for PEF. Since the preliminary selection of the Westinghouse AP-1000 design in January 2006, PEF continued to monitor industry changes, advanced reactor technology developments, and other information that might affect PEF's technology selection, or the assumptions PEF used in its initial analysis. The Westinghouse AP-1000 design is a standardized, advanced passive pressurized water nuclear reactor. It is an advanced generation nuclear technology that employs "passive" rather than traditional "active" safety systems. In other words, the design uses gravity and natural recirculation of air and water in emergency situations that do not require engines or pumps to power key safety systems. The result is an extremely safe and much simpler design that requires significantly less cable, pumps, valves, and other equipment than existing nuclear power reactors. In addition, PEF is still in negotiations with the Consortium on the terms and conditions of an acceptable EPC contract, including price structure. PEF expects to finalize and execute the EPC contract by the end of 2008.

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00003382-00128

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs associated with the Levy Nuclear Plant (LNP) standard plant. These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Westinghouse Electric Company LLC.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected.

Number of Bids Received: A proposal was submitted by Westinghouse LLC.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

Contract Status: Issued

Term Begin

Term End:

Nature and Scope of Work:

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00004

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs associated with the Levy Nuclear Plant (LNP) site specific systems and buildings. These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00002

Major Task or Tasks Associated With: The project management and conceptual engineering activities to require further characterization of the Levy site by performing geotechnical evaluations, regional infrastructure studies, early procurement requirements, preliminary construction plan development, COLA development interfacete, and development of the site specific schedule.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

Term End:

[REDACTED]

Nature and Scope of Work:

Activities related to completing detailed estimates for site specific buildings, systems and components, and studies and evaluations in support of determining the overall site specific plant cost.

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255934-00002

Major Task or Tasks Associated With: activities associated with providing engineering, environmental, and licensing services to support of Combined Operating License Application (COLA) development for a new greenfield site in Florida.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Six

Number of Bids Received: Six

Brief Description of Selection Process: An RFP was completed for COLA Application preparation and sent to vendors. The next step required New Plant Development to assemble a review team and complete a detailed evaluation of the proposals. Vendors were evaluated and scored on the following criteria: Corporate Experience, Team Experience, Technical Plan, and Financial. This evaluation has been formally documented. Once the vendor was selected, a contract was prepared and approved and a pre-award meeting was held prior to starting work on the project.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of COLA development. Major tasks include:

Task 1 - Prepare License Application and associated General & Admin. Information

Task 2 - Perform site investigation, including necessary soil borings and constructing a meteorological tower to gather weather information.

Task 3 - Prepare Chapter 2 of FASR in accordance with applicable regulatory requirements including meteorological, geological, geotechnical, and seismological sections.

Task 4 - Prepare Environmental Report in accordance with applicable regulatory requirements, including site ecological investigations. Prepare Emergency Plan in accordance with applicable regulatory requirements.

Task 5 - Prepare FSAR Chapters 4, 5, 6, 7, and 12 in accordance with applicable regulatory requirements.

Task 6 - Prepare FSAR Chapters 13, 14, and 16 in accordance with applicable regulatory requirements.

Task 7 - Prepare FSAR Chapters 1, 3, 8, 17, 18, & 19 in accordance with applicable regulatory requirements.

Task 8 - Prepare FSAR Chapters 9, 10, 11, & 15 in accordance with applicable regulatory requirements.

Task 9 - Prepare fire protection program, inspection programs, other programs, the security plan and quality assurance plan in accordance with applicable regulatory requirements.

Task 10 - Prepare conceptual designs for various plant systems.

Task 11 - Project Management support for all COLA preparation activities.

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00080678-00111

Major Task or Tasks Associated With: activities associated with providing environmental, line corridor selection studies, and licensing services in support of Site Certification Application (SCA) and Combined Operating License Application (COLA) development for transmission facilities to support a new greenfield site in Florida.

These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Golder Associates Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Golder Associates Inc.

Brief Description of Selection Process: Upon receipt of proposal, Supply Chain and company management representatives reviewed the proposal's technical scope, schedule, and cost. A single source justification memo was prepared and approved based on the vendor's involvement since inception of the project and their ability to meet the required schedule requirements, a contract requisition was developed by Transmission Ops and Planning Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work: Provide environmental, line corridor selection studies, and licensing services in support of SCA and COLA development including:

Task 1 - Corridor Routing Study

Task 1a - Public Involvement

Task 2 - Preparation of applicable sections of the SCA

Task 3 - Certification Support and Hearings/Expert Testimony/Hearing Support/Agency Meetings/Outreach

Task 4 - Preparation of applicable sections of the NRC COLA

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00262141-00003

Major Task or Tasks Associated With: Activities associated with providing conceptual substation engineering and routing study services in support of transmission facilities to support a new greenfield site in Florida.

There all planning activities and do not include actual design or construction activities.

Vendor Identity: Power Engineers Inc

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Power Engineers Inc.

Brief Description of Selection Process: A contract requisition was developed by Transmission Ops and Planning (TOPS) Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work: Provide conceptual substation engineering and line route study services in support of transmission facilities including:

- Preparation of preliminary substation design criteria and layout work
- Preparation of preliminary transmission line corridor layout work
- For each of the substations, prepare conceptual drawings/site plans

Levy County Nuclear Filing
Site Selection

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

REDACTED

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255934-00003

Major Task or Tasks Associated With: activities associated with developing the Site Certification Application for the Levy Plant. The application will be submitted to the Florida Department of Environmental Protection.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: 1

Number of Bids Received: 1

Brief Description of Selection Process: This authorization is closely tied to the Levy COLA Environmental Report. An Impact Evaluation was submitted to document project scope, schedule, cost, and risk. The impact evaluation is challenged with technical, QA, and financial reviews prior to approval. The approved impact evaluation is incorporated into a new work authorization.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of Site Certification Application development. Major tasks include:

- Task 1 - Site Characterization
- Task 2 - Plant & Associated Facilities
- Task 3 - Construction Impacts
- Task 4 - Operational Impacts
- Task 5 - Economic and Social Effects
- Task 6 - Electrical Transmission Lines
- Task 7 - Need for Power
- Task 8 - Site & Design Alternatives

**Levy County Nuclear Filings
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Estimate Rate Impact**

Schedule SS-10

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

For the Year Ended 12/31/2008

Witness: Lori Cross

Line No.	(A) Rate Class	(B) 12CP & 1/13 AD Demand Allocator (%)	(C) Production Demand Costs \$	(D) Effective Mwh's at Meter Year 2008	(E) Estimated Capacity Cost Recovery Factor (c/Kwh)
<u>Residential</u>					
	RS-1, RST-1, RSL-1, RSL-2, RSS-1				
	Secondary	60.454%	\$22,921,422	21,431,535	0.107
<u>General Service Non-Demand</u>					
	GS-1, GST-1				
	Secondary			1,391,472	0.091
	Primary			8,868	0.000
	Transmission			3,833	0.000
	TOTAL GS	3.352%	\$1,271,116	1,403,973	
<u>General Service</u>					
	GS-2				
	Secondary	0.146%	\$55,350	89,288	0.062
<u>General Service Demand</u>					
	GSD-1, GSDT-1, SS-1				
	Secondary			12,946,646	0.076
	Primary			2,443,814	0.000
	Transmission			10,004	0.000
	TOTAL GSD	31.042%	\$11,769,914	15,400,464	
<u>Curtailable</u>					
	CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3				
	Secondary			0	0.056
	Primary			193,492	0.000
	Transmission			0	0.000
	TOTAL CS	0.284%	\$107,885	193,492	
<u>Interruptible</u>					
	IS-1, IST-1, IS-2, IST-2, SS-2				
	Secondary			120,638	0.065
	Primary			2,076,176	0.000
	Transmission			461,713	0.000
	TOTAL IS	4.579%	\$1,736,063	2,658,527	
<u>Lighting</u>					
	LS-1				
	Secondary	0.143%	\$54,119	356,390	0.015
		100.000%	\$37,915,669	41,533,666	0.091

NOTE: Revenues have been grossed up by 1.00072% for revenue related taxes.

**Levy County Nuclear Filing
Site Selection**

Schedule SS-8

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

COMPANY: Progress Energy Florida

DOCKET NO.: 080149 - E1

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

For the Year Ended 12/31/2007
REDACTED

Witness: Daniel Roderick/Dale Oliver

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End (2006)	Actual amount Expended in Current Year (2007)	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	00003382-00128	Issued							Westinghouse Electric Co. LLC.	Sole Source. Award based on selected vendor from the technology selected	Levy Price Finalization support
2	00300968-00004	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Levy Price Finalization support
3	00300968-00002	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Levy Phase 1A - Conceptual Design and site characterization
4	00255934-00002	Issued							Joint Venture Team (Sargent & Lundy, CH2M Hill, & Worley Parsons) - 00255934-00003)	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Combined Operating License Application (COLA) preparer
5	00080678-00111	Issued							Golder Associates Inc.	Sole Sourced	LNP Transmission Corridor Study
6	00262141-00003	Issued							Power Engineers Inc.	Sole Sourced	Line and Substation Design Study Support
7	00255934-00003	Issued							Joint Venture Team (Sargent & Lundy, CH2M Hill, & Worley Parsons) - 00255934-00003)	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Levy Site Certification Application

Note: Original amount for contract nbr. 00255934-00002 reflects cost of COLA prior to final site selection work being completed.

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) in house or external for resources.

Note 2: Method of Selection column should (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

**SCHEDULE APPENDIX
REDACTED**

EXHIBIT (LC-5)

**PROGRESS ENERGY FLORIDA, INC.
Levy County Nuclear Filing
COMMISSION SCHEDULES (SS-1 Through SS-8B AND SS-10)**

**JANUARY 2008 - DECEMBER 2008
2008 SITE SELECTION
DOCKET NO. 080149-EI**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 13

COMPANY Progress Energy FL Inc. (Direct)

WITNESS Lori Cross (LC-5) (Levy)

DATE 09/11-12/08

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Retail Revenue Requirements Summary

[Section (4)]
[Section (8)(d)]

Schedule SS-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

Witness: Lori Cross

DOCKET NO.: 080149 - EI

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule SS-2, line 7)	\$ 2,331,788	\$ 3,242,712	\$ 2,177,684	\$ 9,077,351	\$ 352,559	\$ 355,059	\$ 17,537,153
2. Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	37,815	66,485	17,728	292	293	294	122,708
4. Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	(60)	(188)	(334)	(506)	(712)	(934)	(2,733)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>2,369,343</u>	<u>3,309,009</u>	<u>2,195,079</u>	<u>9,077,138</u>	<u>352,140</u>	<u>354,419</u>	<u>17,657,128</u>
7. Prior Period January - December 2006 Revenue Requirements	-	-	-	11,287	211,044	(10,772)	211,559
8. Prior Period January - December 2007 Revenue Requirements	201,358	1,817,860	542,410	(1,987,954)	4,106,451	1,716,061	6,396,186
9. Total Revenue Requirements as of December 2008	<u>\$ 2,570,702</u>	<u>\$ 5,126,869</u>	<u>\$ 2,737,488</u>	<u>\$ 7,100,471</u>	<u>\$ 4,669,635</u>	<u>\$ 2,059,708</u>	<u>\$ 24,264,874</u>

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Retail Revenue Requirements Summary**

[Section (4)]
[Section (8)(d)]

Schedule SS-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule SS-2, line 7)	\$ 357,576	\$ 360,112	\$ 362,665	\$ 365,236	\$ 367,826	\$ 370,433	\$ 19,721,001
2. Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	294	295	296	297	297	298	124,485
4. Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	(3,368)	(3,593)	(3,820)	(4,048)	(4,278)	(4,509)	(26,349)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	354,503	356,814	359,141	361,485	363,845	366,222	19,819,137
7. Prior Period January - December 2006 Revenue Requirements	\$155,142	\$137,968	\$36,960	\$483,518	\$134,404	\$2,332,188	\$3,491,739
8. Prior Period January - December 2007 Revenue Requirements	\$1,482,624	\$1,536,517	\$2,269,620	\$1,358,037	\$2,338,030	(\$803,501)	\$14,577,513
9. Total Revenue Requirements as of December 2008	1,992,269	2,031,298	2,665,721	2,203,040	2,836,279	1,894,909	37,888,389

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Site Selection Costs**

Schedule SS-2

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Current Period Site Selection Expenses (Schedule SS-6 Line 34)	\$ 2,141,741	\$ 3,024,142	\$ 1,931,494	\$ 8,773,102	\$ -	\$ -	\$ 15,870,478
2.	Prior Period Unrecovered Site Selection Balance	16,992,024	19,133,764	22,285,972	24,364,753	33,303,753	33,508,776	33,746,354
3.	Site Selection Expenses Recovered							
4.	Average Balance Site Selection Expenses Eligible for Return	18,062,894	20,773,901	23,399,006	28,917,203	33,508,776	33,746,354	
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
a.	Equity Component (a)	98,696	113,509	127,852	158,004	183,092	184,390	865,542
b.	Equity Comp. grossed up for taxes (b)	160,677	184,792	208,144	257,230	298,074	300,187	1,409,104
c.	Debt Component	29,370	33,778	38,047	47,019	54,485	54,872	257,572
6.	Total Return Requirements (Line 5b + 5c)	190,047	218,571	246,190	304,250	352,559	355,059	1,666,676
7.	Total Costs to be Recovered	2,331,788	3,242,712	2,177,684	9,077,351	352,559	355,059	17,537,153
8.	CWIP Additions, Amortization & Return from most recent Projections	-	-	-	-	-	-	-
9.	Over / (Under) Recovery (Line 7 - Line 8)	\$ 2,331,788	\$ 3,242,712	\$ 2,177,684	\$ 9,077,351	\$ 352,559	\$ 355,059	\$ 17,537,153

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Site Selection Costs**

Schedule SS-2

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars							
1. Current Period Site Selection Expenses (Schedule SS-6 Line 34)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,870,478
2. Prior Period Unrecovered Site Selection Balance	33,985,615	34,226,573	34,469,240	34,713,627	34,959,746	35,207,611	
3. Site Selection Expenses Recovered							
4. Average Balance Site Selection Expenses Eligible for Return	33,985,615	34,226,573	34,469,240	34,713,627	34,959,746	35,207,611	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	185,697	187,014	188,340	189,675	191,020	192,374	1,999,663
b. Equity Comp. grossed up for taxes (b)	302,316	304,459	306,618	308,792	310,981	313,186	3,255,455
c. Debt Component	55,261	55,652	56,047	56,444	56,845	57,248	595,068
6. Total Return Requirements (Line 5b + 5c)	357,576	360,112	362,665	365,236	367,826	370,433	3,850,524
7. Total Costs to be Recovered	357,576	360,112	362,665	365,236	367,826	370,433	19,721,001
8. CWIP Additions & Amortization from most recent Projections	-	-	-	-	-	-	-
9. Difference (Line 7 - Line 8)	\$ 357,576	\$ 360,112	\$ 362,665	\$ 365,236	\$ 367,826	\$ 370,433	\$ 19,721,001

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Deferred Tax Carrying Costs**

Schedule SS-3A

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
<i>Jurisdictional Dollars</i>								
1. Construction Period Interest (Schedule SS-3B, Line 5)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule SS-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		\$ (29,370)	\$ (33,778)	\$ (38,047)	\$ (47,019)	\$ (54,485)	\$ (54,872)	(257,572)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$ -	\$ (29,370)	\$ (63,149)	\$ (101,195)	\$ (148,215)	\$ (202,700)	\$ (257,572) \$ (802,201)
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)		\$ -	\$ (11,330)	\$ (24,360)	\$ (39,036)	\$ (57,174)	\$ (78,192)	\$ (99,358) n/a
6. Average Accumulated DTA		\$ (5,665)	\$ (17,845)	\$ (31,698)	\$ (48,105)	\$ (67,683)	\$ (88,775)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)			(31)	(98)	(173)	(263)	(370)	(485) (1,419)
b. Equity Comp. grossed up for taxes (b)			(50)	(159)	(282)	(428)	(602)	(790) (2,311)
c. Debt Component			(9)	(29)	(52)	(78)	(110)	(144) (422)
8. Total Return Requirements (Line 7b + 7c)			(60)	(188)	(334)	(506)	(712)	(934) (2,733)
9. Total Return Requirements from most recent Projections			-	-	-	-	-	-
10. Difference (Line 8 - Line 9)		\$ (60)	\$ (188)	\$ (334)	\$ (506)	\$ (712)	\$ (934)	\$ (2,733)

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Deferred Tax Carrying Costs**

Schedule SS-3A

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
1. Construction Period Interest (Schedule SS-3B, Line 5)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule SS-2, Line 1+ Line 3)		-	-	-	-	-	-	-
3. Other Adjustments (d)		\$ (56,261)	\$ (56,652)	\$ (56,047)	\$ (56,444)	\$ (56,845)	\$ (57,248)	(595,068)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$ (802,201)	\$ (857,461)	\$ (913,114)	\$ (969,161)	\$ (1,025,605)	\$ (1,082,450)	\$ (1,139,697) n/a
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)		\$ (309,449)	\$ (330,766)	\$ (352,234)	\$ (373,854)	\$ (395,627)	\$ (417,555)	\$ (439,638) n/a
6. Average Accumulated DTA		\$ (320,107)	\$ (341,500)	\$ (363,044)	\$ (384,740)	\$ (406,591)	\$ (428,597)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		(1,749)	(1,866)	(1,984)	(2,102)	(2,222)	(2,342)	(13,684)
b. Equity Comp. grossed up for taxes (b)		(2,847)	(3,038)	(3,229)	(3,422)	(3,617)	(3,813)	(22,277)
c. Debt Component		(520)	(555)	(590)	(626)	(661)	(697)	(4,072)
8. Total Return Requirements (Line 7b + 7c)		(3,368)	(3,593)	(3,820)	(4,048)	(4,278)	(4,509)	(26,349)
9. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)		\$ (3,368)	\$ (3,593)	\$ (3,820)	\$ (4,048)	\$ (4,278)	\$ (4,509)	\$ (26,349)

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M \approx [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Construction Period Interest**

[Section (4)]
[Section (8)(d)]

Schedule SS-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
<i>Jurisdictional Dollars</i>								
1.	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2.	Additions Preconstruction		-	-	-	-	-	-
3.	Additions Construction		-	-	-	-	-	-
4.	Other Adjustments		-	-	-	-	-	-
5.	Ending Balance Excluding CPI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
6.	Average Balance Eligible for CPI		-	-	-	-	-	-
7.	Monthly CPI Rate [Note 1]							
8.	Construction Period Interest for Tax (CPI)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

Note 1: CPI rate is the projected weighted average debt rate for the period.

Note 2: This schedule for informational purposes only. In 2007 none of the costs being presented were considered under construction per tax and therefore no CPI was accrued.

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Construction Period Interest

Schedule SS-3B

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
1.	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2.	Additions Preconstruction	-	-	-	-	-	-	-
3.	Additions Construction	-	-	-	-	-	-	-
4.	Other Adjustments	-	-	-	-	-	-	-
5.	Ending Balance Excluding CPI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
6.	Average Balance Eligible for CPI	-	-	-	-	-	-	-
7.	Monthly CPI Rate [Note 1]							
8.	Construction Period Interest for Tax (CPI)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

Note 1: CPI rate is the projected weighted average debt rate for the period.

Note 2: This schedule for informational purposes only. In 2007 none of the costs being presented were considered under construction per tax and therefore no CPI was accrued.

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Recoverable O&M Monthly Expenditures

Schedule SS-4

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the Actual CCRC Recoverable O&M monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ 1,201	\$ 7,338	\$ 1,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,986
2	Corporate Communications	-	2,902	864	-	-	-	-	-	-	-	-	-	3,766
3	Corporate Planning	13,049	24,418	4,998	-	-	-	-	-	-	-	-	-	42,465
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	3,711	8,958	2,790	-	-	-	-	-	-	-	-	-	15,459
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Project Assurance	7,886	13,955	4,023	-	-	-	-	-	-	-	-	-	25,864
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	25,847	57,571	14,122	-	-	-	-	-	-	-	-	-	97,540
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Nuclear Generation	5,450	-	-	-	-	-	-	-	-	-	-	-	5,450
14	Transmission	\$ 65,403	\$ 6,542	\$ 6,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,336
15	Total O&M Costs	\$ 96,700	\$ 64,113	\$ 20,513	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,326
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ 23,894	\$ 52,775	\$ 12,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,415
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	5,109.54	-	-	-	-	-	-	-	-	-	-	-	5,109.54
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ 46,173	\$ 4,618	\$ 4,512	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,303
24	Total Jurisdictional Recoverable O&M Costs	\$ 74,978	\$ 57,394	\$ 17,457	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,827
25	Average Monthly Recoverable O&M Balance	\$ 37,488	\$ 66,312	\$ 112,829	\$ 121,829	\$ 122,121	\$ 122,414	\$ 122,708	\$ 123,002	\$ 123,297	\$ 123,593	\$ 123,890	\$ 124,187	
26	Monthly Short-term Commercial Paper Rate	0.34%	0.26%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	0.24%	
27	Interest Provision	\$ 127	\$ 172	\$ 271	\$ 292	\$ 293	\$ 294	\$ 294	\$ 295	\$ 296	\$ 297	\$ 297	\$ 298	\$ 3,228
28	Total Monthly Recoverable O&M Costs	\$ 37,615	\$ 66,485	\$ 17,728	\$ 292	\$ 293	\$ 294	\$ 294	\$ 295	\$ 296	\$ 297	\$ 297	\$ 298	\$ 124,485
29	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Difference (Line 28 - 29)	\$ 37,615	\$ 66,485	\$ 17,728	\$ 292	\$ 293	\$ 294	\$ 294	\$ 295	\$ 296	\$ 297	\$ 297	\$ 298	\$ 124,485

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Other Recoverable O&M Monthly Expenditures

Schedule SS-5

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual Other Recoverable O&M projected
monthly expenditures by function for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	1,530	-	-	-	-	-	-	-	-	-	1,530
3	Corporate Planning	-	1,339	2,211	-	-	-	-	-	-	-	-	-	3,550
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	2,877	50,850	1,967	-	-	-	-	-	-	-	-	-	55,694
9	Project Assurance	(15,647)	15,828	-	-	-	-	-	-	-	-	-	-	182
10	Public Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal A&G	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Energy Delivery Florida	341	888	1,839	-	-	-	-	-	-	-	-	-	3,068
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	\$ 7,430	\$ (395)	\$ 2,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,346
15	Total O&M Costs	\$ 7,771	\$ 493	\$ 4,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,413
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597	0.99597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	339.63	884.42	1,831.36	-	-	-	-	-	-	-	-	-	3,055.41
22	Jurisdictional Recoverable Costs (NucI - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ 5,245	\$ (279)	\$ 1,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,598
24	Total Jurisdictional Recoverable O&M Costs	\$ 5,585	\$ 606	\$ 3,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,653
25	Total Jurisdictional O&M Costs From Most Recent Projection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Difference (Line 24 - 26)	\$ 5,585	\$ 606	\$ 3,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,653

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Monthly Expenditures

[Section 4]
[Section 8(d)]

Schedule SS-6

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed within Site Selection category.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1														
2														
3														
4	<u>Site Selection:</u>													
5	<u>Generation:</u>													
6	License Application	\$ 3,360,110	\$ 3,389,653	\$ 1,532,572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,282,335
7	Engineering, Design & Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Permitting	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Clearing, Grading and Excavation	-	-	-	-	-	-	-	-	-	-	-	-	-
10	On-Site Construction Facilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Total Generation Costs	\$ 3,360,110	\$ 3,389,653	\$ 1,532,572	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,282,335
12	<u>Less Adjustments:</u>													
13	Non Cash Accruals	1,264,920	380,936	(227,881)	(8,917,094)	-	-	-	-	-	-	-	-	(7,499,120)
14	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Net Generation Costs	\$ 2,095,190	\$ 3,008,717	\$ 1,760,453	\$ 8,917,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,781,455
16	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
17														
18	Total Jurisdictional Generation Costs	\$ 1,964,304	\$ 2,820,763	\$ 1,650,478	\$ 8,360,043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,795,587
19														
20	<u>Transmission:</u>													
21	Line Engineering	\$ 92,228	\$ 142,034	\$ (11,994)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,268
22	Substation Engineering	(4,469)	22,490	(7,671)	-	-	-	-	-	-	-	-	-	10,350
23	Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Other	\$ 54,024	\$ 507,692	\$ 123,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685,425
25	Total Transmission Costs	\$ 141,783	\$ 672,216	\$ 104,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 918,043
26	<u>Less Adjustments:</u>													
27	Non Cash Accruals	(109,554)	384,132	(294,013)	(585,094)	-	-	-	-	-	-	-	-	(804,529)
28	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Net Transmission Costs	\$ 261,337	\$ 288,084	\$ 398,057	\$ 585,094	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,522,572
30	Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
31														
32	Total Jurisdictional Transmission Costs	\$ 177,437	\$ 203,379	\$ 281,016	\$ 413,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,074,890
33														
34	Total Jurisdictional Site Selection Costs	\$ 2,141,741	\$ 3,024,142	\$ 1,931,494	\$ 8,773,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,870,478
35														

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Monthly Expenditures

[Section (4)]
[Section (8)(d)]

Schedule SS-6A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed
within Site Selection category for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line

No. Major Task Description - Includes, but is not limited to:

1 Site Selection

2 Generation:

3 License Application Detailed on-site characterization for geological and environmental analysis, NRC Review fees, transmission deliverability analysis, etc.

4 Engineering & Design Engineering & Design associated with the Site Layout, Power Block and Non-Power Block facilities.

5 Permitting Obtain required permits for new plant (i.e. site certification permits, environmental permits, etc.)

6 Clearing, Grading and Excavation Clearing, grading, excavation, backfill, onsite disposal, drainage and erosion control. Construction park lots, laydown areas and access roads.

7 On-Site Construction Facilities Includes the installation of warehouses necessary during construction (electrical shop, carpenter shops, etc.), construction power and lighting.

8

9 Transmission:

10 Line Engineering Internal engineering labor, contracted engineering labor, survey and all other costs associated with engineering transmission lines.

11 Substation Engineering Internal engineering labor, contracted engineering labor and all other costs associated with substation and protection and control (relay) engineering.

12 Clearing Contracted costs associated with clearing acquired ROW for the construction of transmission lines, costs associated with building access roads to the ROW to ensure access for
construction, operating and maintenance of transmission lines.

14 Other Project Management, overhead costs and other miscellaneous costs associated with transmission pre-construction.

**Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Variance Explanations**

Schedule SS-6B

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1				Site Selection:
2				Generation:
3	\$ 8,282,335	\$ -	\$ 8,282,335	Note 1
4	-	-	-	Note 1
5	-	-	-	N/A
6	-	-	-	N/A
7	-	-	-	Note 1
8	<u>\$ 8,282,335</u>	<u>\$ -</u>	<u>\$ 8,282,335</u>	
9				
10				Transmission:
11	\$ 222,268	\$ -	\$ 222,268	Note 1
12	10,350	-	10,350	Note 1
13	-	-	-	N/A
14	<u>685,425</u>	<u>-</u>	<u>685,425</u>	Note 1
15	<u>\$ 918,043</u>	<u>\$ -</u>	<u>\$ 918,043</u>	

Note 1: No costs were projected due to the fact that Progress Energy (PEF) has never filed a projection to date.

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Contracts Executed

REDACTED
[Section (b)(3)]

Schedule SS-6

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2008

DOCKET NO.: 080149 - EI

Witness: Daniel Roderick/Dale Oliver

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year (2008)	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	00003382-00128	Issued							Westinghouse Electric Co. LLC.	Sole Source. Award based on selected vendor from the technology selected	Levy Price Finalization support
2	00300968-00004	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Levy Price Finalization support
3	00300968-00002	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	Levy Phase 1A - Conceptual Design and site characterization
4	00255934-00002	Issued							Joint Venture Team (Sargent & Lundy, CH2M Hill, & Worley Parsons) - 00255934-00003	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Combined Operating License Application (COLA) preparer
5	00060678-00111	Issued							Golden Associates Inc.	Sole Sourced	LNP Transmission Corridor Study
6	00262141-00003	Issued							Power Engineers Inc.	Sole Sourced	Design Study Support
7	00300968-06	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	
8	00300968-07	Issued							Stone & Webster Inc.	Sole Source. Award based on selected vendor from the technology selected	
9	00003382-14	Issued							Westinghouse Electric Co. LLC.	Sole Source. Award based on selected vendor from the technology selected	
10	00255934-00003	Issued							Joint Venture Team (Sargent & Lundy, CH2M Hill, & Worley Parsons) - 00255934-00003	RFP. Competitive Bid & Evaluation process. Low Cost bidder accepted.	Levy Site Certification Application

Note: Original amount for contract nbr. 00255934-00002 reflects cost of COLA prior to final site selection work being completed.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual/Estimated Filing: Contracts Executed

REDACTED
[Section (b)(3)]

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00003382-00128

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs associated with the Levy Nuclear Plant (LNP) standard plant. These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Westinghouse Electric Company LLC.

Vendor Affiliation (specify "direct" or "indirect"): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected.

Number of Bids Received: A proposal was submitted by Westinghouse LLC.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

[REDACTED]

Term End:

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filling
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual/Estimated Filing: Contracts Executed

REDACTED
[Section (b)(c)]

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - E1

Contract No.: 00255934-00003

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Major Task or Tasks Associated With: activities associated with developing the Site Certification Application for the Levy Plant. The application will be submitted to the Florida Department of Environmental Protection.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: 1

Number of Bids Received: 1

Brief Description of Selection Process: This authorization is closely tied to the Levy COLA Environmental Report. An Impact Evaluation was submitted to document project scope, schedule, cost, and risk. The impact evaluation is challenged with technical, QA, and financial reviews prior to approval. The approved impact evaluation is incorporated into a new work authorization.

Dollar Value:

Contract Status: Issued

Term Begin: 07/30/2007

Term End: 07/01/2008

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of Site Certification Application development. Major tasks include:

- Task 1 - Site Characterization
- Task 2 - Plant & Associated Facilities
- Task 3 - Construction Impacts
- Task 4 - Operational Impacts
- Task 5 - Economic and Social Effects
- Task 6 - Electrical Transmission Lines
- Task 7 - Need for Power
- Task 8 - Site & Design Alternatives

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual/Estimated Filing: Contracts Executed

REDACTED
[Section (B)(c)]

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300666-00004

Major Task or Tasks Associated With: Activities necessary to determine and document detailed costs

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

Term End:

[REDACTED]

Nature and Scope of Work:

[REDACTED]

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual/Estimated Filing: Contracts Executed

REDACTED
[Section (B)(c)]

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300988-00002

Major Task or Tasks Associated With: The project management and conceptual engineering activities to require further characterization of the Levy site by performing geotechnical evaluations, regional infrastructure studies, early procurement requirements, preliminary construction plan development, COLA development interfacete, and development of the site specific schedule.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

[REDACTED]

Contract Status: Issued

Term Begin:

Term End:

[REDACTED]

Nature and Scope of Work:

Activities related to completing detailed estimates for site specific buildings, systems and components, and studies and evaluations in support of determining the overall site specific plant cost.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual/Estimated Filing: Contracts Executed

REDACTED
[Section (8)(c)]

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00255934-00002

Major Task or Tasks Associated With: activities associated with providing engineering, environmental, and licensing services to support of Combined Operating License Application (COLA) development for a new greenfield site in Florida.

Vendor Identity: Joint Venture Team - Sargent & Lundy, CH2M Hill, & Worley Parsons

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Six

Number of Bids Received: Six

Brief Description of Selection Process: An RFP was completed for COLA Application preparation and sent to vendors. The next step required New Plant Development to

Dollar Value: [REDACTED]

Contract Status: Issued

Term Begin: [REDACTED]

Term End: [REDACTED]

Nature and Scope of Work:

Provide engineering, environmental, and licensing services in support of COLA development. Major tasks include:

Task 1 - Prepare License Application and associated General & Admin. Information

Task 2 - Perform site investigation, including necessary soil borings and constructing a meteorological tower to gather weather information.

Task 3 - Prepare Chapter 2 of FASR in accordance with applicable regulatory requirements including meteorological, geological, geotechnical, and seismological sections.

Task 4 - Prepare Environmental Report in accordance with applicable regulatory requirements, including site ecological investigations. Prepare Emergency Plan in accordance with applicable regulatory requirements.

Task 5 - Prepare FSAR Chapters 4, 5, 6, 7, and 12 in accordance with applicable regulatory requirements.

Task 6 - Prepare FSAR Chapters 13, 14, and 16 in accordance with applicable regulatory requirements.

Task 7 - Prepare FSAR Chapters 1, 3, 8, 17, 18, & 19 in accordance with applicable regulatory requirements.

Task 8 - Prepare FSAR Chapters 9, 10, 11, & 15 in accordance with applicable regulatory requirements.

Task 9 - Prepare fire protection program, inspection programs, other programs, the security plan and quality assurance plan in accordance with applicable regulatory requirements.

Task 10 - Prepare conceptual designs for various plant systems.

Task 11 - Project Management support for all COLA preparation activities.

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual/Estimated Filing: Contracts Executed

REDACTED
[Section (b)(3)]

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00080678-00111

Major Task or Tasks Associated With: activities associated with providing environmental, line corridor selection studies, and licensing services in support of Site Certification Application (SCA) and Combined Operating License Application (COLA) development for transmission facilities to support a new greenfield site in Florida.

These are all planning activities and do not include actual design or construction activities.

Vendor Identity: Golder Associates Inc.

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Golder Associates Inc.

Brief Description of Selection Process: Upon receipt of proposal, Supply Chain and company management representatives reviewed the proposal's technical scope, schedule, and cost. A single source justification memo was prepared and approved based on the vendor's involvement since inception of the project and their ability to meet the required schedule requirements, a contract requisition was developed by Transmission Ops and Planning Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value: [REDACTED]

Contract Status: Issued

Term Begin: [REDACTED]

Term End: [REDACTED]

Nature and Scope of Work: Provide environmental, line corridor selection studies, and licensing services in support of SCA and COLA development including:

Task 1 - Corridor Routing Study

Task 1a - Public Involvement

Task 2 - Preparation of applicable sections of the SCA

Task 3 - Certification Support and Hearings/Expert Testimony/Hearing Support/Agency Meetings/Outreach

Task 4 - Preparation of applicable sections of the NRC COLA

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual/Estimated Filing: Contracts Executed

Schedule SS-8A

REDACTED
[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Contract No.: 00262141-00003

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Major Task or Tasks Associated With: Activities associated with providing conceptual substation engineering and routing study services in support of transmission facilities to support a new greenfield site in Florida.

There are all planning activities and do not include actual design or construction activities.

Vendor Identity: Power Engineers Inc

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: One

Number of Bids Received: A proposal was submitted by Power Engineers Inc.

Brief Description of Selection Process: A contract requisition was developed by Transmission Ops and Planning (TOPS) Project Support. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition was approved by the appropriate level of Progress Energy Management. Once the contract requisition was approved, a formal Work Authorization was issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work: Provide conceptual substation engineering and line route study services in support of transmission facilities including:
- Preparation of preliminary substation design criteria and layout work
- Preparation of preliminary transmission line corridor layout work
- For each of the substations, prepare conceptual drawings/site plans

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual/Estimated Filing: Contracts Executed

REDACTED
[Section (B)(c)]

Schedule SS-8A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Daniel Roderick/Dale Oliver

Contract No.: 00300968-00006

Major Task or Tasks Associated With: 1) The scope of work includes those activities necessary to support the Site Certification Application (SCA) and Limited Work Authorization (LWA) submittals. The scope of work, deliverables, assumptions, risks, and associated man-hours and costs are as described in SSW proposal provided by letter SSWN-PEF-00129, Proposal Shaw Phase 1 Work Activities Required to Support SCA and LWA -Contract Number 300968, dated March 13, 2008.

Vendor Identity: Stone and Webster Inc.

Vendor Affiliation (specify "direct" or "indirect"): Direct

Number of Vendors Solicited: One, due to Westinghouse being the sole vendor for the reactor technology selected. Stone & Webster is Westinghouse contracted engineering and construction partner.

Number of Bids Received: A proposal was submitted by Stone and Webster Inc.

Brief Description of Selection Process: Upon receipt of proposal, New Plant Development (NPD) reviewed the proposal's technical scope, schedule, and cost. Comments were provided to the vendor and upon successful completion of comment resolution, a contract requisition was developed by NPD Project Controls. The requisition documents final agreed upon scope, schedule, cost, and established project controls. The requisition is approved by the appropriate level of Progress Energy Management. Once the contract requisition is approved, a formal contract can be issued.

Dollar Value:

Contract Status: Issued

Term Begin:

Term End:

Nature and Scope of Work:

All work activities required to support the Levy Limited Work Authorization and Site Certification Application.

**Levy County Nuclear Filings
Site Selection Costs and Carrying Costs
Actual/Estimated Filing: Estimate Rate Impact**

Schedule SS-10

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

For the Year Ended 12/31/2008

Witness: Lori Cross

Line No.	(A) Rate Class	(B) 12CP & 1/13 AD Demand Allocator (%)	(C) Production Demand Costs \$	(D) Effective Mwh's at Meter Year 2008	(E) Estimated Capacity Cost Recovery Factor (c/Kwh)
<u>Residential</u>					
	RS-1, RST-1, RSL-1, RSL-2, RSS-1				
	Secondary	60.454%	\$22,921,422	21,431,535	0.107
<u>General Service Non-Demand</u>					
	GS-1, GST-1				
	Secondary			1,391,472	0.091
	Primary			8,868	0.000
	Transmission			3,633	0.000
	TOTAL GS	3.352%	\$1,271,116	1,403,973	
<u>General Service</u>					
	GS-2				
	Secondary	0.146%	\$55,350	89,286	0.062
<u>General Service Demand</u>					
	GSD-1, GSDT-1, SS-1				
	Secondary			12,946,646	0.076
	Primary			2,443,814	0.000
	Transmission			10,004	0.000
	TOTAL GSD	31.042%	\$11,769,914	15,400,464	
<u>Curtailable</u>					
	CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3				
	Secondary			0	0.056
	Primary			193,492	0.000
	Transmission			0	0.000
	TOTAL CS	0.284%	\$107,685	193,492	
<u>Interruptible</u>					
	IS-1, IST-1, IS-2, IST-2, SS-2				
	Secondary			120,638	0.065
	Primary			2,076,176	0.000
	Transmission			481,713	0.000
	TOTAL IS	4.579%	\$1,736,063	2,658,527	
<u>Lighting</u>					
	LS-1				
	Secondary	0.143%	\$54,119	356,390	0.015
	TOTAL LS	100.000%	\$37,915,669	41,533,666	0.081

NOTE: Revenues have been grossed up by 1.00072% for revenue related taxes.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080007-EE EXHIBIT 14

COMPANY Progress Energy FL, Inc. (Direct)

WITNESS Daniel L. Roderick (DLR) (ER-3)

DATE 09/11-12/08

Crystal River Unit 3

Extended Power Uprate

Integrated Project Plan

MASTER NUMBER: 20058849

Sponsoring Business Unit:	Nuclear Projects and Construction
Funding Legal Entity:	Progress Energy Florida
Date Prepared:	January 29, 2008

Treasury Control No.	20061181
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Key Project Contacts:

Role, Department/Group	Name	Phone No.
Sponsor, VP - NPC	Danny Roderick	240-4800
Major Projects Manager, EPU	Steve Huntington	240-4752
EPU Engineering Superintendant,	Ted Williams	240-4356
EPU Implementation Superintendant	TBD	
Regulatory	Dave Varner	240-4983
Project Financial Controls	Terry Hobbs	240-4746

Plan Revision Control

Rev No.	Primary Author(s)	Revision Description	Rev Date
0	Ted Williams	Initial publication	3/18/2008
0	Mark Hickman	Initial Publication	3/18/2008

The following is required to be updated for significant revisions that impact any project cost +/- 5% for:

Project cost
Approved funding (to date)
Annual budget

Or Schedule changes that impact the resource plan

Review & Approval

This section contains formal sign-offs for both review & approval of the IPP. "Reviewing" applies to any party reviewing the IPP for accuracy & clarity, while "Approving" applies to those parties responsible for approving project milestone progression & funding.

Reviewing Party	Reviewing Position	Rev Reviewed	Signature	Date
T. Williams	Engineering Superintendant, EPU			00/00/00
D. Varner	Manager, Major Projects Support			
T. Hobbs	Manager, Major Projects Project Controls			
J. Terry	SGR Project Manager			
S. Huntington	Manager, Major Projects - EPU			
J. Franke	Director Site Operations CR3			
B. Cumbie	Crystal River Plant Manager- Fossil			
D. Roderick	VP, Nuclear Projects & Construction			

Approving Party	Approving Position	Rev Approved	Signature	Date
Tom Sullivan	VP, Treasurer & CRO			00/00/00
Jeff Corbett	Sr. VP Energy Delivery Carolinas			
Michael Lewis	Sr. VP Energy Delivery Florida			
Jeff Lyash	President and CEO, PGN Florida			
Lloyd Yeats	President & CEO PGN Carolinas			
John McArthur	Sr. VP Corporate Relations & General Counsel			
Mark Mulhern	Sr. VP Finance			
Paula Sims	Sr. VP Power			

Extended Power Uprate

MASTER NUMBER: 20058849

Jim Scarola	Sr. VP & CNO			
Peter Scott	President & CEO Service Co., CFO PGN			
William Johnson	Chairman, CEO, and President PGN			

AGENDA

- 1.0 Project Overview / Recommendation
- 2.0 Scope Statement
- 3.0 Major Deliverables & Milestone Schedule
- 4.0 Funding Requirements & Update
- 5.0 Economic Evaluation
- 6.0 Assumptions & Constraints
 - 6.1 Risk Strategy
 - 6.2 Contracting & Procurement Strategy
 - 6.3 Regulatory Strategy
 - 6.4 Quality Plan
 - 6.5 Safety Plan
 - 6.6 Environmental Plan
- 7.0 External Stakeholders
- 8.0 Internal Stakeholders
- 9.0 Project Assurance Plan
- 10.0 Communication Plan / Next Steps

APPENDIX:

Definitions & Acronyms

DOCKET 080009
EXHIBIT DLR-1

CONFIDENTIAL
BATES NOS.
PEF-NCR-04481
THROUGH
PEF-NCR-04502

WRJ-1
Resume of William R. Jacobs, Jr., Ph.D.

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. ~~080009-EI~~ EXHIBIT 15
COMPANY Office of Public Counsel
WITNESS William R. Jacobs, Jr. (WRJ-1)
DATE 09/11-12/08

EDUCATION:

Engineering, Georgia Tech 1971

MS, Nuclear Engineering, Georgia Tech 1969

BS, Mechanical Engineering, Georgia Tech 1968

Ph.D., Nuclear

ENGINEERING REGISTRATION:

Professional Engineer

Registered

PROFESSIONAL MEMBERSHIP:

Nuclear Society

American

EXPERIENCE:

Dr. Jacobs has over thirty-five years of experience in a wide range of activities in the electric power generation industry. He has extensive experience in the construction, startup and operation of nuclear power plants. While at the Institute of Nuclear Power Operation (INPO), Dr. Jacobs assisted in development of INPO's outage management evaluation group. He has provided expert testimony related to nuclear plant operation and outages in Texas, Louisiana, South Carolina, Florida, Wisconsin, Indiana, Georgia and Arizona. He currently provides nuclear plant operational monitoring services for GDS clients. He is assisting the Florida Office of Public Counsel in monitoring the development of four new nuclear units in the State of Florida. He will provide testimony concerning the prudence of expenditures for these nuclear units. He has assisted the Georgia Public Service Commission staff in development of energy policy issues related to supply-side resources and in evaluation of applications for certification of power generation projects and assists the staff in monitoring the construction of these projects. He has also assisted in providing regulatory oversight related to an electric utility's evaluation of responses to an RFP for a supply-side resource and subsequent negotiations with short-listed bidders. He has provided technical litigation support and expert testimony support in several complex law suits involving power generation facilities. He monitors power plant operations for GDS clients and has provided testimony on power plant operations and decommissioning in several jurisdictions. Dr. Jacobs represents a GDS client on the management committee of a large coal-fired power plant currently under construction. Dr. Jacobs has provided testimony before the Georgia Public Service Commission, the Public Utility Commission of Texas, the North Carolina Utilities Commission, the South Carolina Public Service Commission, the Iowa State Utilities Board, the Louisiana Public Service Commission, the Florida Public Service Commission, the Indiana Regulatory Commission, the Wisconsin Public Service Commission, the Arizona Corporation Commission and the FERC.

A list of Dr. Jacobs' testimony is available upon request.

1986-Present GDS Associates, Inc.

As Vice-President, Dr. Jacobs directs GDS' nuclear plant monitoring activities and has assisted clients in evaluation of management and technical issues related to power plant construction, operation and design. He has evaluated and testified on combustion turbine projects in certification hearings and has assisted the Georgia PSC in monitoring the construction of the combustion turbine projects. Dr. Jacobs has evaluated nuclear plant operations and provided testimony in the areas of nuclear plant operation, construction prudence and decommissioning in nine states. He has provided litigation support in complex law suits concerning the construction of nuclear power facilities.

1985-1986 Institute of Nuclear Power Operations (INPO)

Dr. Jacobs performed evaluations of operating nuclear power plants and nuclear power plant construction projects. He developed INPO Performance Objectives and Criteria for the INPO Outage Management Department. Dr. Jacobs performed Outage Management Evaluations at the following nuclear power plants:

- Connecticut Yankee - Connecticut Yankee Atomic Power Co.
- Callaway Unit I - Union Electric Co.
- Surry Unit I - Virginia Power Co.
- Ft. Calhoun - Omaha Public Power District
- Beaver Valley Unit 1 - Duquesne Light Co.

During these outage evaluations, he provided recommendations to senior utility management on techniques to improve outage performance and outage management effectiveness.

1979-1985 Westinghouse Electric Corporation

As site manager at Philippine Nuclear Power Plant Unit No. 1, a 655 MWe PWR located in Bataan, Philippines, Dr. Jacobs was responsible for all site activities during completion phase of the project. He had overall management responsibility for startup, site engineering, and plant completion departments. He managed workforce of approximately 50 expatriates and 1700 subcontractor personnel. Dr. Jacobs provided day-to-day direction of all site activities to ensure establishment of correct work priorities, prompt resolution of technical problems and on schedule plant completion.

Prior to being site manager, Dr. Jacobs was startup manager responsible for all startup activities including test procedure preparation, test performance and review and acceptance of test results. He established the system turnover program, resulting in a timely turnover of systems for startup testing.

As startup manager at the KRSKO Nuclear Power Plant, a 632 MWE PWR near Krsko, Yugoslavia, Dr. Jacobs' duties included development and review of startup test procedures, planning and coordination of all startup test activities, evaluation of test results and customer assistance with regulatory questions. He had overall responsibility for all startup testing from Hot Functional Testing through full power operation.

1973 - 1979 NUS Corporation

As Startup and Operations and Maintenance Advisor to Korea Electric Company during startup and commercial operation of Ko-Ri Unit 1, a 595 MWE PWR near Pusan, South Korea, Dr. Jacobs advised KECO on all phases of startup testing and plant operations and maintenance through the first year of commercial operation. He assisted in establishment of administrative procedures for plant operation.

As Shift Test Director at Crystal River Unit 3, an 825 MWE PWR, Dr. Jacobs directed and performed many systems and integrated plant tests during startup of Crystal River Unit 3. He acted as data analysis engineer and shift test director during core loading, low power physics testing and power escalation program.

As Startup engineer at Kewaunee Nuclear Power Plant and Beaver Valley, Unit 1, Dr. Jacobs developed and performed preoperational tests and surveillance test procedures.

1971 - 1973 Southern Nuclear Engineering, Inc.

Dr. Jacobs performed engineering studies including analysis of the emergency core cooling system for an early PWR, analysis of pressure drop through a redesigned reactor core support structure and developed a computer model to determine tritium build up throughout the operating life of a large PWR.

SIGNIFICANT CONSULTING ASSIGNMENTS:

East Texas Electric Cooperative – Represents ETEC on the management committee of the Plum Point Unit 1 a 650 Mw coal-fired plant under construction in Osceola, Arkansas and represents ETEC on the management committee of the Harrison County Power Project, a 525 Mw combined cycle power plant located near Marshall, Texas.

Arizona Corporation Commission – Evaluated operation of the Palo Verde Nuclear Generating Station during the year 2005. Included evaluation of 11 outages and providing written and oral testimony before the Arizona Corporation Commission.

Citizens Utility Board of Wisconsin – Evaluated Spring 2005 outage at the Kewaunee Nuclear Power Plant and provided direct and surrebuttal testimony before the Wisconsin Public Service Commission.

Georgia Public Service Commission - Assisted the Georgia PSC staff in evaluation of Integrated Resource Plans presented by two investor owned utilities. Review included analysis of purchase power agreements, analysis of supply-side resource mix and review of a proposed green power program.

State of Hawaii, Department of Business, Economic Development and Tourism – Assisted the State of Hawaii in development and analysis of a Renewable Portfolio Standard to increase the amount of renewable energy resources developed to meet growing electricity demand. Presented the results of this work in testimony before the State of Hawaii, House of Representatives.

Georgia Public Service Commission - Assisted the Georgia PSC staff in providing oversight to the bid evaluation process concerning an electric utility's evaluation of responses to a Request for Proposals for supply-side resources. Projects evaluated include simple cycle combustion turbine projects, combined cycle combustion turbine projects and co-generation projects.

Millstone 3 Nuclear Plant Non-operating Owners – Evaluated the lengthy outage at Millstone 3 and provided analysis of outage schedule and cost on behalf of the non-operating owners of Millstone 3. Direct testimony provided an analysis of additional post-outage O&M costs that would result due to the outage. Rebuttal testimony dealt with analysis of the outage schedule.

H.C. Price Company – Evaluated project management of the Healy Clean Coal Project on behalf of the General Contractor, H.C. Price Company. The Healy Clean Coal Project is a 50 megawatt coal burning power plant funded in part by the DOE to demonstrate advanced clean coal technologies. This project involved analysis of the project schedule and evaluation of the impact of the owner's project management performance on costs incurred by our client.

Steel Dynamics, Inc. – Evaluated a lengthy outage at the D.C. Cook nuclear plant and presented testimony to the Indiana Utility Regulatory Commission in a fuel factor adjustment case Docket No. 38702-FAC40-S1.

Florida Office of Public Counsel - Evaluated lengthy outage at Crystal River Unit 3 Nuclear Plant. Submitted expert testimony to the Florida Public Service Commission in Docket No. 970261-EI.

United States Trade and Development Agency - Assisted the government of the Republic of Mauritius in development of a Request for Proposal for a 30 MW power plant to be built on a Build, Own, Operate (BOO) basis and assisted in evaluation of Bids.

Louisiana Public Service Commission Staff - Evaluated management and operation of the River Bend Nuclear Plant. Submitted expert testimony before the LPSC in Docket No. U-19904.

U.S. Department of Justice - Provided expert testimony concerning the in-service date of the Harris Nuclear Plant on behalf of the Department of Justice U.S. District Court.

City of Houston - Conducted evaluation of a lengthy NRC required shutdown of the South Texas Project Nuclear Generating Station.

Georgia Public Service Commission Staff - Evaluated and provided testimony on Georgia Power Company's application for certification of the Intercession City Combustion Turbine Project - Docket No. 4895-U.

Seminole Electric Cooperative, Inc. - Evaluated and provided testimony on nuclear decommissioning and fossil plant dismantlement costs - FERC Docket Nos. ER93-465-000, et al.

Georgia Public Service Commission Staff - Evaluated and prepared testimony on application for certification of the Robins Combustion Turbine Project by Georgia Power Company - Docket No. 4311-U.

North Carolina Electric Membership Corporation - Conducted a detailed evaluation of Duke Power Company's plans and cost estimate for replacement of the Catawba Unit 1 Steam Generators.

Georgia Public Service Commission Staff - Evaluated and prepared testimony on application for certification of the McIntosh Combustion Turbine Project by Georgia Power Company and Savannah Electric Power Company - Docket No. 4133-U and 4136-U.

New Jersey Rate Counsel - Review of Public Service Electric & Gas Company nuclear and fossil capital additions in PSE&G general rate case.

Corn Belt Electric Cooperative/Central Iowa Power Electric Cooperative - Directs an operational monitoring program of the Duane Arnold Energy Center (565 Mwe BWR) on behalf of the non-operating owners.

Cities of Calvert and Kosse - Evaluated and submitted testimony of outages of the River Bend Nuclear Station - PUCT Docket No. 10894.

Iowa Office of Consumer Advocate - Evaluated and submitted testimony on the estimated decommissioning costs for the Cooper Nuclear Station - IUB Docket No. RPU-92-2.

Georgia Public Service Commission/Hicks, Maloof & Campbell - Prepared testimony related to Vogtle and Hatch plant decommissioning costs in 1991 Georgia Power rate case - Docket No. 4007-U.

City of El Paso - Testified before the Public Utility Commission of Texas regarding Palo Verde Unit 3 construction prudence - Docket No. 9945.

City of Houston - Testified before Texas Public Utility Commission regarding South Texas Project nuclear plant outages - Docket No. 9850.

NUCOR Steel Company - Evaluated and submitted testimony on outages of Carolina Power and Light nuclear power facilities - SCPSC Docket No. 90-4-E.

Georgia Public Service Commission/Hicks, Maloof & Campbell - Assisted Georgia Public Service Commission staff and attorneys in many aspects of Georgia Power Company's 1989 rate case including nuclear operation and maintenance costs, nuclear performance incentive plan for Georgia and provided expert testimony on construction prudence of Vogtle Unit 2 and decommissioning costs of Vogtle and Hatch nuclear units - Docket No. 3840-U.

Swidler & Berlin/Niagara Mohawk - Provided technical litigation support to Swidler & Berlin in law suit concerning construction mismanagement of the Nine Mile 2 Nuclear Plant.

Long Island Lighting Company/Shea & Gould - Assisted in preparation of expert testimony on nuclear plant construction.

North Carolina Electric Membership Corporation - Prepared testimony concerning prudence of construction of Carolina Power & Light Company's Shearon Harris Station - NCUC Docket No. E-2, Sub537.

City of Austin, Texas - Prepared estimates of the final cost and schedule of the South Texas Project in support of litigation.

Tex-La Electric Cooperative/Brazos Electric Cooperative - Participated in performance of a construction and operational monitoring program for minority owners of Comanche Peak Nuclear Station.

Tex-La Electric Cooperative/Brazos Electric Cooperative/Texas Municipal Power Authority (Attorneys - Burchette & Associates, Spiegel & McDiarmid, and Fulbright & Jaworski) - Assisted GDS personnel as consulting experts and litigation managers in all aspects of the lawsuit brought by Texas Utilities against the minority owners of Comanche Peak Nuclear Station.

DOCKET NO. 080009-EI: Nuclear cost recovery clause for Progress Energy Florida, Inc.

WITNESS: Direct Testimony Of Jeffery A. Small, Appearing On Behalf Of the Staff of the Florida Public Service Commission

EXHIBIT JAS-1: Audit Report for 2007 power uprate costs for the Crystal River Unit 3 nuclear power plant

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 16

COMPANY Office of Public Counsel (Direct)

WITNESS Jeffery A. Small (JAS-1)

DATE 09/11-12/08



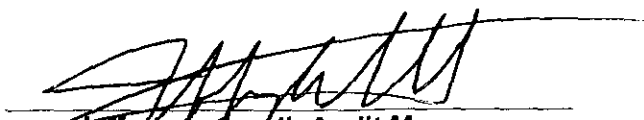
FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF REGULATORY COMPLIANCE & CONSUMER ASSISTANCE
BUREAU OF AUDITING

Tampa District Office

PROGRESS ENERGY FLORIDA, INC.
NUCLEAR COST RECOVERY CLAUSE
CRYSTAL RIVER UNIT THREE - UPRATE

AS OF DECEMBER 31, 2007

DOCKET NO. 080009-EI
AUDIT CONTROL NO. 08-064-2-1


Jeffery A. Small, Audit Manager

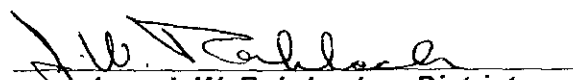

Joseph W. Rohrbacher, District
Supervisor

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¹ Schedules included in the company's filing that did not contain information reviewed by the audit staff is not incorporated in this report.

**DIVISION OF REGULATORY COMPLIANCE & CONSUMER ASSISTANCE
AUDITOR'S REPORT**

MAY 27, 2008

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have performed the procedures described later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request dated March 3, 2008. We have applied these procedures to the attached schedules prepared by Progress Energy Florida, Inc. in support of its 2006 and 2007 filings for Nuclear Cost Recovery Clause relief in Docket No. 080009-EI..

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES AND PROCEDURES

GENERAL

To verify that the company's 2006 and 2007 Nuclear Cost Recovery Clause (NCRC) filings in Docket No. 080009-EI are consistent and in compliance with Section 366.93, F.S. and Chapter 25-6.0423, F.A.C.

SPECIFIC

1. *Objective:* Verify that the company's filing is properly recorded on its books and records according to the Code of Federal Regulations (CFR) Uniform System of Accounts. (USoA)
Procedures: We reconciled the company's filing to the general ledger and verified that the costs incurred were posted to the proper USoA account.
2. Verify that Schedule T-1 is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the monthly revenue requirement accruals displayed on Schedule T-1 to the supporting schedules in the company's 2007 NCRC filing.
3. *Objective:* Verify that the carrying cost amounts displayed on Schedule T-3, which rolls forward to Schedule T-1, are accurately calculated and that they include the correct balances from the supporting schedules of the company's 2006 and 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the carrying cost accruals displayed on Schedule T-3 to the supporting schedules in the company's 2006 and 2007 NCRC filing. We recalculated a sample of the Allowance for Funds Used During Construction (AFUDC) balances displayed as Other Cost in the filing and reconciled the rates applied by the company to its approved AFUDC rates in Order No. PSC-05-0945-FOF-EI, issued September 28, 2005.
4. *Objective:* Verify that the Deferred Tax Return Requirement amount displayed on Schedule T-3A, which rolls forward to Schedule T-1, is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the monthly deferred tax carrying cost accruals displayed on Schedule T-3A to the supporting schedules in the company's 2007 NCRC filing. We recalculated a sample of the monthly carrying cost balances for deferred tax assets based on the equity and debt components established in Order No. PSC-05-0945-FOF-EI.
5. *Objective:* Verify that the Construction Period Interest (CPI) amount displayed on Schedule T-3B, which rolls forward to Schedule T-3A, is accurately calculated and that it includes the correct balances from the supporting schedules of the company's

2007 NCRC filing.

Procedures: We reconciled and recalculated a sample of the monthly CPI accruals displayed on Schedule T-3B to the supporting schedules in the company's 2006 and 2007 NCRC filing. We recalculated the company's CPI rate and reconciled the component balances to the company's general ledger.

6. *Objective:* Verify that the jurisdictional nuclear construction amounts, displayed on Schedule T-6 of the company's 2006 and 2007 filing, which rolls forward to Schedule T-3, are accurately calculated and are supported by original source documentation.

Procedures: We recalculated a sample of monthly jurisdictional nuclear construction accruals displayed on Schedule T-6 of the company's 2006 and 2007 NCRC filing. We sampled and verified the project management and power block engineering accruals and traced the invoiced amounts to supporting documentation. We sampled company salary expense accruals and the respective overhead burdens the company applied. We recalculated and verified the joint owner billings that reduced the company's eligible carrying cost for the CR3 Uprate project. We reconciled the jurisdictional factors applied by the company to the eligible carrying cost to the factors approved in Order No. PSC-06-0972-FOF-EI, issued November 22, 2006.

AUDIT FINDING NO. 1

SUBJECT: JOINT OWNER BILLINGS

AUDIT ANALYSIS: The company's 2006 and 2007 filings included \$189,019 and \$3,133,543, respectively, for joint owner billings by Progress Energy Florida, Inc. (PEF) for the Crystal River Unit 3 (CR3) Uprate project costs. The above amounts were calculated based on the joint ownership percentage times the total monthly construction cost accruals for the CR3 Uprate project. The joint owners retain an 8.219 percent ownership of the CR3 unit.

Our audit procedures included an analysis and recalculation of the joint owner billing cost displayed in the company's filings. We discovered a discrepancy in the December 2007 joint owner billing calculation that is displayed below.

Description	Dec-07
Construction Addition (2007 Schedule T-6, Line 39)	\$5,944,715
Joint Owner Percentage	8.219%
Expected Joint Owner Billing	\$488,620
Actual Joint Owner Billing (2007 Schedule T-6, Line 41)	455,975
Difference - Under recovery	\$32,645

The company stated that the \$32,645² difference is the result of a December 2007 correcting journal entry that reclassified a net \$397,173 of PEF's Nuclear Projects and Construction units indirect overhead cost to the CR3 Uprate project. (\$397,173 x 8.219%) The \$397,173 was initially charged, incorrectly, to the Levy Unit 1 & 2 nuclear plant project.

The company's Power Plant System, where construction cost are initially posted before being uploaded to the general ledger, automatically calculates the joint owner billing when an amount is posted to a CR3 project. The adjustment described above, when reclassified to a CR3 Uprate project, did not include the "trigger" that would have calculated the corresponding joint owner billing that is required. The company stated that it would correct and true-up the December 2007 error and all subsequent similar errors discovered in the 2008 period in its 2008 filing.

We will revisit this issue in both the CR3 Uprate and Levy Unit 1 & 2 filings for year 2008 to ensure that the errors are corrected and properly posted.

EFFECT ON THE FILING: None, informational only.

² The \$32,645 difference is based on the construction cost reflected on Schedule T-6. The adjustment, when carried forward, becomes immaterial with respect to the Total Return Requirement reflected on Schedule T-1 of the company's filing.

EXHIBIT 1

CRYSTAL RIVER UNIT 3 UPRATE		[Section (5)(c)1.a.]
Pre-Construction Costs and Carrying Costs on Construction Cost Balance		
Schedule T-3 True-up Filing: Carrying Costs		
FLORIDA PUBLIC SERVICE COMMISSION COMPANY: Progress Energy - FL DOCKET NO.: _____ -EI	EXPLANATION: Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.	For the Year Ended: 12/31/2006 Witness: Will Garrett

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total	
Jurisdictional Dollars									
1.	Nuclear CWIP Additions (Schedule T-6, line 62)	\$0	\$0	\$0	\$0	(\$19,244)	(\$20,879)	(\$40,123)	
2.	Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	
3.	Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	
4.	CWIP Base Eligible for Return (Prior Mo Balance + Line 1 - 2 + 3)		\$0	\$0	\$0	(\$19,244)	(\$40,123)	(\$40,123)	(\$40,123)
5.	Average Net CWIP Additions		\$0	\$0	\$0	(\$9,822)	(\$29,684)	n/a	
6.	Return on Average Net CWIP Additions (c)								
a.	Equity Component (Line 5 x 6.819% x 1/12) (a)		\$0	\$0	\$0	\$0	\$0	\$0	
b.	Equity Comp. grossed up for taxes (Line 6a x 1.628002) (b)		\$0	\$0	\$0	\$0	\$0	\$0	
c.	Debt Component (Line 5 x 2.029% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	
7.	Total Return Requirements (Line 6b + 6c)		\$0	\$0	\$0	\$0	\$0	\$0	
8.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	
9.	Difference (Line 7 - Line 8)		\$0	\$0	\$0	\$0	\$0	\$0	

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 8.846%.

Docket No. 080009-EI
 Audit Report for PEF Uprate
 Exhibit JAS-1 (Page 7 of 18)

EXHIBIT 2

CRYSTAL RIVER UNIT 3 UPRATE Pre-Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing: Construction Period Interest

[Section (5)(c)1.a.]

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2006

DOCKET NO.:

Witness: Will Garrett

-EI

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$0	\$0	\$0	\$0	\$0	(\$19,244)	n/a
2.	Additions Site Selection & Preconstruction (Schedule T-2, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction (Schedule T-3, line 1)	\$0	\$0	\$0	\$0	(\$19,244)	(\$20,879)	(\$40,123)
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI	\$0	\$0	\$0	\$0	(\$9,822)	(\$29,684)	
6.	Monthly CPI Rate	0.0041529	0.0041529	0.0041529	0.0041529	0.0041529	0.0041529	
7.	Construction Period Interest for Tax (CPI)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Ending Balance	\$0	\$0	\$0	\$0	(\$19,244)	(\$40,123)	(\$40,123)

EXHIBIT 3

CRYSTAL RIVER UNIT 3 UPRATE													[Section (5)(c)(1)(a.)] [Section (B)(d)]		
Pre-Construction Costs and Carrying Costs on Construction Cost Balance															
True-up Filing: Monthly Expenditures															
FLORIDA PUBLIC SERVICE COMMISSION															
EXPLANATION: Provide the actual monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.															
COMPANY: Progress Energy - FL													For the Year Ended: 12/31/2006		
DOCKET NO.: -B													Witness: Walt Garrett		
Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total		
1 <u>Site Selection:</u>															
2 [Site Selection may include the same costs as shown below in Pre-Construction.]															
3															
4 <u>Pre-Construction:</u>															
5 <u>Generation:</u>															
6 License Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
7 Engineering & Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
8 Permitting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
9 Clearing, Grading and Excavation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
10 On-Site Construction Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
11 Total Generation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
12															
13 Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753		
14															
15 Total Jurisdictional Generation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
16															
17 <u>Transmission:</u>															
18 Line Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
19 Substation Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
20 Clearing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
21 Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
22 Total Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
23															
24 Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597		
25															
26 Total Jurisdictional Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
27															
28 Total Jurisdictional Preconstruction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
29															
30 <u>Construction:</u>															
31 <u>Generation:</u>															
32 Real Estate Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
33 Project Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
34 Permanent Staff/Training	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
35 Site Preparation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
36 On-Site Construction Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
37 Power Block Engineering, Procurement, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
38 Non-Power Block Engineering, Procurement, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
39 Total Generation Costs (Note 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
40															
41 <u>Loss Adjustments:</u>															
42 Joint Owner Billing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
43 Non-Cash Accruals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
44 Net Generation Costs (Note 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
45															
46 Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753		
47															
48 Total Generation Costs Eligible for Carrying Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
49															
50 <u>Transmission:</u>															
51 Line Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
52 Substation Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
53 Real Estate Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
54 Line Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
55 Substation Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
56 Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
57 Total Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
58															
59 Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597		
60															
61 Total Jurisdictional Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
62															
63 Total Jurisdictional Construction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		

Note 1: Line 39 represents generation construction costs on an accrual basis, gross of joint owner billings.
Note 2: Line 43 represents net generation costs on a cash basis, net of joint owner billings.

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EXHIBIT 4

Page 1 of 2

CRYSTAL RIVER UNIT 3 UPRATE							
Retail Revenue Requirements Summary							
True-up Filing: Retail Revenue Requirements Summary							
[Section (5)(c)1.a.]							
Schedule T-1							
FLORIDA PUBLIC SERVICE COMMISSION				EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.			
COMPANY:				For the Year Ended:			
Progress Energy - FL				12/31/2007			
DOCKET NO.:				Witness: Will Garrett			
xxxxxx-EI							
Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$8,124	\$18,847	\$21,350	\$24,958	\$32,574	\$146,852
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule T-3A, line 8)	\$4	\$17	\$36	\$59	\$89	\$334
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	\$8,128	\$18,864	\$21,386	\$25,017	\$32,663	\$148,824
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	\$8,128	\$18,864	\$21,386	\$25,017	\$32,663	\$148,824

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EXHIBIT 4

Page 2 of 2

Schedule T-1		CRYSTAL RIVER UNIT 3 UPRATE Retail Revenue Requirements Summary True-up Filing: Retail Revenue Requirements Summary						[Section (5)(c)1.a.]
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.						For the Year Ended: 12/31/2007
COMPANY: Progress Energy - FL								Witness: Will Garrett
DOCKET NO.: 080009-EI								
Line No.		(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$46,230	\$68,884	\$97,726	\$131,079	\$171,049	\$264,327	\$926,842
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule T-3A, line 8)	\$176	\$242	\$335	\$482	\$630	\$872	\$3,053
6.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	\$46,406	\$69,126	\$98,061	\$131,541	\$171,679	\$265,199	\$926,896
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	\$46,406	\$69,126	\$98,061	\$131,541	\$171,679	\$265,199	\$926,896

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EXHIBT 5
Page 1 of 2

Schedule T-3		CRYSTAL RIVER UNIT 3 UPRATE Pre-Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing: Carrying Costs		[Section (5)(c)1.a.]
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION:	Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.	
COMPANY: Progress Energy - FL				For the Year Ended: 12/31/2007
DOCKET NO.: xxxxxx-EI				Witness: Will Garrett

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total	
Jurisdictional Dollars									
1.	Nuclear CWIP Additions (Schedule T-6, line 82)	(\$40,123)	\$1,624,534	\$402,817	\$47,840	\$609,396	\$804,898	\$894,858	\$4,183,943
2.	Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments		\$0	\$5,475	\$12,700	\$14,387	\$16,818	\$21,951	\$71,331
4.	CWIP Base Eligible for Return (Prior Mo Balance + Line 1 - 2 + 3)		\$1,584,411	\$1,992,703	\$2,053,043	\$2,676,826	\$3,498,342	\$4,215,151	\$4,215,151
5.	Average Net CWIP Additions		\$772,144	\$1,791,295	\$2,029,223	\$2,372,128	\$3,095,993	\$3,867,722	n/a
6.	Return on Average Net CWIP Additions (c)								
a.	Equity Component (Line 5 x 6.819% x 1/12) (a)		\$4,219	\$9,788	\$11,088	\$12,961	\$18,917	\$21,133	\$76,105
b.	Equity Comp. grossed up for taxes (Line 6a x 1.828002) (b)		\$6,869	\$15,934	\$18,051	\$21,101	\$27,540	\$34,405	\$123,900
c.	Debt Component (Line 5 x 2.029% x 1/12)		\$1,256	\$2,913	\$3,300	\$3,857	\$5,034	\$6,289	\$22,648
7.	Total Return Requirements (Line 6b + 6c)		\$8,124	\$18,847	\$21,350	\$24,958	\$32,574	\$40,694	\$146,547
8.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Difference (Line 7 - Line 8)		\$8,124	\$18,847	\$21,350	\$24,958	\$32,574	\$40,694	\$146,547

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.848%.

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EXHIBT 5
Page 2 of 2

Schedule T-3		CRYSTAL RIVER UNIT 3 UPRATE Pre-Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing: Carrying Costs		[Section (5)(c)1.a.]
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION:	Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.	For the Year Ended: 12/31/2007
COMPANY: Progress Energy - FL				Witness: Will Garrett
DOCKET NO.: xxxxxx-EI				

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total	
Jurisdictional Dollars									
1.	Nuclear CWIP Additions (Schedule T-6, line 62)	\$4,215,151	\$302,610	\$3,941,416	\$1,448,364	\$4,759,936	\$2,661,121	\$14,839,438	\$32,139,826
2.	Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments		\$27,422	\$31,153	\$46,419	\$65,854	\$86,330	\$115,264	\$445,772
4.	CWIP Base Eligible for Return (Prior Mo Balance + Line 1 - 2 + 3)		\$4,545,183	\$8,517,752	\$10,012,534	\$14,836,325	\$17,567,775	\$32,542,475	\$32,582,588
5.	Average Net CWIP Additions		\$4,393,876	\$6,547,044	\$9,286,352	\$12,458,357	\$16,257,215	\$25,122,757	n/a
6.	Return on Average Net CWIP Additions (c)								
a.	Equity Component (Line 5 x 6.819% x 1/12) (a)		\$24,008	\$35,773	\$50,752	\$68,072	\$88,829	\$137,271	\$480,811
b.	Equity Comp. grossed up for taxes (Line 6a x 1.828002) (b)		\$39,085	\$58,239	\$82,624	\$110,822	\$144,614	\$223,477	\$782,761
c.	Debt Component (Line 5 x 2.029% x 1/12)		\$7,144	\$10,845	\$15,103	\$20,257	\$26,434	\$40,850	\$143,382
7.	Total Return Requirements (Line 6b + 6c)		\$46,229	\$68,884	\$97,726	\$131,079	\$171,049	\$264,327	\$925,842
8.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Difference (Line 7 - Line 8)		\$46,230	\$68,884	\$97,726	\$131,079	\$171,049	\$264,327	\$925,842

Notes:

- (a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.
(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.
(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/n} - 1] \times 100$, resulting in a monthly accrual rate of 0.005484 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.846%.

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EXHIBIT 6

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Schedule T-3A		CRYSTAL RIVER UNIT 3 UPRATE Pre-Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing: Deferred Tax Carrying Costs							[Section (5)(c)1.a.]
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION: Provide the calculation of the Actual deferred tax Carrying Costs for the current year.							For the Year Ended: 12/31/2007
COMPANY: Progress Energy - FL									Witness: Will Garrett
DOCKET NO.: xxxxxx-EI									
Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 8 Month Total	
Jurisdictional Dollars									
1. Construction Period Interest (Schedule T-3B, Line 7)		\$3,207	\$7,416	\$8,352	\$9,716	\$14,017	\$17,466	\$60,174	
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1 + Line 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3. Other Adjustments		(\$1,258)	(\$2,913)	(\$3,300)	(\$3,857)	(\$5,034)	(\$6,289)	(\$22,849)	
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$0	\$1,951	\$6,456	\$11,507	\$17,368	\$26,349	\$37,526	
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)		\$0	\$753	\$2,490	\$4,439	\$6,699	\$10,164	\$14,476	n/a
6. Average Accumulated DTA		\$376	\$1,821	\$3,464	\$5,589	\$8,431	\$12,320		
7. Carrying Costs on DTA (c)									
a. Equity Component (Line 6 x 8.818% x 1/12) (a)		\$2	\$9	\$19	\$30	\$46	\$67	\$174	
b. Equity Comp. grossed up for taxes (Line 7a x 1.628002) (b)		\$3	\$14	\$31	\$50	\$75	\$110	\$283	
c. Debt Component (Line 6 x 2.029% x 1/12)		\$1	\$3	\$6	\$9	\$14	\$20	\$52	
8. Total Return Requirements (Line 7b + 7c)		\$4	\$17	\$36	\$59	\$89	\$130	\$334	
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10. Difference (Line 8 - Line 9)		\$4	\$17	\$36	\$59	\$89	\$130	\$334	

Notes:

(a) The monthly Equity Component of 8.86% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001826 (Debt), which results in the annual rate of 8.848%.

EXHIBIT 6
Page 2 of 2

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Deferred Tax Carrying Costs

[Section (5)(c)1. a.]

Schedule T-3A

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

For the Year Ended: 12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

xxxxxx-EI

Witness: Will Garrett

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule T-3B, Line 7)		\$19,761	\$28,524	\$41,823	\$56,204	\$73,278	\$113,534	\$394,395
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1 + Line 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		(\$7,144)	(\$10,845)	(\$16,103)	(\$20,267)	(\$26,434)	(\$40,850)	(\$143,082)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>\$37,526</u>	<u>\$50,143</u>	<u>\$95,021</u>	<u>\$95,841</u>	<u>\$131,788</u>	<u>\$178,629</u>	<u>\$251,314</u>
5. Deferred Tax Asset (DTA) on Tax Basis In Excess of Book (Line 4 * Tax Rate)		<u>\$14,478</u>	<u>\$19,243</u>	<u>\$28,825</u>	<u>\$38,871</u>	<u>\$50,837</u>	<u>\$68,908</u>	n/a
6. Average Accumulated DTA		\$16,910	\$22,984	\$31,798	\$43,804	\$59,872	\$82,926	
7. Carrying Costs on DTA (c)								
a. Equity Component (Line 6 x 6.819% x 1/12) (a)		\$92	\$126	\$174	\$240	\$327	\$453	\$1,568
b. Equity Comp. grossed up for taxes (Line 7a x 1.828002) (b)		\$150	\$204	\$283	\$391	\$533	\$738	\$2,581
c. Debt Component (Line 6 x 2.029% x 1/12)		\$27	\$37	\$52	\$71	\$97	\$135	\$472
8. Total Return Requirements (Line 7b + 7c)		<u>\$178</u>	<u>\$242</u>	<u>\$335</u>	<u>\$462</u>	<u>\$630</u>	<u>\$872</u>	<u>\$3,053</u>
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)		<u>\$178</u>	<u>\$242</u>	<u>\$335</u>	<u>\$462</u>	<u>\$630</u>	<u>\$872</u>	<u>\$3,053</u>

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.644%.

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EXHIBIT 7

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CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction Period Interest

[Section (5)(c)1.a.]

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

For the Year Ended: 12/31/2007

COMPANY:

Progress Energy - FL

Witness: Will Garrett

DOCKET NO.:

xxxxxx-EI

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 8 Month Total
<i>Jurisdictional Dollars</i>								
1. Beginning Balance		(\$40,123)	\$1,584,411	\$1,987,228	\$2,034,868	\$2,844,264	\$3,448,962	n/a
2. Additions Site Selection & Preconstruction (Schedule T-2, line 1)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction (Schedule T-3, line 1)		\$1,624,534	\$402,817	\$47,640	\$609,398	\$804,898	\$894,858	\$4,183,943
4. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	
5. Average Balance Eligible for CPI		\$772,144	\$1,785,820	\$2,011,048	\$2,339,568	\$3,048,613	\$3,798,391	
6. Monthly CPI Rate		0.0041529	0.0041529	0.0041529	0.0041529	0.0046008	0.0046008	
7. Construction Period Interest for Tax (CPI)		\$3,207	\$7,416	\$8,352	\$9,716	\$14,017	\$17,466	\$60,174
8. Ending Balance Excluding CPI		(\$40,123)	\$1,584,411	\$1,987,228	\$2,034,868	\$2,844,264	\$3,448,962	\$4,143,820

EXHIBIT 7

Page 2 of 2

CRYSTAL RIVER UNIT 3 UPRATE
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Construction Period Interest

{Section (5)(c)1 a.}

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY:

Progress Energy - FL

For the Year Ended: 12/31/2007

DOCKET NO.:

xxxxxx-EI

Witness: Will Garrett

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$4,143,820	\$4,448,430	\$8,387,848	\$8,836,210	\$14,596,148	\$17,257,287	n/a
2. Additions Site Selection & Preconstruction (Schedule T-2, line 1)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction (Schedule T-3, line 1)		\$302,810	\$3,941,418	\$1,448,384	\$4,759,938	\$2,661,121	\$14,839,438	\$32,138,828
4. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Balance Eligible for CPI		<u>\$4,295,125</u>	<u>\$8,417,138</u>	<u>\$9,112,028</u>	<u>\$12,216,178</u>	<u>\$15,926,707</u>	<u>\$24,676,985</u>	
6. Monthly CPI Rate		0.0046008	0.0046008	0.0046008	0.0046008	0.0046008	0.0046008	
7. Construction Period Interest for Tax (CPI)		\$19,781	\$29,524	\$41,923	\$56,204	\$73,276	\$113,534	\$394,395
8. Ending Balance Excluding CPI		<u>\$4,143,820</u>	<u>\$4,448,430</u>	<u>\$8,387,848</u>	<u>\$8,836,210</u>	<u>\$14,596,148</u>	<u>\$17,257,287</u>	<u>\$32,491,098</u>

Docket No. 080009-EI
Audit Report for PEF Uprate
Exhibit JAS-1 (Page 17 of 18)

EXHIBIT 8

CRYSTAL RIVER UNIT 3 UPRATE Pre-Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing: Monthly Expenditures

[Section (5)(c)(1.a.)]
[Section (8)(d)]

Schedule T-6

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

For the Year Ended:

12/31/2007

COMPANY:

Progress Energy - FL

DOCKET NO.:

01

Witness: Will Garrett

Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
Site Selection:													
Site Selection may include the same costs as shown below in Pre-Construction.													
Pre-Construction:													
Generation:													
License Application	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Engineering & Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Permitting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Clearing, Grading and Excavation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
On-Site Construction Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Generation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
Total Jurisdictional Generation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transmission:													
Line Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Substation Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Clearing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
Total Jurisdictional Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Jurisdictional Preconstruction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Construction:													
Generation:													
Real Estate Acquisitions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Project Management	\$67,188	\$41,985	\$24,452	\$131,129	\$337,406	\$228,622	\$281,864	\$116,341	\$241,666	\$312,761	\$66,374	\$466,032	\$2,398,811
Permanent Staff/Training	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Preparation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
On-Site Construction Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Power Block Engineering, Procurement, etc.	\$303,477	(\$280,310)	\$1,153,646	\$438,185	\$358,200	(\$49,378)	\$4,097,806	\$2,087,133	\$3,845,386	\$6,743,824	\$9,026,866	\$5,484,643	\$36,200,299
Non-Power Block Engineering, Procurement, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Generation Costs (Note 1)	\$372,665	(\$280,310)	\$1,178,101	\$578,284	\$696,606	\$179,622	\$4,358,478	\$2,182,474	\$4,108,801	\$10,056,685	\$13,124,830	\$5,944,715	\$38,520,914
Less Adjustments:													
Joint Owner Billing	(\$30,878)	\$26,705	(\$86,854)	(\$44,875)	(\$57,257)	(\$14,718)	(\$362,221)	\$108,443	(\$621,486)	(\$826,599)	(\$750,014)	(\$455,875)	(\$3,133,343)
Non-Cash Accruals	\$1,290,787	\$686,268	(\$1,030,730)	\$126,582	\$218,964	\$578,831	(\$3,874,476)	\$1,813,127	(\$1,840,362)	(\$4,152,953)	(\$5,336,477)	\$10,339,485	(\$1,106,180)
Net Generation Costs (Note 2)	\$1,732,781	\$429,663	\$50,514	\$660,002	\$858,311	\$741,158	(\$322,773)	\$4,204,043	\$1,544,873	\$5,077,102	\$2,838,436	\$15,828,228	\$34,276,183
Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
Total Generation Costs Eligible for Carrying Costs	\$1,824,534	\$402,817	\$47,840	\$809,396	\$804,668	\$694,658	\$302,810	\$3,941,416	\$1,448,364	\$4,759,838	\$2,661,121	\$14,839,436	\$32,136,826
Transmission:													
Line Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Substation Engineering	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Real Estate Acquisitions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Line Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Substation Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
Total Jurisdictional Transmission Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Jurisdictional Construction Costs	\$1,824,534	\$402,817	\$47,840	\$809,396	\$804,668	\$694,658	\$302,810	\$3,941,416	\$1,448,364	\$4,759,838	\$2,661,121	\$14,839,436	\$32,136,826

Note 1: Line 39 represents generation construction costs on an accrual basis, gross of joint owner billings and excludes AFUDC.
Note 2: Line 43 represents net generation costs on a cash basis, net of joint owner billings.

Page 1 of 1

Audit Report for PEF Uprate
Exhibit JAS-1 (Page 18 of 18)

DOCKET NO. 080009-EI: Nuclear cost recovery clause for Progress Energy Florida, Inc.

WITNESS: Direct Testimony Of Jeffery A. Small, Appearing On Behalf Of the Staff of the Florida Public Service Commission

EXHIBIT JAS-2: Audit Report to address the pre-construction costs as of December 31, 2007 for Levy County Units 1 & 2 (Redacted)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080009-EI EXHIBIT 17
COMPANY Office of Public Counsel (Direct)
WITNESS Jeffery A. Small (JAS-2)
DATE 09/11-12/08



FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF REGULATORY COMPLIANCE & CONSUMER ASSISTANCE
BUREAU OF AUDITING

Tampa District Office

PROGRESS ENERGY FLORIDA, INC.
NUCLEAR COST RECOVERY CLAUSE

LEVY COUNTY UNITS 1 & 2
PRE-CONSTRUCTION COST

AS OF DECEMBER 31, 2007

DOCKET NO. 080009-EI
AUDIT CONTROL NO. 08-087-2-1

A handwritten signature in dark ink, appearing to read "J. A. Small", written over a horizontal line.

Jeffery A. Small, Audit Manager

A handwritten signature in dark ink, appearing to read "J. W. Rohrbacher", written over a horizontal line.

*Joseph W. Rohrbacher, District
Supervisor*

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¹ Schedules included in the company's filing that did not contain information reviewed by the audit staff is not incorporated in this report.

**DIVISION OF REGULATORY COMPLIANCE & CONSUMER ASSISTANCE
AUDITOR'S REPORT**

JULY 17, 2008

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have performed the procedures described later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request dated March 27, 2008. We have applied these procedures to the attached schedules prepared by Progress Energy Florida, Inc. in support of its 2007 filings for Nuclear Cost Recovery Clause relief in Docket No. 080009-EI.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES AND PROCEDURES

GENERAL

To verify that the company's 2007 Nuclear Cost Recovery Clause (NCRC) filings in Docket No. 080009-EI are consistent and in compliance with Section 366.93, F.S. and Chapter 25-6.0423, F.A.C.

SPECIFIC

1. *Objective:* Verify that the company's filing is properly recorded on its books and records according to the Code of Federal Regulations (CFR) Uniform System of Accounts. (USoA)
Procedures: We reconciled the company's filing to the general ledger and verified that the costs incurred were posted to the proper USoA account.
2. *Objective:* Verify that Schedule T-1 is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the monthly revenue requirement accruals displayed on Schedule T-1 to the supporting schedules in the company's 2007 NCRC filing.
3. *Objective:* Verify that the carrying cost amounts displayed on Schedule T-3, which rolls forward to Schedule T-1, are accurately calculated and that they include the correct balances from the supporting schedules of the company's 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the carrying cost accruals displayed on Schedule T-3 to the supporting schedules in the company's 2007 NCRC filing. We recalculated a sample of the Allowance for Funds Used During Construction (AFUDC) balances displayed as Other Adjustments in the filing and reconciled the rates applied by the company to its approved AFUDC rates in Order No. PSC-05-0945-FOF-EI, issued September 28, 2005.
4. *Objective:* Verify that the Deferred Tax Return Requirement amount displayed on Schedule T-3A, which rolls forward to Schedule T-1, is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the monthly deferred tax carrying cost accruals displayed on Schedule T-3A to the supporting schedules in the company's 2007 NCRC filing. We recalculated a sample of the monthly carrying cost balances for deferred tax assets based on the equity and debt components established in Order No. PSC-05-0945-FOF-EI.
5. *Objective:* Verify that the Construction Period Interest (CPI) amount displayed on Schedule T-3B, which rolls forward to Schedule T-3A, is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2007 NCRC filing.

Procedures: We reconciled and recalculated a sample of the monthly CPI accruals displayed on Schedule T-3B to the supporting schedules in the company's 2007 NCRC filing. We recalculated the company's CPI rate and reconciled the component balances to the company's general ledger.

6. *Objective:* Verify that the jurisdictional nuclear construction amounts, displayed on Schedule T-6 of the company's 2007 filing, which rolls forward to Schedule T-3, are accurately calculated and are supported by original source documentation.

Procedures: We recalculated a sample of monthly jurisdictional nuclear construction expenditures displayed on Schedule T-6 of the company's 2007 NCRC filing. We sampled and verified the construction and transmission cost expenditures and traced the invoiced amounts to supporting documentation. We reconciled the jurisdictional factors applied by the company to the eligible carrying cost to the factors approved in Order No. PSC-06-0972-FOF-EI, issued November 22, 2006, in Docket No. 060007-EI. Audit Finding No. 1 discusses our analysis and discloses additional information concerning the company's balances for generation, transmission and future use land.

AUDIT FINDING NO. 1

SUBJECT: LAND AND LAND RIGHTS

AUDIT ANALYSIS:

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

EXHIBIT 1

Schedule T-1		Levy County Nuclear Filing Pre-Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing: Retail Revenue Requirements Summary						[Section (5)(c)1.a.]
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.						For the Year Ended 12/31/2007
COMPANY: Progress Energy - FL								Witness:
DOCKET NO.: 080149-EI								
Line No.		(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	-	-	224,668	460,558	482,321	543,738	1,711,284
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 24)	-	-	-	-	-	-	-
4.	Deferred Tax Liability Carrying Cost (Schedule T-3A, line 8)	-	-	(70)	(285)	(581)	(904)	(1,841)
5.	Other Adjustments	-	-	-	-	-	-	-
6.	Total Period Revenue Requirements (Lines 1 through 5)	-	-	224,596	460,273	482,739	543,835	1,711,443
7.	Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8.	Difference (Line 6 - Line 7)	\$ -	\$ -	\$ 224,596	\$ 460,273	\$ 482,739	\$ 543,835	\$ 1,711,443

EXHIBIT 2

Schedule T-3		Levy County Nuclear Filing Pre-Construction Costs and Carrying Costs on Construction Cost Balance True-up Filing: Construction		(Section 5)(c)1 a.)
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION:	Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.	For the Year Ended 12/31/2007
COMPANY: Progress Energy - FL				Witness:
DOCKET NO.: 080149-El				

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions (Schedule T-6, line 48)		\$ -	\$ -	\$ 42,706,524	\$ 1,831,101	\$ 1,875,080	\$ 9,146,386	\$ 55,561,072
2. Transfers to Plant in Service		-	-	-	-	-	-	-
3. Other Adjustments (d)		-	-	-	151,385	310,354	325,893	787,441
4. CWIP Base Eligible for Return (PM CWIP Bal. + Line 1 - 2 + 3)		-	-	42,706,524	54,889,070	48,874,434	56,348,513	56,348,513
5. Average Net CWIP Additions		-	-	21,353,262	43,773,469	45,936,904	51,774,320	n/a
6. Return on Average Net CWIP Additions (c)		-	-	-	-	-	-	-
a. Equity Component (a)		-	-	116,674	239,178	250,999	287,895	694,747
b. Equity Comp. grossed up for taxes (b)		-	-	196,945	396,383	408,627	460,553	1,448,509
c. Debt Component		-	-	34,720	71,176	74,683	84,186	264,765
7. Total Return Requirements (Line 6b + 6c)		-	-	224,868	460,556	483,321	544,738	1,713,284
8. Total Return Requirements from most recent Projections		-	-	-	-	-	-	-
9. Difference (Line 7 - Line 8)		\$ -	\$ -	\$ 224,868	\$ 460,556	\$ 483,321	\$ 544,738	\$ 1,713,284

Notes:

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.57%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly Accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.618%.

(d) Return on average net Construction Work in Progress (CWIP) additions that is being included in the Levy costs until such time as these costs are recovered under the Capacity Cost Recovery (CCR) rate.

Page 2 of 2

Docket No. 080009-El
 Audit Report for PEF Levy Pre-Construction
 Redacted
 Exhibit JAS-2 (Page 11 of 14)

EXHIBIT 3

Schedule T-3A

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY:

Progress Energy - FL

DOCKET NO.:

080149-EI

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.a.]

EXPLANATION:

Provide the calculation of the Actual
deferred tax Carrying Costs for the current
year.

For the Year Ended 12/31/2007

Witness:

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule T-3B, Line 7)		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1 + Line 3)								
3. Other Adjustments (d)				(34,720)	(71,178)	(74,840)	(84,185)	(264,775)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)				(34,720)	(105,898)	(189,589)	(254,775)	n/a
5. Deferred Tax Liability (DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate)				(13,303)	(40,849)	(69,642)	(102,137)	n/a
6. Average Accumulated DTA				(8,867)	(71,121)	(55,236)	(85,900)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)				(37)	(148)	(202)	(406)	(596)
b. Equity Comp. grossed up for taxes (b)				(80)	(241)	(492)	(704)	(1,516)
c. Debt Component				(11)	(144)	(190)	(140)	(285)
8. Total Return Requirements (Line 7b + 7c)				(70)	(285)	(581)	(804)	(1,641)
9. Total Return Requirements from most recent Projections								
10. Difference (Line 8 - Line 9)				(70)	(285)	(581)	(804)	(1,641)

Notes:

(a) The monthly Equity Component of 8.85% reflects an 11.75% return on equity

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$; resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt) which results in the annual rate of 6.548%

(d) Return on average net Construction Work In Progress (CWIP) additions that is being included in the Levy costs until such time as these costs are recovered under the Capacity Cost Recovery (CCR) rate.

Page 2 of 2

EXHIBIT 4

Levy County Nuclear Filing
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up Filing: Construction Period Interest

Schedule T-3B

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Progress Energy - FL

DOCKET NO.: 080149-EI

EXPLANATION: Provide the calculation of the Actual Construction Period Interest for the current year.

For the Year Ended 12/31/2007

Witness

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Beginning Balance	\$ -	\$ -	\$ -	\$ 42,493,547	\$ 42,706,524	\$ 44,537,825	\$ 46,412,685	
2. Additions Site Selection & Preconstruction (Schedule T-2, line 1)								
3. Additions Construction (Schedule T-3, line 1)			42,493,547	212,917	1,831,101	1,875,000	9,148,386	55,561,072
4. Other Adjustments								
5. Average Balance Eligible for CPI			21,246,774	42,800,036	43,822,075	45,475,155	50,366,818	
6. Monthly CPI Rate (a)								
7. Construction Period Interest for Tax (CPI)								
8. Ending Balance Excluding CPI	\$ -	\$ -	\$ -	\$ 42,493,547	\$ 42,706,524	\$ 44,537,825	\$ 46,412,685	\$ 55,561,072

(a) CPI is not calculated until construction starts for tax purposes.

Page 2 of 2

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 Audit Report for PEF Levy Pre-Construction
 Redacted
 Exhibit JAS-2 (Page 13 of 14)

EXHIBIT 5

Lavy County Nuclear Filing													
Pre-Construction Costs and Carrying Costs on Construction Cost Balance													
Tree-up Filing: Monthly Expenditures													
[Section (D)(1)(4)]													
[Section (B)(4)]													
Florida Public Service Commission													
EXPLANATION: Provide the actual monthly expenditures by major state performed													
will in Site Selection and Construction categories													
for the prior year.													
For the Year Ended 12/31/2007													
Witness:													
DESCRIPTION	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
Preconstruction:													
Generation:													
1. License Application	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2. Engineering & Design													
3. Permitting													
4. Clearing, Grading and Excavation													
5. On-Site Construction Facilities													
6. Total Generation Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
7. Less Adjustments:													
8. Non-Cash Accruals													
9. Other													
10. Net Generation Costs													
11. Jurisdictional Factor	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753
12. Total Jurisdictional Generation Costs													
Transmission:													
13. Line Engineering	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
14. Substation Engineering													
15. Clearing													
16. Other													
17. Total Transmission Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
18. Less Adjustments:													
19. Non-Cash Accruals													
20. Other													
21. Net Transmission Costs													
22. Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
23. Total Jurisdictional Transmission Costs													
24. Total Jurisdictional Preconstruction Costs													
Construction:													
Generation:													
25. Real Estate Acquisitions	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
26. Project Management													
27. Professional Staff Training													
28. Site Preparation													
29. On-Site Construction Facilities													
30. Power Block Engineering, Procurement, etc.													
31. Non-Power Block Engineering, Procurement, etc.													
32. Total Generation Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
33. Less Adjustments:													
34. Non-Cash Accruals													
35. Other													
36. Net Generation Costs													
37. Jurisdictional Factor	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753	0.83753
38. Total Jurisdictional Generation Costs													
Transmission:													
39. Line Engineering	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
40. Substation Engineering													
41. Real Estate Acquisitions													
42. Line Construction													
43. Substation Construction													
44. Other													
45. Total Transmission Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
46. Less Adjustments:													
47. Non-Cash Accruals													
48. Other													
49. Net Transmission Costs													
50. Jurisdictional Factor	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
51. Total Jurisdictional Transmission Costs													
52. Total Jurisdictional Construction Costs													

DOCKET NO. 080009-EI: Nuclear cost recovery clause for Progress Energy Florida, Inc.

WITNESS: Direct Testimony Of Jeffery A. Small, Appearing On Behalf Of the Staff of the Florida Public Service Commission

EXHIBIT JAS-3: Audit Report to address the site selection costs as of December 31, 2007 for Levy County Units 1 & 2.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 18

COMPANY Office of Public Counsel (Direct)

WITNESS Jeffery A. Small (JAS-3)

DATE 09/11-12/08



FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF REGULATORY COMPLIANCE & CONSUMER ASSISTANCE
BUREAU OF AUDITING

Tampa District Office

PROGRESS ENERGY FLORIDA, INC.

NUCLEAR COST RECOVERY CLAUSE

LEVY COUNTY UNITS 1 & 2
SITE SELECTION COST

AS OF DECEMBER 31, 2007

DOCKET NO. 080009-EI
AUDIT CONTROL NO. 08-087-2-2

A handwritten signature in dark ink, appearing to read "Jeffery A. Small", is written over a horizontal line.

Jeffery A. Small, Audit Manager

A handwritten signature in dark ink, appearing to read "Joseph W. Rohrbacher", is written over a horizontal line.

**Joseph W. Rohrbacher, District
Supervisor**

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¹ Schedules included in the company's filing that did not contain information reviewed by the audit staff are not incorporated in this report.

**DIVISION OF REGULATORY COMPLIANCE & CONSUMER ASSISTANCE
AUDITOR'S REPORT**

JULY 16, 2008

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have performed the procedures described later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request dated March 27, 2008. We have applied these procedures to the attached schedules prepared by Progress Energy Florida, Inc. in support of its 2006 and 2007 filings for Nuclear Cost Recovery Clause relief of its site selection cost in Docket No. 080009-EI.

This audit was performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES AND PROCEDURES

GENERAL

To verify that the company's 2006 and 2007 Nuclear Cost Recovery Clause (NCRC) filings in Docket No. 080009-EI are consistent and in compliance with Section 366.93, F.S. and Chapter 25-6.0423, F.A.C.

SPECIFIC

1. *Objective:* Verify that the company's filing is properly recorded on its books and records according to the Code of Federal Regulations (CFR) Uniform System of Accounts (USoA).
Procedures: We reconciled the company's filing to the general ledger and verified that the costs incurred were posted to the proper USoA account.
2. *Objective:* Verify that Schedule SS-1 is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2006 and 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the monthly revenue requirement accruals displayed on Schedule SS-1 to the supporting schedules in the company's 2006 and 2007 NCRC filing. Audit Finding No. 1 discusses our recommended adjustment to correct a calculation error on Schedule SS-3A that rolls forward to Schedule SS-1.
3. *Objective:* Verify that Schedule SS-2 is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2006 and 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the monthly site selection expenditures displayed on Schedule SS-2 to the supporting schedules in the company's 2006 and 2007 NCRC filing. We recalculated a sample of the Allowance for Funds Used During Construction (AFUDC) balances displayed in the filing and reconciled the rates applied by the company to its approved AFUDC rates in Order No. PSC-05-0945-FOF-EI, issued September 28, 2005.
4. *Objective:* Verify that the Deferred Tax Return Requirement amount displayed on Schedule SS-3A, which rolls forward to Schedule SS-1, is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2007 NCRC filing.
Procedures: We reconciled and recalculated a sample of the monthly deferred tax carrying cost accruals displayed on Schedule SS-3A to the supporting schedules in the company's 2007 NCRC filing. We recalculated a sample of the monthly carrying cost balances for deferred tax assets based on the equity and debt components established in Order No. PSC-05-0945-FOF-EI. Audit Finding No. 1 discusses our recommended adjustment to correct a calculation error in the company's schedule.

5. *Objective:* Verify that the Recoverable O&M Expenditure amount displayed on Schedule SS-4, which rolls forward to Schedule SS-1, is accurately calculated and that it includes the correct balances from the supporting schedules of the company's 2007 NCRC filing.

Procedures: We recalculated a sample of the monthly recoverable O&M expenditures displayed on Schedule SS-4 of the company's 2007 NCRC filing. We sampled and verified the O&M cost accruals and traced the invoiced amounts to supporting documentation. We verified company salary expense accruals and recalculated the respective overhead burdens the company applied. We reconciled the jurisdictional factors applied by the company to the eligible carrying cost to the factors approved in Order No. PSC-06-0972-FOF-EI, issued November 22, 2006, in Docket No. 060007-EI.

6. *Objective:* Verify that the jurisdictional nuclear construction amounts, displayed on Schedule SS-6 of the company's 2006 and 2007 filing, which rolls forward to Schedule SS-2, are accurately calculated and are supported by original source documentation.

Procedures: We recalculated a sample of monthly jurisdictional nuclear construction accruals displayed on Schedule SS-6 of the company's 2006 and 2007 NCRC filing. We sampled and verified the generation and transmission cost accruals and traced the invoiced amounts to supporting documentation. We verified company salary expense accruals and recalculated the respective overhead burdens the company applied. We reconciled the jurisdictional factors applied by the company to the eligible carrying cost to the factors approved in Order No. PSC-06-0972-FOF-EI, issued November 22, 2006, in Docket No. 060007-EI.

AUDIT FINDING NO. 1.

SUBJECT: DEFERRED TAX CARRYING COST

AUDIT ANALYSIS: The Company's filing reflects a credit balance of \$6,170 for deferred tax carrying cost on Schedule SS-3A, Line 8, as of December 31, 2007.

We recalculated the balances on the above schedule and discovered an error in the company's presentation. In July 2007, Column J, Line 4, the company's schedule calculates a year to date credit balance of \$184,156. The company's calculation included the six month total of January - June 2007 balances instead of the June 2007 month end balance to determine the July 2007 year to date balance. The effect of this error overstates the July 2007 year to date balance and all succeeding year to date balances by \$112,483.

The net effect of this error overstates the balance for the total return requirement displayed in Column P, Line 10, by \$2,739. (\$6,170 - \$3,431) See Attachment 1 that follows for our recalculation.

Additionally, the above error is carried forward into Schedule SS-1 of the company's filing because the monthly balances determined on Schedule SS-3A, Line 8 are included on Schedule SS-1, Line 4. The net effect of the above described error understates the company's total period revenue requirement by \$2,739. (\$14,580,252 - \$14,577,513) See Attachment 2 that follows for our recalculation.

EFFECT ON THE FILING: Increase the total period revenue requirement displayed on Schedule SS-1, Line 6, by \$2,739 as of December 31, 2007.

EFFECT ON THE GENERAL LEDGER: None

Attachment 1 – 2007 Schedule SS-3A²

Line No.	Actual Jan-07	Actual Feb-07	Actual Mar-07	Actual Apr-07	Actual May-07	Actual Jun-07	Actual Jul-07	Actual Aug-07	Actual Sep-07	Actual Oct-07	Actual Nov-07	Actual Dec-07	12 Month Total
Construction Period Interest (Schedule T-3B, Line 7)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Recovered Costs Excluding AFUDC (Schedule T-2, Line 1+ Line 3)	-	-	-	-	-	-	-	-	-	-	-	-	-
3 Other Adjustments	\$ (5,811)	\$ (7,424)	\$ (9,287)	\$ (8,066)	\$ (9,740)	\$ (14,403)	\$ (16,942)	\$ (19,326)	\$ (22,336)	\$ (25,100)	\$ (27,781)	\$ (28,614)	\$ (194,830)
Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ (5,811)	\$ (13,235)	\$ (22,522)	\$ (30,588)	\$ (40,328)	\$ (54,731)	\$ (71,673)	\$ (90,999)	\$ (113,335)	\$ (138,435)	\$ (166,216)	\$ (194,830)	
Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$ (2,242)	\$ (5,105)	\$ (8,688)	\$ (11,799)	\$ (15,557)	\$ (21,112)	\$ (27,648)	\$ (35,103)	\$ (43,719)	\$ (53,401)	\$ (64,118)	\$ (75,156)	
6 Average Accumulated DTA	(\$1,121)	(\$3,673)	(\$6,897)	(\$10,244)	(\$13,678)	(\$18,335)	(\$24,380)	(\$31,375)	(\$39,411)	(\$48,560)	(\$58,760)	\$69,637	
7 Carrying Cost on DTA	-	-	-	-	-	-	-	-	-	-	-	-	
a. Equity Component (a)	(\$6)	(\$20)	(\$38)	(\$56)	(\$75)	(\$100)	(\$133)	(\$171)	(\$215)	(\$265)	(\$321)	\$380	\$1,730
Equity Comp. grossed up for b. taxes (b)	(\$10)	(\$33)	(\$61)	(\$91)	(\$122)	(\$163)	(\$217)	(\$279)	(\$351)	(\$432)	(\$523)	(\$619)	\$2,900
c. Debt Component	(\$2)	(\$6)	(\$11)	(\$17)	(\$22)	(\$30)	(\$40)	(\$51)	(\$64)	(\$79)	(\$96)	(\$113)	(\$530)
Total Return Requirements (Line 8b + 8c)	(\$12)	(\$39)	(\$73)	(\$108)	(\$144)	(\$193)	(\$257)	(\$330)	(\$415)	(\$511)	(\$618)	(\$733)	\$3,431
Total Return Requirements from most recent Projections	-	-	-	-	-	-	-	-	-	-	-	-	
10 Difference (Line 9 - Line 10)	(\$12)	(\$39)	(\$73)	(\$108)	(\$144)	(\$193)	(\$257)	(\$330)	(\$415)	(\$511)	(\$618)	(\$733)	\$3,431

² The schedule above that we created only corrects the year to date monthly balance displayed on Line 4 for July through December 2007. All other information, carrying cost rates on DTA and calculations used in our recalculation of this schedule were incorporated from the company's corresponding schedule.

Attachment 2 – 2007 Schedule SS-1³

Line No.	Actual Jan-07	Actual Feb-07	Actual Mar-07	Actual Apr-07	Actual May-07	Actual Jun-07	Actual Jul-07	Actual Aug-07	Actual Sep-07	Actual Oct-07	Actual Nov-07	Actual Dec-07	12 Month Total
Site Selection Revenue Requirements (Schedule													
1. SS-2, line 7)	\$ 201,370	\$ 1,817,898	\$ 517,359	\$ (1,987,956)	\$ 4,091,375	\$ 1,716,077	\$ 1,483,159	\$ 1,537,118	\$ 2,265,727	\$ 1,246,625	\$ 2,173,840	\$ (1,026,384)	\$ 14,036,210
Construction Carrying Cost Revenue Requirements													
2. Requirements	-	-	-	-	-	-	-	-	-	-	-	-	-
Recoverable O&M Revenue Requirements													
3. (Schedule SS-4, line 28)	-	-	\$ 25,123	\$ 110	\$ 15,220	\$ 178	\$ 178	\$ 185	\$ 4,784	\$ 112,379	\$ 165,265	\$ 224,072	\$ 547,473
Deferred Tax Asset Carrying Cost (Schedule													
4. SS-3A, line 8)	(\$12)	(\$39)	(\$73)	(\$108)	(\$144)	(\$193)	(\$257)	(\$330)	(\$415)	(\$511)	(\$618)	(\$733)	(\$3,431)
5. Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Period Revenue Requirements (Lines 1 through 5)													
6. Total Return Requirements from most recent Projections	\$ 201,358	\$ 1,817,859	\$ 542,409	\$ (1,987,954)	\$ 4,106,451	\$ 1,716,062	\$ 1,483,080	\$ 1,536,973	\$ 2,270,076	\$ 1,358,493	\$ 2,338,487	\$ 1,803,045	\$ 14,580,252
Difference (Line 6 - Line 7)													
8. Line 7)	\$ 201,358	\$ 1,817,859	\$ 542,409	\$ (1,987,954)	\$ 4,106,451	\$ 1,716,062	\$ 1,483,080	\$ 1,536,973	\$ 2,270,076	\$ 1,358,493	\$ 2,338,487	\$ 1,803,045	\$ 14,580,252

³ The schedule above that we created only corrects the 12-month total balance and the monthly balance displayed on Line 4 for July through December 2007. All other information and calculations used in our recalculation of this schedule were incorporated from the company's corresponding schedule.

EXHIBIT 1
Page 1 of 2

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Retail Revenue Requirements Summary

[Section (4)]
[Section (8)(d)]

Schedule SS-1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2006

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule SS-2, line 7)	\$ -	\$ -	\$ -	\$ 11,267	\$ 211,044	\$ (10,772)	\$ 211,539
2. Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	-	-	-	-	-	-	-
4. Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	-	-	-	-	-	-	-
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	-	-	-	11,267	211,044	(10,772)	211,539
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	\$ -	\$ -	\$ -	\$ 11,267	\$ 211,044	\$ (10,772)	\$ 211,539

EXHIBIT 1
Page 2 of 2

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Retail Revenue Requirements Summary

(Section (4))
(Section (8)(d))

Schedule SS-1

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2006

Witness: Lori Cross

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule SS-2, line 7)	\$ 155,142	\$ 137,968	\$ 36,990	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,729
2. Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	-	-	-	-	-	-	-
4. Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 5)	-	-	-	-	-	-	-
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	155,142	137,968	36,990	483,518	134,404	2,332,188	3,491,729
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	\$ 155,142	\$ 137,968	\$ 36,990	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,729

EXHIBIT 2

Page 1 of 2

Levy County Nuclear Filing Site Selection Costs and Carrying Costs Actual Filing: Site Selection Costs

Schedule SS-2

[Section (4)]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2006

DOCKET NO.: 080149 - E1

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Current Period Pre-Construction Expenses (Schedule SS-6 Line 34)	\$ -	\$ -	\$ -	\$ 11,287	\$ 211,044	\$ (10,772)	\$ 211,559
2. Prior Period Unrecovered Pre-Construction Balance	-	-	-	11,287	222,331	211,559	
3. Pre-Construction Expenses Recovered	-	-	-	-	-	-	
4. Average Balance Pre-Construction Expenses Eligible for Return	-	-	-	5,644	110,806	210,945	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)							
b. Equity Comp. grossed up for taxes (b)							
c. Debt Component							
6. Total Return Requirements (Line 5b + 5c)							
7. Total Costs to be Recovered				11,287	211,044	(10,772)	211,559
8. CWIP Additions, Amortization & Return from most recent Projections							
9. Over / (Under) Recovery (Line 7 - Line 8)	\$ -	\$ -	\$ -	\$ 11,287	\$ 211,044	\$ (10,772)	\$ 211,559

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{12} - 1] \times 100$, resulting in a monthly accrual rate of 0.005484 (Equity) and 0.001826 (Debt), which results in the annual rate of 6.648%.

Docket No. 080009-E1
Audit Report for PEF Levy Site Selection
Exhibit JAS-3 (Page 11 of 21)

EXHIBIT 2

Page 2 of 2

Schedule SS-2		Levy County Nuclear Filing Site Selection Costs and Carrying Costs Actual Filing: Site Selection Costs		[Section (4)] [Section (8)(d)]				
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION:		Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.				
COMPANY: PROGRESS ENERGY - FL				For the Year Ended 12/31/2006				
DOCKET NO.: 080149 - EI				Witness: Lori Gross				
Line No.		(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars								
1.	Current Period Pre-Construction Expenses (Schedule SS-6 Line 34)	\$ 155,142	\$ 137,968	\$ 36,980	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,739
2.	Prior Period Unrecovered Pre-Construction Balance	386,701	504,689	541,829	1,025,147	1,159,551	3,491,739	
3.	Pre-Construction Expenses Recovered							
4.	Average Balance Pre-Construction Expenses Eligible for Return	269,130	435,685	523,149	783,389	1,092,349	2,325,645	
5.	Return on Average Net Unamortized CWIP Eligible for Return (c)							
	a. Equity Component (a)							
	b. Equity Comp. grossed up for taxes (b)							
	c. Debt Component							
6.	Total Return Requirements (Line 5b + 5c)							
7.	Total Costs to be Recovered	155,142	137,968	36,980	483,518	134,404	2,332,188	3,491,739
8.	CWIP Additions & Amortization from most recent Projections							
9.	Difference (Line 7 - Line 8)	\$ 155,142	\$ 137,968	\$ 36,980	\$ 483,518	\$ 134,404	\$ 2,332,188	\$ 3,491,739

(a) The monthly Equity Component of 8.85% reflects an 11.78% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.573%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$, resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001628 (Debt), which results in the annual rate of 6.645%.

EXHIBIT 3

<p>Schedule SS-4</p> <p>Livy County Nuclear Filing</p> <p>Site Selection Costs and Carrying Costs</p> <p>Actual Filing: Monthly Expenditures</p>														
<p>FLORIDA PUBLIC SERVICE COMMISSION</p> <p>COMPANY: PROGRESS ENERGY - FL</p> <p>DOCKET NO.: 080148 - EI</p>														
<p>EXPLANATION</p> <p>Provide the actual monthly expenditures by major tasks performed within Site Selection category.</p>														
<p>For the Year Ended 12/31/2000</p> <p>Witness: Lori Cross</p>														
Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total	
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EXHIBIT 4
Page 1 of 2

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Retail Revenue Requirements Summary

(Section (4))
(Section (8)(d))

Schedule SS-1

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of
total retail revenue requirements based on actual
expenditures for the current year and the previously filed
expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule SS-2, line 7)	\$ 201,370	\$ 1,817,888	\$ 517,569	\$ (1,987,858)	\$ 4,081,375	\$ 1,716,077	\$ 8,386,124
2. Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	-	-	25,123	110	15,220	178	40,630
4. Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	(12)	(38)	(73)	(108)	(144)	(192)	(568)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	201,358	1,817,850	542,410	(1,987,854)	4,106,451	1,716,061	8,386,186
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	\$ 201,358	\$ 1,817,850	\$ 542,410	\$ (1,987,854)	\$ 4,106,451	\$ 1,716,061	\$ 8,386,186

EXHIBIT 4

Page 2 of 2

Levy County Nuclear Filing Site Selection Costs and Carrying Costs Actual Filing: Retail Revenue Requirements Summary

Schedule SS-1

[Section (4)]

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule SS-2, line 7)	\$ 1,483,159	\$ 1,537,118	\$ 2,265,727	\$ 1,246,625	\$ 2,173,840	\$ (1,026,384)	\$ 14,026,210
2. Construction Carrying Cost Revenue Requirements	-	-	-	-	-	-	-
3. Recoverable O&M Revenue Requirements (Schedule SS-4, line 28)	178	185	4,764	112,379	165,265	274,877	547,473
4. Deferred Tax Asset Carrying Cost (Schedule SS-3A, line 8)	(713)	(787)	(871)	(967)	(1,075)	(1,183)	(6,170)
5. Other Adjustments	-	-	-	-	-	-	-
6. Total Period Revenue Requirements (Lines 1 through 5)	1,482,624	1,536,517	2,269,620	1,358,037	2,338,030	(803,501)	14,577,513
7. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-
8. Difference (Line 6 - Line 7)	\$ 1,482,624	\$ 1,536,517	\$ 2,269,620	\$ 1,358,037	\$ 2,338,030	\$ (803,501)	\$ 14,577,513

Docket No. 080009-EI
Audit Report for PEF Levy Site Selection
Exhibit JAS-3 (Page 15 of 21)

EXHIBT 5
Page 1 of 2

Levy County Nuclear Filing
Site Selection Costs and Carrying Costs
Actual Filing: Site Selection Costs

Schedule SS-2

{Section (4)}
{Section (8)(d)}

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Current Period Pre-Construction Expenses (Schedule SS-6 Line 34)	\$ 183,770	\$ 1,769,880	\$ 457,264	\$ (2,040,150)	\$ 4,029,352	\$ 1,622,877	\$ 6,001,973
2. Prior Period Unrecovered Pre-Construction Balance	3,491,739	3,655,608	5,450,706	5,940,342	3,940,608	8,004,211	9,849,556
3. Pre-Construction Expenses Recovered							
4. Average Balance Pre-Construction Expenses Eligible for Return	3,573,624	4,565,776	5,711,710	4,980,763	5,990,035	8,658,119	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	19,526	24,947	31,209	27,106	32,730	48,401	183,918
b. Equity Comp. grossed up for taxes (b)	31,789	40,614	50,808	44,128	53,284	78,797	299,420
c. Debt Component	5,811	7,424	9,287	8,066	9,740	14,403	54,731
6. Total Return Requirements (Line 5b + 5c)	37,600	48,038	60,095	52,194	63,024	93,200	354,151
7. Total Costs to be Recovered	201,370	1,817,898	517,359	(1,987,956)	4,091,375	1,716,077	6,356,124
8. CWIP Additions, Amortization & Return from most recent Projections							
9. Over / (Under) Recovery (Line 7 - Line 8)	\$ 201,370	\$ 1,817,898	\$ 517,359	\$ (1,987,956)	\$ 4,091,375	\$ 1,716,077	\$ 6,356,124

(a) The monthly Equity Component of 5.85% reflects an 11.75% return on equity

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%

(c) ARJOC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$, resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.442%

Docket No. 080009-EI
Audit Report for PEF Levy Site Selection
Exhibit JAS-3 (Page 16 of 21)

EXHIBIT 5

Page 2 of 2

Lavy County Nuclear Filing Site Selection Costs and Carrying Costs Actual Filing: Site Selection Costs

Schedule SS-2

{Section (4)}

{Section (8)(d)}

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual true-up of site selection costs based on actual site selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - EI

Witness: Lori Cross

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. Current Period Pre-Construction Expenses (Schedule SS-6 Line 34)	\$ 1,373,535	\$ 1,412,063	\$ 2,121,198	\$ 1,084,209	\$ 1,894,077	\$ (1,211,538)	\$ 12,772,518
2. Prior Period Unrecovered Pre-Construction Balance	11,105,897	12,591,832	14,797,300	15,978,902	18,042,426	18,942,024	
3. Pre-Construction Expenses Recovered							
4. Average Balance Pre-Construction Expenses Eligible for Return	10,419,129	11,885,800	13,736,701	15,436,798	17,085,388	17,547,793	
5. Return on Average Net Unamortized CWIP Eligible for Return (c)							
a. Equity Component (a)	56,930	64,944	75,037	84,347	93,305	96,154	554,705
b. Equity Comp. grossed up for taxes (b)	32,882	105,779	172,193	137,317	151,981	156,539	1,065,802
c. Debt Component	18,942	19,326	22,336	25,100	27,781	28,614	194,800
6. Total Return Requirements (Line 5b + 5c)	109,824	125,055	144,529	182,817	179,762	185,153	1,260,692
7. Total Costs to be Recovered	1,483,159	1,537,118	2,265,727	1,246,625	2,173,840	(1,026,384)	14,036,210
8. CWIP Additions & Amortization from most recent Projections							
9. Difference (Line 7 - Line 8)	\$ 1,483,159	\$ 1,537,118	\$ 2,265,727	\$ 1,246,625	\$ 2,173,840	\$ (1,026,384)	\$ 14,036,210

(a) The monthly Equity Component of 6.85% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$, resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001626 (Debt), which results in the annual rate of 6.64%.

Docket No. 080009-EI
Audit Report for PEF Levy Site Selection
Exhibit JAS-3 (Page 17 of 21)

EXHIBIT 6

Page 1 of 2

Levy County Nuclear Filing Site Selection Costs and Carrying Costs Actual & Estimated Filing: Deferred Tax Carrying Costs

Schedule SS-3A

[Section (4)]
[Section (d)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual
deferred tax Carrying Costs for the current
year.

For the Year Ended 12/31/2007

COMPANY: PROGRESS ENERGY - FL

DOCKET NO.: 080149 - E1

Witness: I on Cross

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule SS-3B, Line 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule SS-2, Line 1 + Line 3)								
3. Other Adjustments (d)	\$ (5,811)	\$ (7,424)	\$ (9,287)	\$ (8,000)	\$ (9,740)	\$ (14,403)	\$ (54,731)	
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ -	\$ (5,811)	\$ (13,735)	\$ (22,522)	\$ (30,500)	\$ (40,308)	\$ (54,731)	\$ (167,214)
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$ -	\$ (2,241)	\$ (5,105)	\$ (8,686)	\$ (11,798)	\$ (15,556)	\$ (21,113)	\$ (64,505)
6. Average Accumulated DTA	\$ (1,121)	\$ (3,673)	\$ (5,967)	\$ (8,244)	\$ (10,244)	\$ (12,678)	\$ (15,336)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		(6)	(20)	(38)	(56)	(75)	(100)	(295)
b. Equity Comp. grossed up for taxes (b)		(10)	(13)	(61)	(91)	(127)	(163)	(460)
c. Debt Component		(2)	(6)	(11)	(17)	(22)	(30)	(89)
8. Total Return Requirements (Line 7b + 7c)		(12)	(39)	(73)	(108)	(144)	(193)	(564)
9. Total Return Requirements from most recent Projections								
10. Difference (Line 8 - Line 9)	\$ (12)	\$ (39)	\$ (73)	\$ (108)	\$ (144)	\$ (193)	\$ (268)	\$ (564)

(a) The monthly Equity Component of 0.65% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{12} - 1] \times 100$, resulting in a monthly accrual rate of 0.005454 (Equity) and 0.001625 (Debt), which results in the annual rate of 6.54%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

Docket No. 080009-E1
Audit Report for PEF Levy Site Selection
Exhibit JAS-3 (Page 18 of 21)

EXHIBIT 6

Page 2 of 2

Levy County Nuclear Filing Site Selection Costs and Carrying Costs Actual & Estimated Filing: Deferred Tax Carrying Costs

Schedule SS-3A

[Section (4)]

[Section (5)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080149 - E1

Witness: Lori Cross

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
1. Construction Period Interest (Schedule SS-3B, Line 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Recovered Costs Excluding AFUDC (Schedule SS-2, Line 1 + Line 3)								
3. Other Adjustments (d)	\$ (16,942)	\$ (19,326)	\$ (22,326)	\$ (25,100)	\$ (27,781)	\$ (28,614)	\$ (28,614)	\$ (124,830)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$ (167,214)	\$ (184,156)	\$ (203,482)	\$ (225,818)	\$ (250,918)	\$ (278,689)	\$ (307,313)	wa
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	\$ (64,503)	\$ (71,038)	\$ (78,493)	\$ (87,109)	\$ (96,792)	\$ (107,508)	\$ (118,540)	wa
6. Average Accumulated DTA	\$ (67,771)	\$ (74,786)	\$ (82,801)	\$ (91,951)	\$ (102,150)	\$ (113,027)		
7. Carrying Costs on DTA (c)								
a. Equity Component (a)		(370)	(409)	(452)	(502)	(558)	(615)	1,254
b. Equity Comp. grossed up for taxes (b)		(603)	(666)	(737)	(818)	(909)	(1,002)	1,411
c. Debt Component		(110)	(122)	(136)	(150)	(166)	(184)	294
8. Total Return Requirements (Line 7b + 7c)		(713)	(787)	(871)	(967)	(1,075)	(1,189)	6,170
9. Total Return Requirements from most recent Projections								
10. Difference (Line 8 - Line 9)	\$ (713)	\$ (787)	\$ (871)	\$ (967)	\$ (1,075)	\$ (1,189)	\$ (1,189)	\$ (6,170)

(a) The monthly Equity Component of 8.88% reflects an 11.75% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 38.575%.

(c) AFUDC actual monthly rate is calculated using the formula $M = [(1 + A/100)^{1/12} - 1] \times 100$, resulting in a monthly accrual rate of 0.005464 (Equity) and 0.001628 (Debt), which results in the annual rate of 8.848%.

(d) Other adjustment represents the monthly debt component carrying costs that is a permanent difference and therefore not included in the DTA calculation.

Docket No. 080009-E1
Audit Report for PEF Levy Site Selection
Exhibit JAS-3 (Page 19 of 21)

EXHIBIT 7

Levy County Nuclear Filing Site Selection Costs and Carrying Costs Actual Filing: Recoverable O&M Monthly Expenditures														(Section 4j) (Section B)(i)(d))
FLORIDA PUBLIC SERVICE COMMISSION														
COMPANY: PROGRESS ENERGY - FL														
DOCKET NO.: 080148 - E1														For the Year Ended 12/31/2007
EXPLANATION: Provide the Actual CCRC Recoverable O&M monthly expenditures by function for the current year														Witness: Lori Cross
Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Corporate Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Corporate Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-
5	External Relations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
7	IT & Telecom	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Legal	-	-	-	-	-	-	-	-	0	0	145,027	144	145,971
9	Project Assurance	-	-	-	-	-	-	-	-	0	0	0	0	0
10	Public Affairs	-	-	-	-	-	-	-	-	4,987	11,907	27,179	15,740	58,813
11	Subtotal A&G	-	-	-	-	-	-	-	-	0	0	0	0	0
12	Energy Delivery Florida	-	-	-	-	-	-	-	-	4,987	11,907	174,000	15,694	206,784
13	Nuclear Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Total O&M Costs	\$ -	\$ -	\$ 35,500	\$ -	\$ 21,265	\$ -	\$ -	\$ -	\$ -	\$ 143,136	\$ 6,800	\$ 294,270	\$ 321,057
16	Jurisdictional Factor (A&G)	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670	0.91670
17	Jurisdictional Factor (Distribution)	0.90597	0.90597	0.90597	0.90597	0.90597	0.90597	0.90597	0.90597	0.90597	0.90597	0.90597	0.90597	0.90597
18	Jurisdictional Factor (Nuclear - Production - Base)	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
19	Jurisdictional Factor (Transmission)	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597	0.70597
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,572	\$ 10,910	\$ 159,511	\$ 14,561	\$ 185,554
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	\$ -	\$ -	\$ 25,058	\$ -	\$ 15,078	\$ -	\$ -	\$ -	\$ -	\$ 101,250	\$ 4,894	\$ 237,151	\$ 258,276
24	Total Jurisdictional Recoverable O&M Costs	\$ -	\$ -	\$ 25,058	\$ -	\$ 15,078	\$ -	\$ -	\$ -	\$ 4,572	\$ 111,865	\$ 164,405	\$ 251,712	\$ 283,830
25	Average Monthly Recoverable O&M Balance	\$ -	\$ -	\$ 12,534	\$ 25,123	\$ 32,771	\$ 40,453	\$ 40,630	\$ 40,898	\$ 43,270	\$ 101,740	\$ 240,254	\$ 174,157	
26	Monthly Short-term Commercial Paper Rate	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.44%	0.45%	0.45%	0.45%	0.45%	
27	Interest Provision	\$ -	\$ -	\$ 50	\$ 110	\$ 144	\$ 178	\$ 178	\$ 185	\$ 193	\$ 414	\$ 940	\$ 1,770	\$ 4,102
28	Total Monthly Recoverable O&M Costs	\$ -	\$ -	\$ 25,123	\$ 110	\$ 15,220	\$ 178	\$ 178	\$ 185	\$ 4,764	\$ 112,379	\$ 165,345	\$ 253,482	\$ 287,932
29	Total Jurisdictional O&M Costs From Most Recent Projection	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Difference (Line 28 - 29)	\$ -	\$ -	\$ 25,123	\$ 110	\$ 15,220	\$ 178	\$ 178	\$ 185	\$ 4,764	\$ 112,379	\$ 165,345	\$ 253,482	\$ 287,932

EXHIBIT 8

Levy County Nuclear Filing Site Selection Costs and Carrying Costs Actual Filing: Monthly Expenditures

Schedule 65-8

(Section (4))

(Section (8)(d))

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION

Provide the actual monthly expenditures by major tasks performed within Site Selection category.

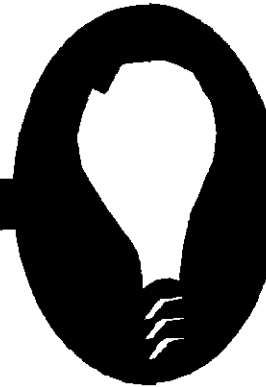
COMPANY: PROGRESS ENERGY - FL

For the Year Ended 12/31/2007

DOCKET NO.: 080148 - EI

Witness: 1 on Cross

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1														
2														
3														
4	Site Selection:													
5	Construction:													
6	License Application	\$ 277,074	\$ 530,020	\$ 1,228,837	\$ 1,973,080	\$ 4,283,417	\$ 1,846,881	\$ 1,715,708	\$ 1,613,340	\$ 1,628,895	\$ 1,672,006	\$ 3,171,782	\$ 594,805	\$ 20,530,889
7	Engineering, Design & Procurement	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Permitting	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Clearing, Grading and Excavation	-	-	-	-	-	-	-	-	-	-	-	-	-
10	On-Site Construction Profits	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Total Construction Costs	\$ 277,074	\$ 530,020	\$ 1,228,837	\$ 1,973,080	\$ 4,283,417	\$ 1,846,881	\$ 1,715,708	\$ 1,613,340	\$ 1,628,895	\$ 1,672,006	\$ 3,171,782	\$ 594,805	\$ 20,530,889
12	Less Adjustments:													
13	Non Cash Accruals	121,430	(340,812)	830,364	1,229,825	92,328	183,913	298,227	294,835	(394,868)	679,620	1,337,566	2,215,551	6,548,478
14	Other	(15,439)	(1,016,862)	(70,817)	2,932,144	-	-	-	-	-	-	-	-	1,845,438
15	Net Generation Costs	\$ 174,893	\$ 1,887,790	\$ 458,891	\$ (2,188,880)	\$ 4,191,089	\$ 1,662,968	\$ 1,417,501	\$ 1,318,505	\$ 2,023,533	\$ 297,986	\$ 1,834,216	\$ 1,620,745	\$ 12,165,146
16	Jurisdictional Factor	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753	0.93753
17														
18	Total Jurisdictional Generation Costs	\$ 163,770	\$ 1,760,860	\$ 439,566	\$ (2,052,149)	\$ 3,929,268	\$ 1,559,083	\$ 1,329,930	\$ 1,236,134	\$ 1,897,123	\$ 275,954	\$ 1,719,432	\$ 1,514,443	\$ 11,411,111
19														
20	Transmission:													
21	Line Engineering	\$ -	\$ -	\$ 2,325	\$ 19,726	\$ 170,169	\$ 49,444	\$ 23,958	\$ 78,279	\$ 465,349	\$ 170,779	\$ 137,989	\$ 418,625	\$ 1,511,334
22	Substation Engineering	-	-	-	-	-	-	-	-	5,880	150,823	8,428	8,124	173,415
23	Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Other	-	-	\$ 23,320	\$ 9,331	\$ 23,441	\$ 10,130	\$ 21,839	\$ 214,325	\$ (13,766)	\$ 269,214	\$ 67,873	\$ 240,100	\$ 666,111
25	Total Transmission Costs	\$ -	\$ -	\$ 25,645	\$ 29,057	\$ 193,610	\$ 59,574	\$ 45,797	\$ 292,604	\$ 451,463	\$ 590,816	\$ 187,164	\$ 666,729	\$ 2,350,860
26	Less Adjustments:													
27	Non Cash Accruals	0	0	563	12,000	63,280	(30,780)	(17,478)	43,408	140,060	373,783	(201,481)	211,111	648,123
28	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Net Transmission Costs	\$ -	\$ -	\$ 25,082	\$ 16,997	\$ 130,330	\$ 28,794	\$ 28,319	\$ 249,196	\$ 291,403	\$ 217,097	\$ 185,683	\$ 477,830	\$ 1,706,983
30	Jurisdictional Factor	0.70587	0.70587	0.70587	0.70587	0.70587	0.70587	0.70587	0.70587	0.70587	0.70587	0.70587	0.70587	0.70587
31														
32	Total Jurisdictional Transmission Costs	\$ -	\$ -	\$ 17,665	\$ 11,909	\$ 99,083	\$ 63,794	\$ 44,520	\$ 175,925	\$ 224,075	\$ 150,254	\$ 132,447	\$ 337,967	\$ 1,337,126
33														
34	Total Jurisdictional Site Selection Costs	\$ 163,770	\$ 1,760,860	\$ 457,251	\$ (2,040,150)	\$ 4,028,352	\$ 1,622,877	\$ 1,374,450	\$ 1,412,663	\$ 2,121,198	\$ 426,209	\$ 1,954,079	\$ 1,852,208	\$ 12,748,237
35														



REVIEW OF

Progress Energy-
Florida's
Project Management
Internal Controls
FOR
Nuclear Plant Upstate
and Construction
Projects

AUGUST 2008

By Authority of
The State of Florida
Public Service Commission
Division of Regulatory Compliance
Bureau of Performance Analysis

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 19

COMPANY Office of Public Counsel (Direct)

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Review of
Progress Energy - Florida's
Project Management Internal Controls for
Nuclear Plant Uprate and Construction Projects

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1.0 Executive Summary

1.1 Purpose and Objectives

At the request of the Florida Public Service Commission's (Commission) Division of Economic Regulation, the Division of Regulatory Compliance conducted this review of the project management internal controls employed by Progress Energy-Florida (PEF) to execute the Crystal River Unit 3 uprate and the Levy Units construction.

The primary objective of this review was to document and evaluate the adequacy of project controls and internal controls the company has in place or plans to employ for these projects. The information and evaluations provided in this report are to be used by Division of Economic Regulation staff to assist in the assessment of the reasonableness of PEF's cost recovery requests for the two projects.

1.2 Scope

The internal controls examined were those related to the following key areas of project activity:

- ◆ Project Planning
- ◆ Project Management and Organization
- ◆ Cost and Schedule Controls
- ◆ Contractor Selection and Contractor Management
- ◆ Auditing and Quality Assurance

Internal controls are the vital mechanisms by which company operations are managed to stay within budget and on schedule. According to the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*, appropriate internal controls allow the organization to accomplish the following:

- ◆ Produce accurate and reliable data
- ◆ Comply with applicable laws and regulations
- ◆ Safeguard assets
- ◆ Employ resources efficiently
- ◆ Accomplish goals and objectives

Well-constructed internal controls assist with the challenges of risk management and decision-making. Risks must be identified and appropriate protections must be established to prevent or control these risks. Prudent decision-making results from orderly, well-defined processes that address known risks, needs, and capabilities. Adherence to written procedures, effective communication, vigilant contractor oversight, and ongoing auditing and quality assurance are all essential for ensuring that project costs are incurred prudently.

1.3 Methodology

Planning and research for this review were performed in January and February 2008. Data collection, site visits and interviews, analysis and report writing were conducted between March and June 2008. The information compiled in this report was gathered via company responses to staff document requests, visits to both the Crystal River Unit 3 and the Levy County sites, and interviews with key project personnel. Staff also reviewed testimony, discovery and other filings in Docket Nos. 080009-EI, 080148-EI, and 080149-EI.

A large volume of information was collected and analyzed. Specific information collected from PEF included the following categories of documents:

- ◆ Company policies and procedures
- ◆ Organizational charts
- ◆ Requests for proposals
- ◆ Contractor bids and proposals
- ◆ PEF's bid evaluation analyses
- ◆ Project scope analysis studies by PEF and consultants
- ◆ Internal audit reports

Analysis of this information is discussed in detail in chapters 2 and 3.

1.4 Observations and Overall Opinion

The early stage of these projects limits audit staff's ability to draw final conclusions regarding some areas of controls that are in development or that will not to be deployed until later stages of the projects. Therefore, staff has examined only the completed portions of the project and internal control structure that are presently in place. Many of PEF's internal control systems are still in development and will continue to evolve as the projects progress.

These internal control tools will ultimately determine the success of these projects and the prudence of the company's actions. A complete determination of the reasonableness of the eventual control systems for management of these projects cannot be made at this time. Further, any assessment made at this point in time cannot be expected to remain valid for the entire duration of the project activities.

In any controls assessment, adequate controls may be in place at any point, but the ultimate proof of adequacy comes when the project work is actually performed. Beyond planning, the vast majority of the work of these projects has not yet been performed.

Further, though internal controls in place for any undertaking may be deemed adequate at the outset, it cannot ensure that they will be followed and used properly. Verification of adherence to procedures and careful examination of changes to control systems are essential

ingredients to evaluating the reasonableness of management's actions. Audit staff believes continued internal and external oversight is necessary over the lifespan of these projects. Of particular importance are internal audits and quality assurance audits. These audits should provide broad coverage of internal controls, procedural adherence, and project management issues.

The unique first-time nature of the 2008 nuclear cost recovery proceedings presented several challenges. Audit staff believes its review was limited in time and depth by schedule constraints in this first year of cost recovery filings. Also, though PEF fully accommodated requests for access to key managers and plant sites, audit staff has concerns about the completeness of some responses to its data requests. Audit staff believes that PEF should work to eliminate these issues in future reviews.

Crystal River 3 Uprate Project Observations

Audit staff made the following observations for the key areas of activity it examined on the Crystal River 3 Uprate Project. The conclusions in each instance are subject to the limitations inherent in the information that was available to staff during March through June 2008.

Project Planning

- ◆ The PEF scope evaluation process appropriately provided technical and managerial evaluation of the risks, costs, benefits, and overall feasibility of the Crystal River 3 uprate project.
- ◆ PEF has appropriately proceeded with the required regulatory approvals, scheduling, and preparation of applications in a manner that will accommodate the planned project completion dates.
- ◆ PEF's approach to project planning has been appropriate and adequate progress has been made in developing the project plan. PEF project management believes no threats to meeting uprate project schedules exist at this time.
- PEF has conducted a reasonable identification and assessment of potential risks to successful completion of the uprate project. Project success will require continued vigilance in risk management by PEF.

Project Management and Organization

- ◆ Oversight of the CR3 uprate project by PEF's Nuclear Projects and Construction organization will be an essential element to the project's success. Though still being staffed, the project management organization appears to be appropriately structured and managed at this time.

- ◆ A framework for adequate oversight of project management by senior management exists. Plans for communications within the project management organization appear to be appropriate at this time.

Cost and Schedule Monitoring Controls

- ◆ Cost and schedule monitoring controls are still in the process of development and deployment at this early stage. Limited results are available for assessing these controls at this time.

Contractor Selection and Contractor Management

- ◆ PEF appears to have followed its contractor selection procedures. Given the unique challenges and circumstances of the nuclear industry, PEF's use of sole source selections for the CR3 uprate project to date is in keeping with reasonable business practices.
- ◆ PEF's approach to contractor oversight and evaluation appears to be appropriate to date. Proactive project management by PEF should require frequent communication and updates, demand contractor accountability, and challenge information provided by contractors.
- ◆ PEF has made efforts to ensure effective contractor performance by means of protective contract provisions and contract structure. This approach appears to have appropriately sought risk-sharing through incentives and penalties.

Auditing and Quality Assurance

- ◆ PEF's audit and quality assurance capabilities are appropriate. At this early stage, audit coverage appears adequate. These controls have already proven their value in encouraging adherence to procedures. As the project progresses, more frequent internal audits and quality assurance audits will be necessary for the success of the Crystal River 3 uprate project.

Levy Units 1 and 2 Construction Project Observations

Audit staff made the following observations for the key areas of activity it examined on the Levy Units 1 and 2 construction projects. The conclusions in each instance are subject to the limitations inherent in the information that was available to staff during March through June 2008.

Project Planning

- ◆ PEF's site selection and acquisition efforts appear to have been appropriate and in keeping with good business practices.

- ◆ PEF's plant design selection process was reasonable and effective in positioning the company to meet the anticipated need for capacity in 2016.
- ◆ PEF's efforts to secure an engineering, procurement, and construction contract appear to have been effective and appropriate. The basic structure of the Letter of Intent regarding engineering, procurement, and construction services appears reasonable.
- ◆ PEF has appropriately proceeded with the required regulatory approvals, scheduling, and preparation of applications in a manner that will accommodate the planned project completion dates.
- ◆ PEF appears to have taken a reasonable approach to developing project plans at this early stage.
- ◆ PEF has conducted a reasonable identification and assessment of potential risks to successful completion of the Levy project. Project cost and schedule success will require continued vigilance in risk management and re-assessment of project viability at key decision points.

Project Management and Organization

- ◆ Effective oversight of the Levy project by PEF's Nuclear Projects and Construction organization will be an essential element to the project's success. Though still being staffed, the project management organization appears to be appropriately structured and managed at this time.
- ◆ A framework for adequate oversight of project management by senior management exists. Plans for communications within the project management organization appear to be appropriate at this time.

Cost and Schedule Monitoring Controls

- ◆ Cost and schedule monitoring controls are still in the process of development. Limited results are available for assessing these controls at this time.

Contractor Selection and Contractor Management

- ◆ PEF appears to have followed its contractor selection procedures. Given the unique challenges and circumstances of the nuclear industry, PEF's use of sole source selections for the Levy project to date is in keeping with reasonable business practices.
- ◆ PEF's approach to contractor oversight and evaluation appears to be appropriate to date. Proactive project management by PEF should require frequent

communication and updates, demand contractor accountability, and challenge information provided by contractors.

- ◆ PEF has made efforts to ensure effective contractor performance by means of protective contract provisions and contract structure. This approach appears to have appropriately sought risk-sharing through incentives and penalties.

Auditing and Quality Assurance

- ◆ PEF's audit and quality assurance capabilities are appropriate. At this early stage, audit coverage appears adequate. These controls have already proven their value in managing contractor effectiveness. As the project progresses, more frequent internal audits and quality assurance audits will be necessary for the successful completion of Levy Units 1 & 2.

2.0 Crystal River Unit 3 Uprate Project

2.1 Project Planning

How did PEF identify the scope of work for the CR3 uprate project?

PEF conducted early internal engineering assessments of the viability of pursuing a CR3 uprate. This effort yielded a set of targeted desired CR3 output and operating parameters that appeared to be attainable. The uprate project was proposed to senior management and the Board of Directors for approval through the Business Analysis Package (BAP) process in November 2006. The benefits and justification for the uprate were analyzed and addressed in the BAP presentation. It included cost/benefit ratio analyses, cost scenario analyses (base case/worst case/best case), schedule estimates and risk analyses. Approval of the BAP by senior management and the Board set the stage for detailed evaluation of the project.

Since PEF had not conducted an uprate of this magnitude in Florida, PEF began formal evaluation by commissioning a scoping study by AREVA NP, Incorporated. The major task was to identify the component change-outs needed to accommodate the uprate and its targeted MW gain. AREVA assessed existing component conditions and plant margins to determine which components were capable of supporting post-uprate operations, and it identified those which needed to be replaced or modified.

AREVA's study was presented to PEF project management in May 2007. It confirmed the need to replace low pressure and high pressure turbines, the turbine generator, moisture separator reheaters and their belly drains, feed water heaters, heat exchangers, and other components such as pumps, motors, piping, valves and drains. AREVA also assessed the timetable for the uprate and recommended a basic plan for the timing of the work based upon PEF's refueling outages scheduled for 2009 and 2011.

PEF assembled an advisory panel to help evaluate AREVA's study and recommendations to ensure that adequate design margin was preserved. The panel was comprised of company employees, independent industry experts, and vendors. Along with the feasibility and scoping effort, the company and AREVA's engineering assessments helped further quantify costs of the work.

The PEF scope evaluation process appropriately provided technical and managerial evaluation of the risks, costs, benefits, and overall feasibility of the Crystal River 3 uprate project.

What regulatory approvals are required for completion of the project?

Since uprates change a nuclear unit's licensed power level, utilities must apply for NRC permission to amend their operating licenses. The license amendment request (LAR) process for

requesting NRC approval to increase a plant's authorized power level is governed by 10 CFR 50.90-92. The application is required to provide full descriptions of the planned changes. The first phase of uprate work has been approved by the NRC and was completed by PEF during the 2007 refueling outage. The second phase, consisting largely of preparation for the third phase, did not require NRC approval. The third phase, which provides the bulk of the MW gain, requires NRC approval and PEF plans to submit the application in 2009. Approval is expected in 2010 and the work is scheduled for the 2011 refueling outage.

The NRC reviews data and accident analyses submitted by a licensee to confirm that the plant can operate safely at the higher power level. The NRC uses a review standard for extended power uprates that has been endorsed by the Advisory Committee on Reactor Safeguards. After the NRC completes its review of the application and takes action on any applicable public comments, hearing requests, or Advisory Committee on Reactor Safeguards recommendations, the agency may approve or deny the request.

At the state level, the Florida Public Service Commission's approval for the CR3 uprate was obtained under the requirements of Sections 403.507(4) and 403.519(3), Florida Statutes. A Determination of Need proceeding, Docket No. 060642-EI, led to approval of the planned uprate in February 2007.

Florida Department of Environmental Protection (DEP) approval of a Site Certification Application is required for plant uprates of 75 MW or more. As directed by Sections 403.501-401.518 Florida Statutes, DEP coordinates with other state and local agencies to assess public health and environmental aspects of the planned uprates. Ultimately, certification is decided by the Siting Board (Governor and Cabinet) or in a non-contested case by the Secretary of the Department of Environmental Protection on behalf of the Board. PEF submitted its CR3 Phase III application in late 2007; approval is expected in late 2008.

PEF must ensure continued compliance with DEP's requirements under its increased power level operations. For example, the company has conducted an analysis of the impact of higher temperatures at the plant's discharge canal. This led to studies of cooling tower options discussed later in this report. Placement of possible new cooling towers on the existing site required communication with the Department of Environmental Protection regarding environmental impact and tower placement.

PEF has appropriately proceeded with the required regulatory approvals, scheduling, and preparation of applications in a manner that will accommodate the planned project completion dates.

Has PEF developed a project plan to meet the desired project completion dates?

Since the ongoing operation of CR3 is essential to PEF's customers, the uprate activities were scheduled for completion during the 2007, 2009, and 2011 refueling outages. Detailed

planning is intended to allow these biennial outages to provide windows of time that will allow completion of the uprate work in three phases.

The first phase of work, the Measurement Uncertainty Recapture phase, was completed on schedule during the fall 2007 refueling outage. Sensitive and highly accurate digital metering equipment was installed to more precisely measure main feed water flow. This more precise read-out on main feed water flows provides better data to CR3's plant operators, allowing safe operation at higher pressures and temperatures. This modification yielded a 12 MW generating capacity gain.

The second and third phases of work are currently being planned and scheduled in detail. These phases are expected to add 168 MW of capacity, resulting in the total gain of 180 MW. Phase 2 will occur during the approximately [REDACTED] 2009 refueling outage. Work will proceed for about 70 days of the outage, but the longer critical path of work will be the replacement of the steam generator which is needed apart from the uprate.

Future phases include installation of the major components. Long-lead items will drive the critical path of the entire project, and are key plant components for which few manufacturers exist worldwide.¹ This limited production capacity has required PEF to carefully consider the timing of procurement decisions and component ordering.

Negotiations with key contractors were undertaken at an early stage so PEF could determine when orders had to be placed in order to reserve production capacity. Management believed that the substantial lead time on components such as turbines required quick decision making and vendor selection. By entering into negotiations at an early point with vendors such as Siemens Corporation for long lead-time components, PEF believes it secured advantageous prices and a position in queue that will support the needed project completion date. According to project management, similar orders of these components by other utilities have since been placed at much higher prices.

PEF's approach to project planning has been appropriate and adequate progress has been made in developing the project plan. PEF project management believes no threats to meeting uprate project schedules exist at this time.

Was PEF's risk evaluation for the CR3 uprate project reasonable?

As mentioned, Progress Energy Corporation has completed uprates of its North Carolina nuclear units. PEF is also familiar with the nationwide experience with uprates by other nuclear utilities through industry sources and associations. Information regarding lessons learned from uprate activities is readily shared through industry organizations such as the Institute for Nuclear Power Operations (INPO). In its uprate project plan, PEF emphasized maintaining a focus on industry experience as a key success factor.

¹ *Toronto Star*, "Nuclear revival bumps against atrophy" May 3, 2008
<<http://www.thestar.com/Business/article/420941>>

Several project risks were identified and considered in the company's decision to go forward with the CR3 uprate project. At the time of the CR3 uprate decision, PEF's procedures regarding major capital projects (those in excess of \$50 million) required it to be proposed via a Business Analysis Package (BAP.) During 2007, PEF began to migrate its major projects towards its new Integrated Project Plan (IPP) process for approval and control. The IPP process still includes the identification and assessment of key risks and risk management approaches, but provides senior management with more frequent and continuing opportunities to endorse or redirect the project. Like the BAP, the IPP documents assumptions, constraints and decisions to be made, defines approval requirements for funding, and provides a baseline for the progress measurement and project control.

The initial BAP for the uprate project was completed in November 2006. It outlined the project's phases and a cost estimate of about \$427 million. This was comprised of a base \$250 uprate work estimate plus \$89 million for transmission upgrades, and \$88 million for cooling tower upgrades. This cost estimate also included studies that would allow for development of the plant-specific project plan including schedule and specifications. In the BAP, PEF used modeling to develop sensitivity analyses of assumptions and to quantify potential outcomes of the risks being assessed. These model runs led to outputs of base case, worst case, and best case scenarios for various combinations of assumptions. For each scenario, PEF developed cost/benefit ratios, break-even year projections, and net present value analyses.

The BAP identified and examined potential project risks. The following risks were identified and addressed:

- ◆ Project costs incurred exceeding current estimates
- ◆ Delays caused by late ordering of key equipment components
- ◆ Delays caused by increasing demand on nuclear industry manufacturers
- ◆ Derates of coal-fired Units CR1 and CR2 caused by insufficient cooling water temperature reduction
- Increasing project costs due to over-estimated cooling needs and capacity
- ◆ Projected fuel savings eroded by falling gas, oil, and coal prices
- ◆ Delays in NRC approval of uprate

A central strategy identified for mitigating several of these risks, including potential cost overruns, late ordering of key components, and the high demand for manufacturers, was to engage a primary contractor for the uprate design and implementation work and to provide project management oversight through the new Nuclear Projects and Construction Department. PEF project management stressed that active contractor oversight and control are essential to both cost control and overall project success.

Both the uprate activity and the planned new units will create and sustain a high demand among nuclear industry suppliers, manufacturers, contractors, and contract employees for years to come. Concerns regarding the availability of manufacturers and contractors prompted the company to maintain an accelerated contract award process. The company targeted completing major contracts in early 2008. PEF management sought further protection from cost overruns by negotiating contracts that required some risk sharing with vendors for schedule delays or quality problems.

Through the use of fixed-price contracts, some risk is assumed by contractors. Standard contract provisions specify liquidated damages and/or remedies for breaches and performance failures. PEF planned to also address labor and material cost uncertainty by making contingency funding available.

To address the risk that the uprate could adversely affect the coal-fired Crystal River Units 1 and 2 next door, the company contracted with Sargent & Lundy for an engineering study of possible cooling tower solutions. The risk was that higher point of discharge temperature by the updated CR3 plant could require PEF to reduce the temperature in the shared canals by "throttling back" CR2 operation. A Phase I study addressed the challenge of correctly sizing cooling needs, and was completed in 2008. The Phase I study recommended specific cooling tower sizing and configurations that are under consideration by project management. A Phase II study is underway.

The risk of NRC approval being delayed was considered unlikely based upon prior approvals granted. Though the CR3 uprate represents the first major uprate of a Babcock & Wilcox plant, PEF did not expect this fact to extend the approval process.

An additional challenge identified by project management is the site logistics for a peak employee population of 3,000 during 2009 uprate work. Solutions are in progress, with several options explored for parking, worker transport, and on-site worker support.

The resurgence of the U.S. nuclear industry has already impacted the NRC as it processes the numerous license applications that will be involved. The CR3 extended power uprate LAR will be submitted to the NRC in mid-2009, and PEF expects the NRC review and approval process to take 12 to 18 months. PEF management has viewed early application as being essential to reducing schedule risk and has acted to carry out this priority. Therefore, staff believes that backlog issues at the NRC are beyond the company's control, and early application with a well-prepared License Amendment Request is the only viable countermeasure. At present, PEF project management believes the company's NRC application efforts and schedule should produce approvals without delays to project completion.

PEF has conducted a reasonable identification and assessment of potential risks to successful completion of the uprate project. Project success will require continued vigilance in risk management by Progress Energy-Florida.

2.2 Project Management and Organization

Is an appropriate project management organization in place for the CR3 uprate project?

PEF created a new support organization to manage and support the CR3 uprate and Levy projects. This organization, headed by the Vice-President – Nuclear Projects and Construction, is displayed in **Exhibit 1**. Having served previously as the Director of Site Operations for CR3, he had complete responsibility for CR3 and is appropriately familiar with its configuration, history, and operation.

PEF NUCLEAR PROJECTS AND CONSTRUCTION ORGANIZATION

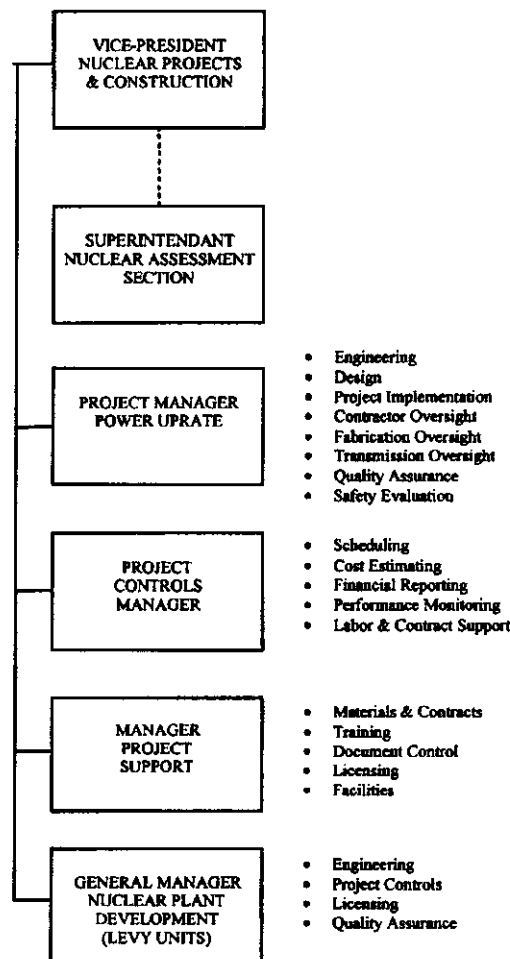


EXHIBIT 1

Source: PEF Response to Data Request 3-4.

Nuclear Projects and Construction provides dedicated resources focused on the CR3 uprate and the Levy project. This structure is intended to provide adequate resources for management of these major projects, while also reducing potential negative impacts upon the essential ongoing CR3 plant operations. The NRC has instructed utilities to prevent uprate work activities from becoming impediments to normal operations. The potential for disruption to ongoing CR3 operations would increase if plant employees were "borrowed" for uprate work and support.

Operating apart from the existing CR3 operations structure, approximately 140 Nuclear Projects and Construction employees will provide project management and support for the work activities of contractors and vendors. As of February 2008, approximately 90 of these positions were filled or in the process of being hired. Most of the remaining positions were being actively recruited, while some were not planned for hiring until later stages of the project.

A key component of this organization from the standpoint of project management is the Project Controls group. The three sections of this unit are responsible for schedule monitoring and reporting, financial reporting and cost tracking, and work management and estimating. The Project Controls group is charged with detecting and reporting emerging problems with costs and schedules. This reporting is essential to allow management to take timely action to prevent or control problems. The Manager of Project Controls reports to the Vice-President – NP&C.

Other work units in the Nuclear Projects and Construction Department also support the uprate work. A large dedicated engineering group will perform vital oversight of work plan execution and fieldwork by contractors. A dedicated support group will provide material acquisition and licensing expertise.

To govern the activities of this new project management organization, the company is developing specific and detailed written procedures. A large portion of these procedures are complete. The procedures still in the process of development, are largely those pertinent to activity scheduled for future years. Where applicable, general PEF procedures still govern. Staff has obtained and reviewed a large sample of the completed procedures for appropriateness and completeness.

Oversight of the CR3 uprate project by PEF's Nuclear Projects and Construction organization will be an essential element to the project's success. Though still being staffed, the project management organization appears to be appropriately structured and managed at this time.

Are appropriate oversight and accountability controls over project management in place?

The reporting structure within the Nuclear Projects and Construction Department provides checks and balances to maintain oversight of work and independent assessment of work quality. CR3 project management is held accountable to senior management through a variety of information sharing mechanisms. Regular meetings and reports are intended to provide

information on schedule and budget status. Properly constructed, these reporting tools prevent problems from worsening due to lack of detection or intentional cover-up.

The key project managers are involved in a series of internal meetings where the project team self-examines progress and status. The Vice-President – Nuclear Projects and Construction meets daily with his direct reports and weekly with a larger segment of the project management team. Monthly, the entire project management team meets for an entire workday to assess progress, identify key challenges, and define solutions.

Quarterly updates on the uprate project are to be held with senior management under the Integrated Project Plan (IPP) process which was adopted in 2007. These meetings address significant project status, events and changes, and risks. The IPP process tracks schedule progress and budget performance for senior management information and decision-making. These IPP meetings provide senior management with opportunities to authorize continued work, or if warranted, to suspend a project.

CR3 project management also meets quarterly with the PEF Finance Committee. These meetings examine the project status, budget status, and capital needs.

Within the project structure itself, a series of periodic meetings exists. The following is a list of standing meetings specified in the project plan:

- | | | |
|---|-----------|--|
| ◆ | Weekly | ►Project Schedule Updates
►Progress and Issues
►Offsite Vendor Calls |
| ◆ | Monthly | ►All Hands Meeting
►Management Review
►Vendor Status and Issues
►Project Sponsor Update |
| ◆ | Quarterly | ►Project Overview with Senior Management
►Major Contractor Executive Management
►Financial Status
►Plant Nuclear Safety Committee
Safety Evaluations Risk Updates and Issues |

A framework for adequate oversight of project management by senior management exists. Plans for communications within the project management organization appear to be appropriate at this time.

2.3 Cost and Schedule Monitoring Controls

Has PEF developed an adequate control system for monitoring uprate project schedules and costs?

As noted, the Project Controls group within NP&C is dedicated to the cost and schedule tracking of the CR3 uprate. The three sections of this unit are responsible for schedule monitoring and reporting, financial reporting and cost tracking, and work management and estimating. The Project Controls group is the first line of defense for detecting emerging problems with costs and schedules. Once detected, any concerns can be further evaluated by Project Controls and/or brought to the attention for analysis by the on-site managers involved.

PEF's primary scheduling and schedule tracking tool is Artemis/ProjectView, a widely used project tracking and scheduling system. Through Artemis/ProjectView, actual versus projected schedule variances can be identified, analyzed, and recovery plans developed. Recurring reports can be provided to management, and customized reports can be developed as requested.

The Work Breakdown Structure is a key component of the project plan for every phase of the CR3 uprate activities. It is the detailed plan that allows each work activity to be identified, assigned, and sequenced. Each of the hundreds of specific tasks is assigned to a functional area manager and also to a specific task manager. The functional area manager is responsible for development of the task instructions and procedures for its completion, and the task manager is responsible for actual task completion. Once these tasks are compiled and planned for completion, they are reflected in Artemis/ProjectView and depicted in Gantt chart format to simultaneously illustrate the status of all tasks or rolled-up groups of tasks.

Monthly cost reports and financial summaries are provided to PEF business unit managers and executives. Similarly, project cost reports detailing the transactions charged to the project are provided to project managers. PEF indicates that similar monthly information is provided to the Chief Operating Officer and other senior management committee members.

As of December 31, 2007, project management reports showed total project costs and schedule were on target and satisfactory. This reflects the timely completion of the measurement uncertainty recapture phase of the project. Capital spending for the project will be spread out across the five years of the project's duration, with the largest portion in 2009.

As the project progresses with Phase II and the 2009 outage work, cost tracking will become an increasingly important activity. Cost status is also provided in the purchase order and invoicing process, where the Project Controls group examines each against the total contract and the remaining authorized funds.

Cost and schedule monitoring controls are still in the process of development and deployment at this early stage. Limited results are available for assessing these controls at this time.

2.4 Contractor Selection and Management

Has PEF's selection of the current set of CR3 uprate contractors and vendors been reasonable?

Vendors and contractors for the CR3 uprate work must be approved by PEF and included on its Approved Suppliers List. PEF procedures specify that only vendors who are determined capable and commercially qualified should be included on the list.² Often, inclusion on the list depends upon obtaining references from other utilities, researching PEF's own history with the vendor and inspection of the vendor's facilities and products. Depending upon the nature of the work to be done, PEF is required by NRC regulations to make a full assessment of the vendor's Quality Assurance program as well.

Due to the highly technical and specialized nature of electric generation, and the nuclear industry in general, many services and products are provided by a small number of major vendors worldwide. This configuration creates some concerns, since the possibility of price-fixing increases in markets where there are few suppliers.³ Industry mergers, partnerships, and corporate consolidations also present challenges that will require vigilance by PEF management to ensure the company receives fair pricing.

PEF's current vendors and contractors for the CR3 uprate were selected both through the competitive bid process and through the use of sole sourcing. In maintaining or enhancing an existing plant, the utility often must consult with and/or employ the original designer or original equipment manufacturer. Usually, these vendors continue to play major roles in the plant over its useful life.

PEF's procedures define sole sourcing as the selection of one single contractor, not on the basis that it is the only one qualified, but that it is the only one acceptable or available. Further, the procedures require sole source activity to be justified by the contract originator, and it must be approved at the appropriate management level for the dollar amount of expenditure involved.⁴

On the CR3 uprate project, eight contracts in excess of one million dollars are included in PEF's nuclear cost recovery filings. As shown in **Exhibit 2**, the key contract and the largest by far in dollar amount is the turbine retrofit contract with Siemens Corporation. The second, fourth, and fifth largest contracts are engineering contracts with AREVA-NP. The third largest contract is with Thermal Engineering for four moisture separator reheater units. The sixth largest contract

² Progress Energy Procedure MCP-NGGC-0001, p 21.

³ In 2007, the European Union fined a group of major electric industry plant engineering firms and component suppliers for price-fixing. The fines totaled nearly one billion dollars. Several of the companies fined are either contractors for the new PEF and FP&L nuclear units, or have bid on components for these projects. "Siemens Hit with £400 Million Fine," *Der Spiegel* January 25, 2007 <<http://www.spiegel.de/international/0,1518,druck-462199,00.html>>, "European Union Fines Siemens, AREVA, Alstom for Price Fixing," *The Economic Times* January 25, 2007 <<http://economictimes.indiatimes.com/articleshow/msid-1438615,prtpage-1.cms>>.

⁴ Progress Energy Procedure MCP-NGGC-0001, pp 8 & 20.

with Yuba Heat Transfer will supply replacement feed water heaters and secondary cooling heat exchangers for CR3.

The Siemens contract was awarded through a request for proposal process. PEF's analysis of the two bids received selected Siemens as better in terms of [REDACTED]. As noted, the early completion of this contract was necessary to secure access to manufacturing resources, competitive pricing, and to expedite completion by the targeted 2011 date. PEF project management reports that other utilities have subsequently entered into contracts of similar nature at significantly higher prices.

Crystal River 3 Uprate Project Contracts Greater Than \$1 Million			
Siemens	Turbine retrofit, all equipment & installation	RFP	[REDACTED]
AREVA -NP	NSSS and fuel engineering, LAR support	Sole Source -orig equipment manufacturer	[REDACTED]
AREVA -NP	Flow meter engineering and design	Sole Source -orig equipment manufacturer	[REDACTED]
AREVA -NP	Uprate balance of plant	RFP	[REDACTED]
Thermal Engineering	4 Moisture Separator Reheaters	RFP	[REDACTED]
Yuba Heat Transfer	Feed water heater	RFP	[REDACTED]
NuFlo Technologies	Purchase and installation of flow meter	Sole Source - master fleet contract	[REDACTED]
Atlantic Group	Flow meter installation	Sole Source - master fleet contract	[REDACTED]

EXHIBIT 2

Source: Schedule AE-8

Two AREVA contracts are sole-source contracts, while a third resulted from competitive bidding. Combined, the three AREVA contracts total less than the Siemens contract. AREVA has a long history of involvement in the plant.⁵ The largest of AREVA's contracts is for Nuclear Steam Supply Systems engineering, fuel engineering and License Amendment Request support. Due to its familiarity with the CR3 Nuclear Steam Supply System design and safety analysis, PEF project management considered them more qualified for this work than any other vendor. The second largest AREVA contract is for balance of plant engineering work. An RFP was issued for this contract, and AREVA was selected based upon detailed assessments of the capabilities of the three bidders. Evaluation criteria included experience with similar projects and staff capabilities. PEF analysis of the bids and proposals received indicated AREVA was the most capable and its selection would reduce project risk. The third and smallest AREVA contract was also a sole source award for engineering design of the measurement uncertainty work completed in late 2007. This award was also based upon AREVA's ownership of the CR3 design and safety analysis.

⁵ AREVA NP purchased Babcock & Wilcox and its original CR3 NSSS design.

The Thermal Engineering and Yuba contracts were competitively bid, and in both instances, provided lower cost options than competitors. The remaining contracts of one million dollars or more are with NuFlo Technologies and Atlantic Group. Both were sole-source awards under existing Master Contracts for the Progress Energy nuclear fleet and provide installation labor. The Atlantic contract had been competitively bid and prior work for Progress Energy indicated a high degree of qualification. According to PEF, the NuFlo contract was based upon [REDACTED] and the use of an existing contract allowed the tight timetable for the 2007 outage work to be met.

PEF appears to have followed its contractor selection procedures. Given the unique challenges and circumstances of the nuclear industry, PEF's use of sole source selections for the CR3 uprate project to date is in keeping with reasonable business practices.

Is an appropriate set of internal controls for contractor management and evaluation in place for the CR3 uprate project?

As noted, PEF management believes that contractor management is critical to the success of the uprate project. Staff agrees that without adequate contractor internal controls and oversight, a greater possibility exists for mistakes, schedule delays, and cost overruns. Within the Nuclear Projects and Construction Department, contractor oversight is the responsibility of the Power Uprate Project Manager. His work group is also responsible for fabrication oversight as old components are removed, and as new ones are staged and installed on site. Since this group also has engineering and design responsibilities for much of the uprate work, its oversight of contractors to maintain design conformance is appropriate.

PEF's contract administration procedures require daily communication between PEF and the contractor. Work progression is to be tracked and logged in the contract file. Deficiencies are to be noted and promptly reported to line management within PEF.⁶

Contractor evaluation will also be accomplished through the activities of the Nuclear Assessment Section for the CR3 plant. To provide stronger independence, this section's reporting line is being changed so that it reports outside of PEF to Progress Energy Corporation's Nuclear Oversight Vice-President, and ultimately to Progress' Chief Nuclear Officer. However, for project communication, the Nuclear Assessment Section's superintendent has a matrix reporting relationship to the Vice-President – NP&C. The Nuclear Assessment Section evaluates both internal plant work by PEF and external work by contractors.

In some instances, Progress Energy's Audit Services Department and Performance Evaluation Section both have a role in contractor evaluation. The full responsibilities of these organizations are discussed in more detail in section 2.5 below.

PEF's efforts to secure an engineering, procurement, and construction contract appear to have been effective and appropriate. The basic structure of the Letter of Intent regarding engineering, procurement, and construction services appears reasonable.

⁶ Progress Energy Procedure MCP-NGGC-0001, p. 24.

Has PEF implemented appropriate protections from contractor cost overruns or poor performance on the CR3 uprate project?

PEF project management has stressed that effective supervision and management of contractors must be maintained to avoid schedule delays or cost overruns. The company states that contracts have been negotiated to support this effort. A primary objective of CR3 project management has been negotiating fixed price contracts. With the total payment limited to a not-to-exceed amount, contractors place their profit margin at risk should the work progress lag or even exceed the estimate upon which bids were based. This risk-sharing approach prevents contractors from benefitting from failures to meet deadlines. All of the eight CR3 contracts exceeding one million dollars are [REDACTED]

Other contract provisions provide [REDACTED]

Standard contract provisions cover contingencies such as damages, breach, work stoppages, cancellation for cause or without cause by PEF, and dispute resolution to ensure quality work and contract adherence. Each contract specifies audit and work inspection rights for PEF.

PEF has made efforts to ensure effective contractor performance by means of protective contract provisions and contract structure. This approach appears to have appropriately sought risk sharing through incentives and penalties.

2.5 Auditing and Quality Assurance

Does PEF have appropriate auditing and quality assurance functions in place for the CR3 uprate project?

Major projects such as the CR3 uprate and the Levy units will be the subjects of the Progress Energy Corporation's Audit Services Department since they represent a substantial investment and therefore risk to the company. Appropriately, the Audit Services Department is headed by a Vice-President who is accountable to the Progress Board of Directors' Audit Committee. This allows the organization to provide independent assessments of procedural adherence and adequacy of internal controls on company operations and activities such as the CR3 uprate.

An audit of the CR3 uprate project was conducted in late 2007 by Audit Services. Its scope included assessing the effectiveness of project management, cost management, and project accounting practices related to the CR3 project. The December 28, 2007 audit report was entitled

Audit of Crystal River 3 Extended Power Uprate Project. Exceptions were noted in five areas. Corrective actions, where applicable, were implemented by the end of March 2008.

Findings relevant to FPSC audit staff's review were noted in the areas of [REDACTED] These findings were relatively minor. However, continued attention to the areas cited will be required in future years for effective project management. [REDACTED]

Appropriately, a follow-up to the 2007 CR3 audit is planned for the third quarter of 2008. Audit Services plans to re-audit the areas from the first audit. The scope is not finalized but will likely assess adherence to key written procedures governing project planning and project management. The audit may also evaluate the adequacy of budget metrics, delineation of roles and responsibilities, and implementation of lessons learned.

Progress Energy's newly-formed Project Assurance Group was created to provide an internal review of project decision-making processes by ensuring that proper procedural adherence and documentation are maintained. In carrying out this function, the group's efforts are intended to support PEF's nuclear cost recovery filings. This group ultimately reports to the Progress Energy Vice-President of Audit Services, and though it does not perform audit function, it will provide monthly feedback to both project management and corporate management. According to PEF, the staffing of this function is still in progress, and basic policies and procedures are in place.

Within Progress Energy Corporation's Nuclear Generation Group, the Performance Evaluation Section performs reviews of major projects such as the CR3 uprate. The Performance Evaluation Section also performs cross-functional reviews of CR3 plant operations and management-directed reviews. During 2008, Progress Energy began reorganization of the structure of the Performance Evaluation section and other internal assessment functions. This restructuring will be delineated in an Internal Governance procedure that is currently under development.

An internal quality assurance auditing role is also performed by the CR3 Nuclear Assessment Section. This group performs contractor and internal PEF reviews of Crystal River Unit 3 operations, including some related to the uprate project. During 2009, the Performance Evaluation section will conduct its biennial review of the CR3 Nuclear Assessment Section.

In future years, audit staff expects to see increasingly frequent audit activity. Quality assurance audits and internal audits should provide adequate depth and breadth of coverage to support the company's cost recovery filings by documenting adequacy of internal controls, adherence to procedures, and reasonableness of project management efforts.

PEF's audit and quality assurance capabilities are appropriate. At this early stage, audit coverage appears adequate. These controls have already proven their value in encouraging adherence to procedures. As the project progresses, more frequent internal audits and quality assurance audits will be necessary for the success of the Crystal River 3 uprate project.

3.0 Levy Units 1 and 2 Construction Project

3.1 Project Planning

Were the site selection and land purchases for the Levy units reasonable?

PEF performed an extensive search for potential sites for its planned nuclear units. The company employed the *EPRI Siting Guide*, a site selection process developed by the Electric Power Research Institute for use by electric utilities in siting plants.

The process followed by PEF ranked potential sites in three major categories and sub-categories:

- ◆ Technical Evaluation
 - ▶ engineering costs
 - ▶ socioeconomics
 - ▶ environmental concerns
- ◆ Strategic Considerations
 - ▶ system reliability
 - ▶ site permitting
 - ▶ weather vulnerability
 - ▶ advantages of existing plant site
 - ▶ local government support
 - ▶ additional cost considerations
 - ▶ site expandability
- ◆ Transmission Factors
 - cost
 - connection issues

More than 20 potential sites were studied by PEF, and these evaluation criteria narrowed these to five candidate sites located in Putnam, Highlands, Dixie, and Levy counties, plus the existing Crystal River site. These were all examined through a quantitative scoring process. Of these, the Crystal River site and the Levy site emerged as the highest scored options.

The Crystal River and Levy sites were evaluated highest on the technical evaluation category due in large part to having more solid limestone located closer to the surface, and due to water source considerations. The other three sites would have relied upon river water which could have created environmental concerns and competition with other users. The Levy site had an elevation advantage of an additional 35 feet above sea level, reducing vulnerability to hurricane storm surges.

The strategic considerations evaluation resulted in an advantage for the Levy site over the Crystal River site since Levy would have lower vulnerability to a major generation loss from a single event in a geographical area.

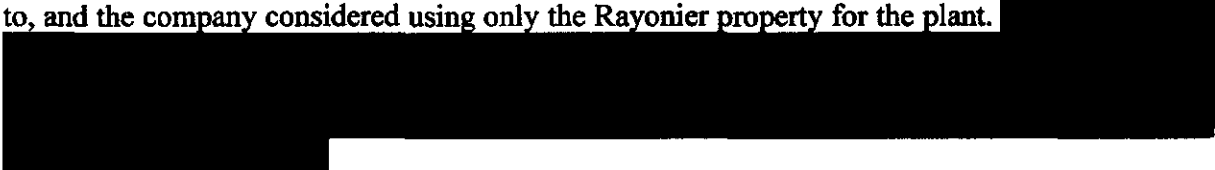
PEF's results indicate Levy was predicted to have slightly higher transmission upgrade costs than Crystal River. Projected transmission costs for the Dixie county site were slightly higher than the Levy county site.

In total, the Levy site received the highest ranking, with Crystal River second and Dixie county third. The Highlands and Putnam sites were considerably less viable.

The site itself is largely comprised of two parcels, each named for the previous owner(s). In November 2006, PEF signed a purchase agreement for the 3,105 acre Rayonier property. In October 2007, PEF contracted to also purchase the bordering 2,159 acre Lybass property. The latter parcel provides access to the Cross-Florida Barge Canal for cooling water intake. It also provides transmission exits from the plant site.

To prevent potential sellers from attempting to leverage higher sales prices, PEF engaged a realtor to represent the company in these purchases. The realtor did not disclose that PEF was the potential buyer, but approached each owner to inquire about price and availability.

Initially, asking prices were high. A reduced price on the Rayonier property was agreed to, and the company considered using only the Rayonier property for the plant.



The size of the combined property exceeds the actual core plant site. Project management indicates that this provides the required buffers and also space for future expansion. The site could accommodate either more nuclear units or other generation technologies. At least one owner would not divide the property to purchase fewer acres. In making its decisions to purchase, PEF reasoned that the increasing scarcity and prices of suitable plant sites also warranted the purchase of the parcels.

Transmission corridors were planned with several options being considered until plant site selection was finalized. In 2007 a contract was awarded to Golder Associates to identify and evaluate transmission corridors needed and to assist with development of initial land cost estimates. The report was issued in 2008, and it recommended transmission corridor locations that are still under consideration by PEF.

Examination of environmental impacts and coordination with local government and public interest citizen groups proceeded, and the selected routes and corridors were announced in conjunction with the company's FPSC Need Determination filing. The company plans to begin transmission land and rights-of-way acquisition once the route selection study is complete.

PEF project management indicated that the proximity of the Levy and Crystal River sites was not a serious concern. Though just eight miles apart, the distance between Crystal River Unit 3 and Levy Unit 1 would be greater than that separating all the twin-unit nuclear plants in operation around the country. Based upon audit staff's understanding of the NRC's site selection constraints, this analysis of the risk of two additional nuclear units on the Levy site appears reasonable. Regarding site selection involving multiple units, the NRC requires the utility to determine whether the reactors are independent to the extent that an accident in one reactor would not cause an accident in another, and to show that simultaneous operation of multiple reactors will not result in total radioactive releases beyond allowable limits.⁷

PEF's site selection and acquisition efforts appear to have been appropriate and in keeping with good business practices.

Was the process for selection of the Levy units' design reasonable?

The Levy project dates back at least to 2004 when PEF joined the NuStart consortium. As the name implies, NuStart was formed to pursue a "new start" for the United States nuclear industry. NuStart's members are utilities exploring possible nuclear unit construction. The consortium has worked with the NRC and U.S. Department of Energy to gain approval for two demonstration project sites under the previously untested NRC combined operating license application process (COLA). For these initial demonstration projects, NuStart submitted applications for two advanced nuclear plant designs: the Westinghouse AP1000 and the GE Economic Simplified Boiling Water Reactor (ESBWR). The development of the AP1000 COLA by NuStart allows all member companies to use the portions of the COLA that are generic to these plants in their own applications. This reduces the COLA workload and expense for companies selecting the AP1000 design.

During 2005, Progress Energy issued a Request for Proposal (RFP) to GE, Westinghouse, and AREVA to obtain plant design proposals. In 2007, Progress Energy joined the AP1000 Operators Group (APOG), a consortium of utilities considering construction of an AP1000 plant. This group sought to reap benefits from combined research efforts, standardization, and resource sharing.

The evaluation of RFP responses and other research culminated in PEF's selection of the AP1000 design in early 2006. Monitoring of other design options continued, and PEF assessed GE's Advanced Boiling Water Reactor (ABWR). But the Westinghouse AP1000 remained PEF's preferred technology. The company believes the fact that the AP1000 has attained Design Certification from the NRC provided a major advantage over other options not yet granted this status. The analysis of the plant design options focused the following key criteria:

- meeting PEF's targeted commercial operation date
- ◆ minimizing capital expenditure and busbar costs

⁷ Title 10 Code of Federal Regulations 100.111.

- ◆ avoiding design options rejected by all other U.S. utilities
- ◆ minimizing financial risk, schedule risk, and expected licensing path duration
- ◆ maintaining compatibility with PEF's system operation and transmission capabilities.

The technology selection was made by the Baseload Steering Committee, comprised of key senior managers, and was approved by company and corporate executive management. The Progress Energy Board of Directors concurred with the selection approved by company and corporate executive management.

The company's early involvement in studying technology options placed PEF in a favorable position among the 21 planned new U.S. nuclear units. Should congestion in processing applications at NRC materialize, the benefits of PEF's position in queue may become more apparent and more valuable.

PEF's plant design selection process was reasonable and effective in positioning the company to meet the anticipated need for capacity in 2016.

Is PEF's approach to negotiating an engineering, procurement, and construction contract for the Levy units reasonable?

To support its AP1000 unit design, Westinghouse has teamed with Shaw Stone & Webster to form a consortium that offers full Engineering, Procurement and Construction (EPC) services. This is intended to provide more coordinated and efficient engineering and construction services within a unified contracting team.

Currently, the Westinghouse team is constructing the first AP1000 units in China. This provides a potential benefit in several ways for PEF and other AP1000 owners, as Westinghouse and Shaw Stone & Webster develop a cooperative interaction in completing one plant before repeating the process in the United States. This also allows the U.S. plants to benefit from lessons learned on the China plant.

However, the "package deal" of Westinghouse – Shaw Stone & Webster, and the popularity of the AP1000 could result in these suppliers being able to command a higher price for their unique combined offer. Therefore, PEF management sought to carefully consider its selection of an EPC contractor, keeping its options open to contract separately for engineering and procurement services from Westinghouse, and construction services from a provider other than Shaw Stone & Webster.

In March 2008, PEF entered into a Letter of Intent with Westinghouse – Shaw Stone & Webster to obtain key elements of the EPC services package for the Levy units. This agreement involved four key elements:

[REDACTED]

[REDACTED]

Audit staff notes that the industry-wide desire to keep sensitive negotiations confidential (including price specifics) makes it difficult to develop a frame of reference for evaluating the PEF Letter of Intent. Still, PEF management believes it has negotiated the most favorable terms possible given current market conditions, and points out that [REDACTED]

Among factors to be considered by PEF are the advantages of opting for the Westinghouse – Shaw Stone & Webster package contract. These include streamlining the selection of another construction contractor and the resulting coordination between that contractor and Westinghouse.

PEF's efforts to secure an engineering, procurement, and construction contract appear to have been effective and reasonable. The basic structure of the Letter of Intent regarding engineering, procurement, and construction services appears reasonable.

What regulatory approvals are required for completion of the project?

Florida Public Service Commission approval for the Levy Units is being addressed as required by Sections 403.507(4) and 403.519(3), Florida Statutes. The Commission's decision on the Determination of Need proceeding, Docket No. 080148-EI was pending at the time of this report.

Florida Department of Environmental Protection (DEP) approval for the Levy Units must be obtained via the Site Certification Application process. As with the CR3 uprate approval, DEP will coordinate with other state and local agencies to assess public health and environmental aspects of the planned Levy units. These activities include coordinating with the state's Water Management Districts in reviewing the Environmental Resource Permit application, and reviewing wetlands mitigation plans.

The company submitted its Site Certification application in early June 2008. Certification will be decided by the Siting Board (Governor and Cabinet), or in a non-contested case by the Secretary of the Department of Environmental Protection on behalf of the Board. The approval process is estimated by the company to require 15 or more months, and it will run concurrently with the much longer NRC combined operating license approval process.

PEF is required to submit license applications for NRC approval both for new unit construction and operation. The company has elected to use the Combined Operating License process option offered by the NRC. This process combines the applications for both the construction license and the operating license, with the intent of reaching an earlier completion date than the available two step process.

In 2006, the company engaged a Joint Venture Team of three contractors (Sargent & Lundy, Worley-Parsons, and CH2M Hill) to prepare its Combined Operating License Application (COLA) and DEP Site Certification Application. The team's COLA and Site Certification Application work is being completed. PEF states that the DEP Site Certification Application was submitted on June 2, 2008, and that the COLA will be submitted on July 30, 2008. Appropriately, PEF has maintained quality assurance and audit oversight of the Joint Venture Team's work. Additionally, the company has developed extensive written procedures to govern its review of the COLA.

PEF plans to apply to the NRC for a Limited Work Authorization at the same time the COLA is submitted. This will allow for limited site preparation activities in advance of issuance of a combined license. PEF project management believes this site preparation work could begin in 2010, and it should be completed in time to support commencement of construction in early 2012.

Once approval is granted for the COLA, the NRC maintains oversight of the construction and operation of the unit facility throughout its lifetime to assure compliance with the Commission's regulations. After issuing the combined license, the NRC will authorize operation of the facility upon verifying that the licensee completed required inspections, tests, analyses and that acceptance criteria were met.

PEF has appropriately proceeded with the required regulatory approvals, scheduling, and preparation of applications in a manner that will accommodate the planned project completion dates.

Has PEF developed a project plan to meet the desired project completion dates?

Based upon the anticipated regulatory approval schedule, the ongoing engineering and procurement efforts, PEF developed the current schedule leading to anticipated Levy Unit 1 commercial operation in 2016. In 2006, the company approved a project plan for the Levy project COLA phase, including a Work Breakdown Structure. The COLA phase includes the

selection of the reactor technology design, site selection, and preparation and post-submittal support of the license application itself.

COLA completion and submittal is planned for late July 2008. As of mid-June the COLA work was reported to be about 90 percent complete. PEF believes NRC approval of the Levy COLA could be completed in early 2012, triggering the start of safety-related construction. Four years of construction and pre-operational testing are planned to be completed by the end of 2016.

Levy Unit 2 construction is planned to lag Unit 1 by about 12 to 18 months, allowing contractors and workers to transition from one unit to the other. This approach reduces efforts related to setup time, contractor workforce qualification and recruitment, and maximizes the use of cranes and other leased equipment. Development of a detailed project plan and Work Breakdown Structure for the construction phases of the Levy project is in progress.

Project management has stressed the value of work on both units employing modular construction techniques. PEF notes modular construction has been successfully employed in recent years in overseas nuclear unit construction. Compared to the nuclear unit construction techniques of the 1970s and 1980s, this method compresses construction time, simplifies material handling and purchasing, and allows progress in different project areas to proceed on parallel tracks.

As with the CR3 uprate project, one key element in scheduling the Levy units is the handling of long lead items. As noted, PEF's plant design technology selection had to begin early in order to provide a favorable position "in queue" versus other planned units nationwide. The signing of the March 2008 Letter of Intent with Westinghouse - Shaw Stone & Webster allowed the procurement of key long lead items to begin, further securing PEF's "place in line" and increasing its chances of meeting the targeted Levy completion date. Westinghouse has developed and delivered a preliminary integrated project schedule for the Levy project. This schedule is under review by PEF management and will be integrated into a formal Integrated Master Plan.

PEF appears to have taken a reasonable approach to developing project plans at this early stage.

Was PEF's risk evaluation for the Levy project reasonable?

As noted, at the time PEF began to pursue the Levy plant option, its procedures regarding major capital projects (those in excess of \$5 million) required the new plant to be proposed via a Business Analysis Package (BAP). This document laid out the basic schedule, cost estimates, risk analyses, economic analyses, and scenario analyses for the COLA process only.

Risks assessed for the COLA phase included the following:

- ◆ Construction cost escalation
- ◆ Fuel cost escalation

- ◆ Contractor non-performance
- Carbon tax legislation

The initial BAP, presented in March 2006, presented the option of pursuing COLAs for both the Levy project and separate units to serve Progress Energy-Carolina. This analysis noted several future decision points for re-evaluation of whether a new nuclear plant was the best base load generation option. These re-evaluations were recommended to be performed at the points of ordering long lead equipment, COLA submittal, and start of on-site construction.

A revised BAP in August 2007 reflected slightly later planned dates for COLA submission and approval by the NRC. It also reflected an increased project cost estimate due to higher land purchase costs. The revisions also reflected revised capacity need dates for the Carolina and Florida units. The Florida timeframe moved from 2015-2016 to 2016-2018.

Specific risks analyzed included variation in the construction costs, fuel costs, and environmental costs. The only activity risk was the chance of non-performance by the COLA consultants, which was covered by contract provisions. An economic analysis compared costs of alternative generation options modeled under various scenarios. A best case scenario examined included the impact of carbon taxes that would favor the nuclear option. A worst case scenario assessed the impact of reduced natural gas prices and a 20 percent increase in capital costs.

The conclusion was that nuclear was competitive with other options, and to protect that option, PEF should start the nuclear licensing process to allow future reconsideration of the Levy plant option. It reiterated the re-evaluation decision points specified above.

During 2008, PEF began to migrate major projects towards its new Integrated Project Plan (IPP) for approval and control. The IPP process still includes the identification and assessment of key risks and risk management approaches, but provides senior management with more frequent and continuing opportunities to endorse or redirect the project. Like the BAP, the IPP documents assumptions, constraints and decisions to be made, defines approval requirements for funding, and it provides a baseline for the progress measurement and project control.

Risks addressed in the 2008 revised BAP included the following:

- ◆ Interest rate escalation
- Component cost escalation
- Construction cost escalation
- Contractor non-performance
- ◆ Labor shortages

The second revision of the Levy Business Analysis Package was presented in April 2008. This revision addresses the decision to move forward with the project beyond the COLA phase. It added information regarding the provisions of the Letter of Intent, and assigned primary responsibility for the project to the Nuclear Projects and Construction Department, as well as support roles to various PEF and Progress Energy departments. The analysis included results using the Strategist® modeling tool. Model runs examined sensitivities to various fuel price

projections and assumptions regarding potential CO₂ legislation. Also examined were lifetime costs of Levy and other generation options.

Key risks addressed include price risks including increased interest rates and increased component fabrication and construction costs. The plan stated that mitigation of interest rate risk could be provided by PEF Treasury Department, and also through seeking annual AFUDC recovery by the Commission. Component and construction costs were anticipated to stabilize design finalization is completed in 2009. These risks had already been mitigated by locked-in pricing and the reserved position in queue provided by the Letter of Intent. An additional strategy identified was the use of hedging for key commodities. Fuel cost risks and construction costs could be offset by hedging uranium or other commodities.

The analysis noted that risks related to non-performance by the EPC contractors were addressed in contract terms and conditions, and they could be mitigated by evaluating use of a replacement firm. Another risk was a potential shortage of labor and craftsmen. The company plans to address this through outreach programs to technical schools, community colleges and the University of Florida to support the preparation of capable technicians and engineers.

The 2008 BAP reaffirmed the need for PEF to continue to reassess the viability of the project. The report stated, "As the nuclear generation project continues forward, PEF will continue to monitor and will be obligated to demonstrate the prudence of pursuing nuclear generation as opposed to other viable options to meet the reliability needs of the Company's customers."⁸ Beyond the risk analyses completed to date, audit staff believes PEF will need to act upon the recommendations of the three Levy Business Analysis Packages to re-examine the project at key dates such as the time of COLA submittal and the start of construction.

Concerns regarding the availability of manufacturers and contractors prompted the company to maintain an accelerated contract award process. Though a final EPC contract has yet to be signed this effort took a large step towards that milestone with the Letter of Intent with Westinghouse – Shaw Stone & Webster. PEF projects that an EPC contract will be signed in mid-2008.

The resurgence of the U.S. nuclear industry has already impacted the NRC as it processes the numerous license applications that will be involved. Presently, PEF anticipates an approval period of 42 to 48 months after submission of its Levy uprate application in mid-2008. PEF management has viewed submitting an early application as being essential to reducing schedule risk, and it has acted to carry out this priority. Staff believes that backlog issues at the NRC are beyond the company's control, and early application with a well-prepared COLA is the only viable countermeasure. Also, the company must provide timely responses to any Requests for Additional Information generated by the NRC. At present, PEF project management believes the company's NRC application efforts and schedule should produce approvals without delays to project completion.

PEF has conducted a reasonable identification and assessment of potential risks to successful completion of the Levy project. Project cost and schedule success will require

⁸ *Business Analysis Package - Revision 2*, April 4, 2008, p 35.

continued vigilance in risk management and re-assessment of project viability at key decision points.

3.2 Project Management and Organization

Is an appropriate project management organization in place for the Levy project?

As with the CR3 uprate, the recently-created Nuclear Projects and Construction Department will provide a dedicated staff to oversee the Levy project. Headed by its Vice-President, who serves as the Levy project sponsor, this department will have primary responsibility for development of the Levy site and the construction of the units. To date, most of the activities surrounding the COLA preparation and site selection have been managed by the Nuclear Plant Development section, which is depicted in Exhibit 3.

PEF Nuclear Plant Development and License Renewal

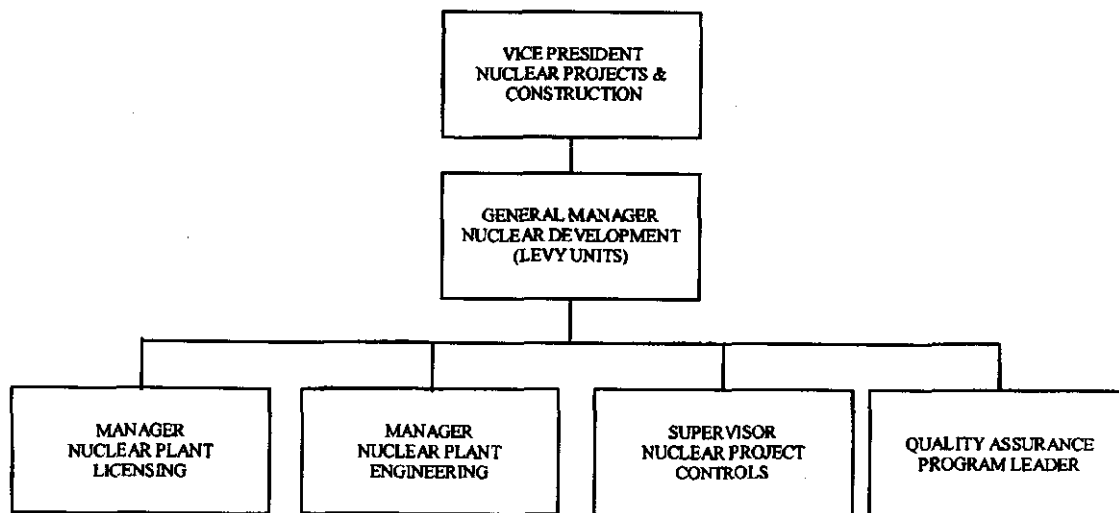


EXHIBIT 3

Source: PEF Response to Document Request 3-4

The Nuclear Project and Construction Department and the Nuclear Plant Development section have both developed written procedures to guide its work in the Levy project. Due to the ongoing nature of the project, portions of these procedures are still in the process of development, particularly those pertinent to activity scheduled for future years. Where applicable, general PEF procedures still govern. Staff has obtained and reviewed a sample of these procedures for appropriateness and completeness.

Effective oversight of the Levy project by PEF's Nuclear Projects and Construction organization will be an essential element to the project's success. Though still being staffed, the organization appears to be appropriately structured and managed at this time.

Are appropriate oversight and accountability controls over project management in place?

As noted, the reporting structure within the Nuclear Projects and Construction Department provides checks and balances to maintain oversight of work and independent assessment of work quality. This is accomplished through a variety of regular and ad-hoc meetings and reports. Properly structured and used, these reporting tools prevent actual or emerging problems from worsening due to lack of detection or intentional cover-up.

The regularly scheduled meetings involve varying segments of Levy project management. The Vice-President – Nuclear Projects and Construction convenes daily, weekly and monthly meetings with project managers of varying levels. As needed, meetings for time-sensitive issues are conducted as needed. Management receives schedule and cost reports on a regular basis to evaluate specifics of progress in either area. According to project management, meetings with PEF senior have been held monthly regarding the negotiation of the overall engineering, procurement, and construction contract.

Each quarter the Vice-President – Nuclear Projects and Construction participates in a meeting chaired by the PEF Chief Executive Officer. This meeting provides an opportunity to inform the CEO on project status and to answer his questions or concerns. Additional updates and presentations are provided to the CEO on request.

Levy project management provides a quarterly briefing and presentation to the Chief Nuclear Officer. A detailed presentation on the status of work is made by project management, highlighting changes to plans, current challenges, proposed resolutions and decisions needed.

Quarterly updates on the project are held with senior management. Future review of the project will be conducted under the Integrated Project Plan process (IPP) which was adopted in 2008. Project progress is tracked against the Integrated Project Plan and budget performance is examined. These IPP meetings in effect provide senior management with opportunities to authorize continued work, or if warranted, to suspend the project. In the event that severe problems emerged, this mechanism could provide PEF an "off-ramp" from the project.

Project management also meets quarterly with the PEF Finance Committee. These meetings examine the budget status and assess cash flows and the need for additional capital.

A framework for adequate oversight of project management by senior management exists. Plans for communications within the project management organization appear to be appropriate at this time.

3.3 Cost and Schedule Monitoring Controls

Has PEF developed an adequate control system for monitoring project schedules and costs?

As noted, the Project Controls group within the Nuclear Plant Development section is dedicated to the cost and schedule tracking of the Levy project. The Project Controls group can be viewed as the first line of defense for detecting emerging problems with costs and schedules. Once detected, any concerns can be further evaluated by Project Controls and/or brought to the attention for analysis by the on-site managers involved.

PEF's primary scheduling and schedule tracking tool is Artemis/ProjectView, a widely used project tracking and scheduling system. Through Artemis/ProjectView, actual versus projected schedule variances can be identified, analyzed, and recovery plans developed. Regular periodic reports can be provided to management, and customized reports can be developed as requested.

The company is currently reviewing a preliminary integrated project schedule prepared by Westinghouse. This schedule is under review by PEF, and it will be integrated into a formal Integrated Master Plan.

The Work Breakdown Structure is another key component of the project plan for the construction phase of the Levy project. It is the detailed plan by which each work activity for the project is identified, assigned and sequenced. Each of the hundreds of specific tasks is assigned to a functional area manager and also to a specific task manager. The functional area manager is responsible for development of the task instructions and procedures for its completion, and the task manager is responsible for actual task completion.

Cost and schedule tracking to date have focused on the COLA work. As of June 2008 the COLA is 90 percent complete, and PEF management states it plans for submittal to the NRC in late July 2008 can be accomplished. Costs for the COLA work have increased due to approved scope additions since 2006.

Monthly reports from contractors and PEF project staff also provide detailed information indicating work progress, schedule status, expenditure summaries and other information indicative of performance. Since 2006, the Joint Venture Team has provided monthly Levy plant COLA status reports and periodic Site Certification Application status reports. These contain work status information, which indicates the percentage of work complete.

PEF and Progress Energy also provide periodic internal reports on the Levy project. Progress' Nuclear Plant Development section provides a monthly Performance Report. The reports discuss cost and schedule status, budget variance, key issues and decisions, upcoming events, and self-evaluation results. Periodic briefing reports are also prepared for the Progress Energy Chief Nuclear Officer. They present updates on project status, highlight emerging challenges and problems, and discuss budget considerations.

Monthly cost reports and financial summaries are provided to PEF business unit managers and executives. Similarly, project cost reports detailing the transactions charged to the project are provided to project managers. PEF indicates that similar monthly information is provided to the Chief Operating Officer and other senior management committee members.

As the project progresses into pre-construction and eventually construction phases, cost tracking will become an increasingly important activity. Cost status is also provided in the purchase order and invoicing process, where the Project Controls group examines each against the total contract and remaining authorized funds.

Cost and schedule monitoring controls are still in the process of development. Limited results are available for assessing the adequacy of these controls at this time.

3.4 Contractor Selection and Management

Has PEF's selection of the current set of Levy project contractors and vendors been reasonable?

As with the CR3 project, all vendors for the Levy Units are assessed for inclusion on PEF's Approved Supplier List. In the case of some contractors, long standing relationships have established a track record with PEF while first-time evaluations may be required for others. Depending upon the contract, this evaluation effort may include a review of the vendor's facilities, products, and quality assurance program.

Vendors and contractors for the Levy project were selected by a mix of competitive bidding and sole source contracts. PEF's procedures define sole sourcing as the selection of one single contractor, not on the basis that it is the only one qualified, but that it is the only one acceptable or available. Further, the procedures require sole source activity to be justified by the contract originator and approved at the appropriate management level for the dollar amount of expenditure involved.⁹ Audit staff notes that in a sole source situation, a detailed proposal is still examined and revised to provide the services or products according to PEF's needs and constraints.

For the Levy project, PEF has entered into ten contracts of one million dollars or greater that are reflected in its cost recovery filings. Of these, two resulted from competitive bidding and eight were sole source awards. These contracts are summarized in Exhibit 4 below.

The two contracts that were selected via bids were both awarded to the Joint Venture Team comprised of the firms of Sargent & Lundy, Worley-Parsons, and CH2M Hill. One contract was for the preparation of Levy's NRC COLA, and the other was for the preparation of the DEP Site Certification Application. The joint venture team was selected after evaluation of proposals from six bidders.

⁹ Progress Energy Procedures MCP-NGGC-0001, pp. 8 and 20.

Of the sole source Levy project contracts, six were awarded to either Westinghouse or Shaw Stone & Webster. PEF notes that the selection of the AP1000 technology drove the selection of Westinghouse (the owner of the AP1000 design) and Shaw Stone & Webster (its partner for construction of AP1000 units). PEF could have elected to use a different construction contractor, but the potential advantages (discussed on section 3.1) appear to have been weighted heavily by the company in its decision process.

Levy Units 1 & 2 Project Contracts Greater Than \$1 Million			
Westinghouse	Letter of Intent - AP1000 Reactor design and components	Sole Source - based on reactor technology selected	
Westinghouse	Levy price finalization support	Sole Source - based on reactor technology selected	
Stone & Webster	Levy price finalization support	Sole Source - based on reactor technology selected	
Stone & Webster	Letter of Intent - AP1000 reactor construction	Sole Source - based on reactor technology selected	
Stone & Webster	Conceptual design and site characterization	Sole Source - based on reactor technology selected	
Stone & Webster	Support of SCA and LWA submittals	Sole Source - based on reactor technology selected	
Jt. Venture Team	COLA preparation	RFP	
Jt. Venture Team	Site Certification Application preparation	RFP	
Golder Associates	Transmission corridor studies	Sole Source	
Power Engineers Inc.	Transmission line and substation conceptual design	Sole Source	

EXHIBIT 4

Source: PEF Schedule AE-8

The selection of the reactor design is arguably the most significant one to be made in nuclear plant construction. Its ramifications will continue for decades of plant operations. Due to the complete uniqueness of each design, and each vendor's ownership of that design, any technology selection necessarily will lead to a sole source award to that particular vendor. Audit staff believes this is a qualitative decision that does not lend itself to a low-bid selection process.

Though reactor designs vary, they can be separated into two basic types: pressurized water reactors (PWR) and boiling water reactors (BWR). The Westinghouse AP 1000, is a PWR, as is PEF's Crystal River Unit 3. Though the AP1000 is an advanced passive design and therefore significantly different from CR3, it is still similar to the basic technology type familiar to PEF and consistent with decades of operating experience at CR3. Other leading advanced designs being considered today are two separate General Electric BWR designs (ABWR and ESBWR.)

Another consideration weighed by PEF is the fact that unlike the GE ESBWR, the Westinghouse AP1000 and GE ABWR have attained design certification by the NRC. This is a designation granted by the NRC after a detailed engineering review. Though the GE ESBWR may attain the NRC certification, some delay would be required in PEF's timetable for COLA submittal in late July 2008 and commercial operation of Levy Unit 1 in 2016. The ABWR design was specifically studied and determined by PEF to be a less desirable option.

The design technology selection, however does not necessarily leave the utility without options for the construction contractor. For utilities selecting the AP1000, the consortium of Westinghouse – Shaw Stone & Webster strongly influences these companies to opt for the combined engineering, procurement and construction contract team. Concrete benefits for this option do exist. However, each utility's timing and planning assumptions differ and this certainly impacted PEF's decision-making.

PEF's goal to make a mid-2008 COLA submittal, both to avoid potential NRC and industry bottlenecks and to provide capacity by 2016, in part led it to strongly consider the Westinghouse and Shaw Stone & Webster team. Taking into consideration PEF management's efforts to obtain favorable pricing features in its March 2008 Letter of Intent, audit staff believes the Westinghouse and Shaw Stone & Webster sole source awards were reasonable decisions.

The sole source contract awarded to Golder Associates was for work supporting transmission expansion resulting from the Levy project. Key tasks include preparation of a corridor routing study and preparation of sections of the COLA and Site Certification applications. According to PEF management, the contract was sole sourced because Golder had already completed preliminary assessments for the Levy project in a prior contract. PEF reports that these preliminary assessments had been used as part of the decision to proceed with the project, but by the time the additional need for services existed, it was too late to issue an RFP for the other work. PEF believed issuing an RFP and analysis of proposals would have prevented the company from maintaining scheduled project milestones. PEF reasoned that if another contractor were selected, that contractor would have had to repeat the preliminary assessments work. The company also points out that it has a master contract with Golder that is exercised from time to time.

Similarly, the sole source contract awarded to Power Engineers Incorporated was for continued transmission line and substation conceptual design work as a follow-up to earlier work. The contract was awarded through a work authorization on a master contract with PEF. As with the Golder contract, PEF states that time constraints prevented the issuance of an RFP and that work already completed by Power Engineers would have to have been repeated if another vendor were to have been chosen.

Audit staff determined that the original preliminary assessments work contract with Golder was also sole sourced. Therefore, the justification for the second sole source contract depends largely upon the sole source justification of the first contract.

The compensation rates for both the Golder and Power Engineering contracts were based upon the existing master contracts in effect at the time. These rates were previously negotiated in an unhurried timeframe, and therefore the possibility of PEF having paid excessive work rates is diminished. Although it would have been preferable for the original work to have been competitively bid, the company's concern over schedule constraints appears reasonable to audit staff as sole source justification for both the Golder and Power Engineering contracts. In the future, audit staff urges the company to issue RFPs for project contracts where possible, and to plan to allow time for the selection process.

PEF appears to have followed its contractor selection procedures. Given the unique challenges and circumstances of the nuclear industry, PEF's use of sole source selections for the Levy project to date is in keeping with reasonable business practices.

Is an appropriate set of internal controls for contractor management and evaluation in place for the Levy project?

The contractor management and contractor evaluation functions are the responsibility of the Nuclear Projects and Construction Department. Within the department's Nuclear Plant Development section, the Quality Assurance Program Leader oversees assessments of both vendor and PEF quality assurance programs. To date, he has interacted with the Joint Venture Team of COLA consultants, evaluating their efforts. As the project moves forward, he will develop the Levy QA program, writing the program procedures and staffing this group for an expanding workload.

Similar to the CR3 project, a separate Project Controls group within the Nuclear Plant Development section will oversee schedule monitoring and reporting, financial reporting and cost tracking, and work management. The aim of the Project Controls group is to detect and report emerging problems with costs and schedules. This reporting is essential to allow management to take timely action to prevent or control problems. The Project Controls Supervisor reports to the General Manager of Nuclear Plant development, who reports to the Vice-President - Nuclear Project and Construction.

At the corporate level, Progress Energy's Audit Services Department and Performance Evaluation Section both have roles in contractor evaluation. The full responsibilities of these organizations are discussed in more detail in section 3.5 below.

PEF's approach to contractor oversight and evaluation appears to be appropriate to date. Proactive project management by PEF should require frequent communication and updates, demand contractor accountability, and challenge information provided by contractors.

Has PEF implemented appropriate protections from contractor cost overruns or poor performance on the Levy project?

PEF project management has stressed that effective supervision and management of contractors must be maintained to avoid schedule delays or cost overruns. The company notes that contracts have been negotiated to support this effort.

Where the nature of the work being performed does not lend itself to a fixed price contract, time and materials contracts can be structured to include a target price and penalty provision. [REDACTED]

[REDACTED] This risk-sharing approach prevents contractors from benefitting from their own failures, and it provides an incentive for early or timely completion of work. Of the current ten Levy contracts exceeding one million dollars, four are time and materials contracts and six are fixed-price.

As noted, required periodic status reports from contractors also are used as a tool for obtaining status information and accountability. This supports full disclosure and early detection of problems or negative trends. Contractors that are experiencing problems can provide remediation plans and commit to improved performance. Internal PEF and Progress Energy status reports previously described can also serve similar purposes of monitoring contractors' performance and effectiveness.

[REDACTED]

Standard contract provisions, cover contingencies such as damages, breach, work stoppages, cancellation for cause or without cause by PEF, and dispute resolution to ensure quality work and contract adherence. Each contract affords audit and work inspection rights to PEF.

PEF has made efforts to ensure effective contractor performance by means of protective contract provisions and contract structure. This approach appears to have appropriately sought risk-sharing through incentives and penalties.

3.5 Auditing and Quality Assurance

Does PEF have appropriate auditing and quality assurance functions in place for the Levy project?

As a major investment facing various risks, the Levy project will continue to be the subject of the Progress Energy Corporation's Audit Services Department as it develops the annual audit plan. As noted, the Audit Services Department is headed by a Vice-President who is accountable to the Progress Board of Directors' Audit Committee. The reporting structure is in

keeping with Institute of Internal Auditors standards,¹⁰ and it aids the organization in providing independent assessments of company operations such as the development of the Levy project.

Audit Services has planned several audits related to the Levy project for 2008. One will review compliance within PEF to the nuclear cost recovery rule including the accuracy and adequacy of filings. Another will assess the performance of the Levy Nuclear Financial and Regulatory Project Team, and a third will assess the adequacy of the Levy County Data Repository.

Most importantly, PEF's planned 2008 *Audit of Levy County Project Management* will address cost management, project management and adherence to authorization procedures. The audit will focus on governance and controls for overall project management, prudence, regulatory filings and reporting, status reporting, and change management. Audit staff believes the results of this audit will provide valuable input for assessing PEF's 2009 nuclear cost recovery filing.

Progress Energy's newly-formed Project Assurance Group was created to provide an internal review of project decision-making processes by ensuring that proper procedural adherence and documentation are maintained. In carrying out this function, the group's efforts are intended to support PEF's nuclear cost recovery filings. This group ultimately reports to the Progress Energy Vice-President of Audit Services, and though it does not perform audit function, it will provide monthly feedback to both project management and corporate management. According to PEF, the staffing of this function is still in progress, and basic policies and procedures are in place.

Within Progress Energy's Nuclear Generation Group, the Performance Evaluation Section also performs audits that examine PEF's nuclear operations, including the Levy Project. In 2008, PES is scheduled to perform an evaluation of the Nuclear Plant Development section, which includes the Levy project quality assurance and project controls functions. PES also performs cross-functional reviews of Progress Energy nuclear plant operations and management-directed reviews. During 2008, Progress Energy began reorganization of the structure of the Performance Evaluation section and other internal assessment functions. This change, and the benefits of the restructuring, will be delineated in an Internal Governance procedure that is currently under development.

During 2007, Nuclear Plant Development section's Quality Assurance group performed an audit of CH2M Hill, one of the Joint Venture Team contractors preparing the COLAs for both the PEF's Levy plant and the new Progress Energy-Carolina Harris units. [REDACTED]

[REDACTED] As a result, NPD required CH2M Hill to prepare a recovery plan to remedy these shortcomings. [REDACTED]

[REDACTED] The adverse audit findings triggered a review of CH2M Hill's geotechnical investigation activities at the Levy site by CR3's Nuclear Assessment staff. This review did not result in new findings, and no work stoppage was required at Levy. A re-audit of

¹⁰ The Institute of Internal Auditors, *Standards for the Professional Practice of Internal Auditing*, 1995, Standard 110.01.1.

CH2M Hill was conducted March 31-April 4, 2008. The reaudit resulted in satisfactory findings, and [REDACTED]

In 2007, a similar audit of Joint Venture Team member Sargent & Lundy's quality program was conducted. This audit identified six nonconformances, none found to have an adverse impact on the product provided to Progress Energy.

The Quality Assurance group plans several internal Levy project reviews for 2008. Four reviews will separately address COLA Preparation and Review, Contract Management, Self Evaluation and Document Management. All are scheduled for completion during the second or third quarters of 2008.

In future years, audit staff expects to see increasingly frequent audit activity. Quality assurance audits and internal audits should provide adequate depth and breadth of coverage to support the company's cost recovery filings by documenting adequacy of internal controls, adherence to procedures, and reasonableness of project management efforts.

PEF's audit and quality assurance capabilities are appropriate. At this early stage, audit coverage appears adequate. These controls have already proven their value in managing contractor effectiveness. As the project progresses, more frequent internal audits and quality assurance audits will be necessary for the successful completion of Levy Units 1 & 2.

Appendix I
Nuclear Cost Recovery
Nuclear Filing Requirements (NFR's)
T-Schedules (True-up)
January 2007- December 2007

STH-1
Docket No. 08_____ -EI
Exhibit _____
Pages 1- 27
March 3, 2008

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 090008-EI EXHIBIT 20
COMPANY FPL Co. (Direct)
WITNESS Steven T. Hale (STH-1)
DATE 09/11-12/08

Appendix I
Nuclear Cost Recovery
Nuclear Filing Requirements (NFR's)
T- Schedules (True-up)
January 2007- December 2007

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**St. Lucie and Turkey Point Uprate Project
Retail Revenue Requirements Summary**

Schedule T-1 (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08 _____-EI

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule T-4, line 14)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule T-3A, line 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1: The costs associated with the uprate project were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project). As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107. Therefore no carrying charges are reflected in 2007 for recovery.

**St. Lucie and Turkey Point Uprate Project
Retail Revenue Requirements Summary**

Schedule T-1 (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Power & Light Company

DOCKET NO.: 08 ____-EI

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

Line No.		(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 14)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule T-3A, line 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1: The costs associated with the uprate project were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project). As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107. Therefore no carrying charges are reflected in 2007 for recovery.

**St. Lucie and Turkey Point Uprate Project
True-Up of Preconstruction Costs**

Schedule T-2 (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of preconstruction costs based on actual preconstruction expenditures for the prior year and previously filed expenditures for such prior year.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08 _____-EI

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Actual Nuclear CWIP Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (a) (Line 4 x 5.75% x 1/12)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 5a/.61425) (b)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 1.673% x 1/12)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions & Amortization from prior year Actual/Estimated	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Over / (Under) Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component of 5.75% reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a State Income Tax rate of 5.5%

**St. Lucie and Turkey Point Uprate Project
True-Up of Preconstruction Costs**

Schedule T-2 (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of preconstruction costs based on actual preconstruction expenditures for the prior year and previously filed expenditures for such prior year.

For the Year Ended 12/31/2007

COMPANY: Florida Power & Light Company

DOCKET NO.: 08____-EI

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. Actual Nuclear CWIP Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (a) (Line 4 x 5.75% x 1/12)	\$0	\$0	\$0	\$0	\$0	\$0	
b. Equity Comp. grossed up for taxes (Line 5a/.61425) (b)	\$0	\$0	\$0	\$0	\$0	\$0	
c. Debt Component (Line 4 x 1.673% x 1/12)	\$0	\$0	\$0	\$0	\$0	\$0	
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions & Amortization from prior year Actual/Estimated	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Over / (Under) Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component of 5.75% reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a State Income Tax rate of 5.5%

**St. Lucie and Turkey Point Uprate Project
True-Up of Carrying Costs**

Schedule T-3 (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.

For the Year Ended 12/31/2007

COMPANY: Florida Power & Light Company

DOCKET NO.: 08____-EI

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (a) (Line 5 x 5.75% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 6a/.61425) (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 5 x 1.673% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component of 5.75% reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a State Income Tax rate of 5.5%

**St. Lucie and Turkey Point Upstate Project
True-Up of Carrying Costs**

Schedule T-3 (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the final true-up of carrying costs on construction expenditures, based on actual carrying costs on construction expenditures for the prior year and previously filed carrying costs on construction expenditures for such prior year.

For the Year Ended 12/31/2007

COMPANY: Florida Power & Light Company

DOCKET NO.: 08____-EI

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (a) (Line 5 x 5.75% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 6a/.61425) (b)			\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 5 x 1.673% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component of 5.75% reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a State Income Tax rate of 5.5%

**St. Lucie and Turkey Point Uprate Project
Deferred Tax Carrying Costs**

Schedule T-3A (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars									
1.	Construction Period Interest (Schedule T-3B, Line 5)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Recovered Costs Excluding AFUDC (Schedule T-2, Line 1+ Line 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$0	\$0	\$0	\$0	\$0	\$0	n/a
7.	Average Accumulated DTA		\$0	\$0	\$0	\$0	\$0	\$0	
8.	Carrying Cost on DTA								
a.	Equity Component (a) (Line 7 x 5.75% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Equity Comp. grossed up for taxes (Line 8a/.61425) (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c.	Debt Component (Line 7 x 1.673% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Total Return Requirements (Line 8b + 8c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
11.	Difference (Line 9 - Line 10)		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component of 5.75% reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a State Income Tax rate of 5.5%

**St. Lucie and Turkey Point Uprate Project
Deferred Tax Carrying Costs**

Schedule T-3A (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual deferred tax Carrying Costs for the current year.

For the Year Ended 12/31/2007

COMPANY: Florida Power & Light Company

DOCKET NO.: 08____-EI

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule T-3B, Line 5)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Recovered Costs Excluding AFUDC (Schedule T-2, Line 1+ Line 3)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate) 38.575%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
7. Average Accumulated DTA		\$0	\$0	\$0	\$0	\$0	\$0	
8. Carrying Cost on DTA								
a. Equity Component (a) (Line 7 x 5.75% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 8a/.61425) (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 7 x 1.673% x 1/12)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Total Return Requirements (Line 8b + 8c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11. Difference (Line 9 - Line 10)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component of 5.75% reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a State Income Tax rate of 5.5%

**St. Lucie and Turkey Point Uprate Project
Construction Period Interest**

Schedule T-3B (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

For the Year Ended 12/31/2007

COMPANY: Florida Power & Light Company

DOCKET NO.: 08 _____-EI

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Additions Site Selection & Preconstruction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI	\$0	\$0	\$0	\$0	\$0	\$0	
6.	CPI Rate							
7.	Construction Period Interest for Tax (CPI)	38.575%	\$0	\$0	\$0	\$0	\$0	n/a
8.	Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**St. Lucie and Turkey Point Uprate Project
Construction Period Interest**

Schedule T-3B (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual
Construction Period Interest for the current
year.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Additions Site Selection & Preconstruction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI	\$0	\$0	\$0	\$0	\$0	\$0	
6.	CPI Rate							
7.	Construction Period Interest for Tax (CPI)	38.575%	\$0	\$0	\$0	\$0	\$0	n/a
8.	Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**St. Lucie and Turkey Point Uprate Project
CCRC Recoverable O&M Monthly Expenditures**

[Section (5)(c)1.a.]
[Section (8)(e)]

Schedule T-4 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M actual monthly expenditures by function for the prior year.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Accounting	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Regulatory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Human Resources	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Public Policy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Community Relations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Corporate Communications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Business Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9														
10	Total Recoverable O&M Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11														
12	Jurisdictional Factor													
13														
14	Total Jurisdictional CCRC Recoverable O&M Costs													
15														
16	Total Jurisdictional O&M Costs From Most Recent Projection													
17														
18	Difference (Line 14 - 16)													

**St. Lucie and Turkey Point Uprate Project
Total O&M Monthly Expenditures**

Schedule T-5 (True-up)

[Section (5)(c)1.a.]
[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the total O&M actual monthly expenditures by function for the prior year.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Legal													
2	Accounting													
3	Regulatory													
4	Human Resources													
5	Public Policy													See T-4 for recoverable amounts
6	Community Relations													
7	Corporate Communications													
8	Business Services													
9														
10	Total O&M Costs													
11														
12	Jurisdictional Factor													
13														
14	Total Jurisdictional O&M Costs													
15														
16	Total Jurisdictional O&M Costs From Most Recent Projection													
17														
18	Difference (Line 14 - 16)													

Note 1: FPL tracks and segregates by work order its incremental O&M expenses associated with the Uprate Project. Those incremental O&M expenses are not reflected in FPL's base rates and, accordingly, they will be recorded on Schedule T-4 for recovery through the nuclear cost recovery clause. FPL will seek recovery only of its separately identified, incremental O&M expenses associated with the Uprate Project. FPL does not track separately non-incremental O&M expenses associated with supporting the Uprate Project.

**St. Lucie and Turkey Point Uprate Project
Monthly Expenditures**

Schedule T-6 (True-up)

[Section (5)(c)1.a.]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08 -EI

Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1 Preliminary Survey & Investigation Charges (Account 183)													
2 Generation:													
3 License Application							163,348	50,467	68,526	25,286	22,435	27,083	357,150
4 Engineering & Design										981	5,081	5,681,467	5,700,529
5 Permitting													
6 Project Management								672	5,982	1,682	72,492	275,678	356,485
7 Clearing, Grading and Excavation								75,830	84,903	68,120	122,501	227,086	578,428
8 On-Site Construction Facilities													
9 Power Block Engineering, Procurement, etc.													
10 Non-Power Block Engineering, Procurement, etc.													
11 Total Generation Costs										3,267	1,203,046	425,811	1,631,924
12 Participants Credits PSL Unit 2							163,348	126,978	159,411	99,317	1,428,558	8,646,904	8,624,516
13 OUC													
14 FMPA							(2,963)	(2,166)	(3,557)	(1,962)	(39,447)	(94,338)	(144,453)
15 Total Participants credits							(4,285)	(3,161)	(5,143)	(2,836)	(57,045)	(138,421)	(208,881)
16 Total Generation Costs net of participants credits							(7,248)	(5,347)	(8,700)	(4,798)	(95,492)	(230,759)	(353,344)
17							156,100	121,631	150,711	94,519	1,332,066	8,418,145	8,271,172
18													
19 Jurisdictional Factor													
20							0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
21 Total Jurisdictional Generation Costs							155,448	121,123	150,082	94,124	1,328,507	8,389,367	8,236,652
22													
23 Transmission:													
24 Line Engineering													
25 Substation Engineering													
26 Clearing													
27													
28 Other													
29 Total Transmission Costs													
30													
31 Jurisdictional Factor													
32													
33 Total Jurisdictional Transmission Costs													
34													
35 Total Jurisdictional Preliminary Survey & Investigation charges:							155,448	121,123	150,082	94,124	1,328,507	8,389,367	8,236,652
36 Construction:													
37 Generation:													
38 Real Estate Acquisitions													
39 Project Management													
40 Permanent Staff/Training													
41 Site Preparation													
42 On-Site Construction Facilities													
43 Power Block Engineering, Procurement, etc.													
44 Non-Power Block Engineering, Procurement, etc.													
45 Total Generation Costs													
46													
47 Jurisdictional Factor													
48													
49 Total Jurisdictional Generation Costs													
50													
51 Transmission:													
52 Line Engineering													
53 Substation Engineering													
54 Real Estate Acquisition													
55 Line Construction													
56 Substation Construction													
57 Other													
58 Total Transmission Costs													
59													
60 Jurisdictional Factor													
61													
62 Total Jurisdictional Transmission Costs													
63													
64 Total Jurisdictional Construction Costs													

Note 1: The costs associated with the uprate project were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project). As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107. Therefore no carrying charges are reflected in 2007 for recovery.

**St. Lucie and Turkey Point Upgrade Project
Monthly Expenditures**

[Section (5)(c)1.a.]
[Section (8)(d)]

Schedule T-6A (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08 ____-EI

Line No.	Major Task	Description - Includes, but is not limited to:
1	<u>Preliminary Survey & Investigation Charges (Account 183)</u>	
2	<u>Generation:</u>	
3	License Application	FPL employee, consulting and contractor services rendered in support of feasibility studies related to Balance of Plant (BOP), initial Nuclear Steam Supply System (NSSS), scheduling and cost estimates.
4	Engineering & Design	Engineering & design services provided by Westinghouse and Areva related to NSSS and associated fuel and licensing design parameters and Shaw Stone & Webster related to BOP system design.
5	Permitting	State of Florida Site Certification Application Fee for St. Lucie, Golder Associates consulting services related to environmental work for site certification and FPL employee support.
6	Project Management	FPL management oversight and contractor services in support of feasibility study activities, including but not limited to, scope definition, cost estimates, contract negotiations and project execution.
7	Clearing, Grading and Excavation	
8	On-Site Construction Facilities	
9	Power Block Engineering, Procurement, etc.	Costs related to Siemens services for forging of Low Pressure Turbines at St. Lucie (Units 1 & 2), forging of Turbine Generator Rotor at Turkey Point (Unit 3) and studies to evaluate which main generator modifications are required to support implementation of the EPU.
10	Non-Power Block Engineering, Procurement, etc.	
11		
12		
13	<u>Transmission:</u>	
14	Line Engineering	
15	Substation Engineering	
16	Clearing	
17		
18	Other	
19		
20	<u>Construction:</u>	
21	<u>Generation:</u>	
22	License Application	
23	Engineering & Design	
24	Permitting	
25	Real Estate Acquisition	
26	Project Management	
27	Permanent Staff/Training	
28	Site Preparation	
29	On-Site Construction Facilities	
30	Power Block Engineering, Procurement, etc.	
31	Non-Power Block Engineering, Procurement, etc.	
32		
33	<u>Transmission:</u>	
34	Line Engineering	
35	Substation Engineering	
36	Real Estate Acquisition	
37	Line Construction	
38	Substation Construction	
39	Other	

**St. Lucie and Turkey Point Uprate Project
Variance Explanations**

Schedule T-6B (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

[Section (8)(d)]

COMPANY: Florida Power & Light Company

Provide annual variance explanations comparing the actual expenditures to the most recent projections for the prior period filed with the Commission.

DOCKET NO.: 08 _____-EI

For the Year Ended 12/31/2007

Line No.	(A) Total Actual	(B) Total Actual/Estimated	(C) Total Variance	(D) Explanation
1				<u>Preliminary Survey & Investigation Charges (Account 163)</u>
2				<u>Generation:</u>
3				License Application
4	357,150	0	357,150	Engineering & Design
5	5,700,529	0	5,700,529	Permitting
6	356,485	0	356,485	Project Management
7	578,428	0	578,428	Clearing, Grading and Excavation
8	-	0	-	On-Site Construction Facilities
9	-	0	-	Power Block Engineering, Procurement, etc.
10	1,631,924	0	1,631,924	Non-Power Block Engineering, Procurement, etc.
11	-	0	-	Total Generation Costs
12	8,624,516	0	8,624,516	Participants Credits PSL Unit 2
13				OUC
14	(144,453)	0	(144,453)	FMPA
15	(208,891)	0	(208,891)	Total Participants credits
16	(353,344)	0	(353,344)	Total Generation Costs net of participants credits
17	8,271,172	0	8,271,172	
18				
19				
20				<u>Transmission:</u>
21				Line Engineering
22				Substation Engineering
23				Clearing
24				Other
25				Total Transmission Costs
26				
27				<u>Construction:</u>
28				<u>Generation:</u>
29				Real Estate Acquisitions
30				Project Management
31				Permanent Staff/Training
32				Site Preparation
33				On-Site Construction Facilities
34				Power Block Engineering, Procurement, etc.
35				Non-Power Block Engineering, Procurement, etc.
36				Total Generation Costs
37				
38				<u>Transmission:</u>
39				Line Engineering
40				Substation Engineering
41				Real Estate Acquisition
42				Line Construction
43				Substation Construction
44				Other
45				Total Transmission Costs

**St. Lucie and Turkey Point Uprate Project
Technology Selected**

Schedule T-7 (True-up)

[Section (8)(b)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

The Extended Power Uprate Project is using the existing commercial light water pressurized water reactor technology being used at St. Lucie units 1 and 2 and the Turkey Point units 3 and 4 to generate electricity.

A detailed comprehensive engineering review of the nuclear steam supply system will be performed to determine the amount of power that the plant can be increased within the original design parameters of each unit.

Once the nuclear steam supply system power increase has been established a detailed comprehensive engineering evaluation will be performed on the secondary systems to determine the capability of the installed equipment to operate efficiently and as designed within the increased power to be generated. This will include steam moisture content, steam pressure, steam flow, main steam turbine capabilities, condenser, condensate, heater drains, and feedwater capabilities to operate with the higher power levels. Engineering evaluations will also include the capabilities of the component cooling water systems, the main turbine generator electrical output, main and auxiliary transformers, electrical breakers, and electrical system interconnection requirements to operate at the higher power levels.

Following the engineering evaluations, materials and equipment needed to support the extended power uprate will be purchased. Installation of the equipment will be performed during scheduled plant outages.

This technology was selected to provide increased electrical output from existing nuclear power plant units because it has been implemented successfully at other nuclear power plants. A review of the electrical power output increase at other nuclear units and a feasibility study of the St. Lucie and Turkey Point units resulted in positive results for economically increasing the electrical power output without an increase in the "footprint" of the existing sites. FPL has determined that increasing the electrical output of the existing nuclear power plant units is the most cost-effective option to meet the demand for electrical energy while enhancing fuel diversity and minimizing environmental impacts, including the avoidance of greenhouse gas (GHG) emissions.

**St. Lucie and Turkey Point Uprate Project
Contracts Executed**

Schedule T-8 (True-up)

[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	105353	Open	10/2/2007	3/31/2008	\$2,290,000	\$ 1,180,000	\$ 1,110,000	\$ 2,290,000	Shaw Stone & Webster	Sole Source	Engineering Support
2	104980	Open	8/14/2007	3/31/2008	\$5,600,000	\$ 4,100,000	\$ 1,500,000	\$ 5,600,000	Westinghouse Electric Company	Sole Source	Engineering Support
3	108225	Closed	11/15/2007	12/31/2007	\$1,100,000	\$ 1,100,000	\$ -	\$ 1,100,000	Siemens	Sole Source	Forging Reservation
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify: (3) Lowest Cost Bidder Accepted/Not Accepted.

**St. Lucie and Turkey Point Uprate Project
Contracts Executed**

Schedule T-8A (True-up)

[Section (B)(c)]

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: Florida Power & Light Company
DOCKET NO.: 08 _____-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

Contract No.:

105353

Major Task or Tasks Associated With:

Initial Balance of Plant (BOP) Engineering - Engineering support associated with steam and feed water systems and the turbine generator electrical capacity

Vendor Identity:

Shaw Stone & Webster Corp.

Vendor Affiliation (specify 'direct' or 'indirect'):

None

Number of Vendors Solicited:

0

Number of Bids Received:

0

Brief Description of Selection Process:

Sole Source - The leading engineering firm in performing power uprate work in the industry and previous satisfactory completion of uprate work with FPL Group.

Dollar Value:

\$2,290,000

Contract Status:

Open

Term Begin:

10/2/2007

Term End:

3/31/2008

Nature and Scope of Work:

Provide initial Balance Of Plant (BOP) engineering for 4 units, St. Lucie Units 1 and 2 and Turkey Point Units 3 and 4.

Describe work and scope details

**St. Lucie and Turkey Point Uprate Project
Contracts Executed**

Schedule T-8A (True-up)

[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Power & Light Company

DOCKET NO.: 08 _____-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

Contract No.:

104980

Major Task or Tasks Associated With:

Initial Nuclear Steam Supply System Engineering - Provide engineering support for the nuclear fuel parameters, fuel burn-up rates, primary system pressure and temperature operating parameters.

Vendor Identity:

Westinghouse Electric Corp.

Vendor Affiliation (specify 'direct' or 'indirect'):

None

Number of Vendors Solicited:

0

Number of Bids Received:

0

Brief Description of Selection Process:

Sole Source - Original Equipment Manufacturer of the Nuclear Steam Supply System

Dollar Value:

\$5,600,000

Contract Status:

Open

Term Begin:

8/14/2007

Term End:

3/31/2008

Nature and Scope of Work:

Provide initial Nuclear Steam Supply System (NSSS) engineering for 4 units, St. Lucie Units 1 and 2 and Turkey Point Units 3 and 4.

Describe work and scope details

**St. Lucie and Turkey Point Uprate Project
Contracts Executed**

Schedule T-8A (True-up)

[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Power & Light Company

DOCKET NO.: 08 _____-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

Contract No.:

108225

Major Task or Tasks Associated With:

Low Pressure Turbine Rotor forging slot reservation

Vendor Identify:

Siemens

Vendor Affiliation (specify 'direct' or 'indirect'):

None

Number of Vendors Solicited:

0

Number of Bids Received:

0

Brief Description of Selection Process:

Sole Source
Only vendor that could manufacture the equipment needed to support the project schedule

Dollar Value:

\$1,100,000

Contract Status:

Closed

Term Begin:

11/15/2007

Term End:

12/31/2007

Nature and Scope of Work:

Reserve manufacturing forging slot for the St. Lucie Units 1 and 2 Low Pressure (LP) Turbine rotor.

Describe work and scope details

**St. Lucie and Turkey Point Uprate Project
Contracts Executed**

Schedule T-8B (True-up)

[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a list of contracts executed in excess of \$200,000 including: vendor identity, product or service, term begin, term end and dollar value.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08 _____-EI

Line No.	(A) Vendor Identity	(B) Product or Service	(C) Term Begin	(D) Term End	(E) Dollar Value
1	Golder Associates, Inc., 4500387805	Site Certification Application preparation.	9/11/2007	3/31/2008	\$ 218,400
2	Siemens, 104453	Generator Rotor rewind analyses for St. Lucie Units 1 and 2 and Turkey Units 3 and 4.	7/30/2007	3/31/2008	\$ 400,000
3	Areva, 105720	Provide initial fuels scoping for St. Lucie Unit 1.	8/31/2007	12/31/2007	\$ 310,000
4	Siemens, 108708	Reserve a Turbine Generator Rotor forging slot for Turkey Point Unit 3.	12/1/2007	1/31/2008	\$ 275,000
5	FPLE Seabrook Station LLC, 100579, 16	Seabrook personnel support of the Power Uprate Project.	7/26/2007	12/31/2008	\$ 200,000
6	TSSD Services Inc, 108876	Project management services for St. Lucie	12/3/2007	6/30/2008	\$ 270,000

**St. Lucie and Turkey Point Uprate Project
Calculation of Net Final True-Up**

Schedule T-9 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION Calculate the net final true-up balance, including revenue and interest.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	True-Up Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	NFR Revenues Applicable to Period (Lines 1 + 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Jurisdictional NFR Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Beginning Balance True-up & Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a	Deferred True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	True-Up Collected (Refunded) (See Line 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	End of Period True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**St. Lucie and Turkey Point Uprate Project
Calculation of Net Final True-Up**

Schedule T-9 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION Calculate the net final true-up balance, including revenue and interest.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	True-Up Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	NFR Revenues Applicable to Period (Lines 1 + 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Jurisdictional NFR Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Beginning Balance True-up & Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a	Deferred True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	True-Up Collected (Refunded) (See Line 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	End of Period True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**St. Lucie and Turkey Point Uprate Project
Calculation of Interest on Net Final True-Up**

Schedule T-10 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION Calculate the interest on the net final true-up amount.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08____-EI

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	Beginning Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	Ending Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Average Monthly Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Beginning of Month interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Ending of Month Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Average Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Average Monthly Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Monthly Interest Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**St. Lucie and Turkey Point Uprate Project
Calculation of Interest on Net Final True-Up**

Schedule T-10 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION Calculate the interest on the net final true-up amount.

COMPANY: Florida Power & Light Company

For the Year Ended 12/31/2007

DOCKET NO.: 08 -EI

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	Jurisdictional NFR Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Beginning Balance True-up & Interest Provision	\$0	\$0	\$0	\$0	\$0	\$0	\$0
a	Deferred True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	True-Up Collected (Refunded) (See Line 2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	End of Period True-up	\$0	\$0	\$0	\$0	\$0	\$0	\$0

STH-2
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May 1, 2008

Appendix I
Nuclear Cost Recovery
Extended Power Uprate Project
Nuclear Filing Requirements (NFR's)
AE-Schedules (Actual/Estimate)
P-Schedules (Projections)
TOR-Schedules (True-up to Original)
January 2007 - December 2009

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 21

COMPANY F P & L Co. (Direct)

WITNESS K. Dusdahl, Stephen T. Hale, & S.R. Sim (STH-2)

DATE 09/11-12/08

Appendix I
Nuclear Cost Recovery
Extended Power Uprate Project
Nuclear Filing Requirements (NFR's)
AE-Schedules (Actual/Estimate)
P-Schedules (Projections)
TOR-Schedules (True-up to Original)
January 2007 - December 2009

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**Extended Power Uprate Project
Nuclear Filing Requirements (NFR's)
AE-Schedules (Actual/Estimate)
P-Schedules (Projections)
TOR-Schedules (True-up to Original)
January 2007 - December 2009**

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2008

Schedule AE-1 (Actual/Estimated)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule AE-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$16,870	\$75,801	\$123,558	\$153,164	\$202,748	\$254,552	\$826,694
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	(\$4)	(\$28)	(\$79)	(\$151)	(\$243)	(\$362)	(\$868)
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$16,866</u>	<u>\$75,773</u>	<u>\$123,479</u>	<u>\$153,014</u>	<u>\$202,505</u>	<u>\$254,190</u>	<u>\$825,826</u>
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	<u>\$16,866</u>	<u>\$75,773</u>	<u>\$123,479</u>	<u>\$153,014</u>	<u>\$202,505</u>	<u>\$254,190</u>	<u>\$825,826</u>

(a) The costs associated with the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project) were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the uprate project. As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107 and carrying charges began accruing.

Schedule AE-1 (Actual/Estimated)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule AE-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$313,103	\$380,773	\$451,220	\$521,444	\$591,868	\$655,313	\$3,740,414
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	(\$237)	\$189	\$702	\$1,306	\$1,999	\$2,778	\$5,869
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$312,866</u>	<u>\$380,961</u>	<u>\$451,922</u>	<u>\$522,749</u>	<u>\$593,867</u>	<u>\$658,091</u>	<u>\$3,746,283</u>
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	<u>\$312,866</u>	<u>\$380,961</u>	<u>\$451,922</u>	<u>\$522,749</u>	<u>\$593,867</u>	<u>\$658,091</u>	<u>\$3,746,283</u>

(a) The costs associated with the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project) were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the uprate project. As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107 and carrying charges began accruing.

Schedule AE-2 (Actual/Estimated)

St. Lucie and Turkey Point Upgrade Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Pre-Construction Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Construction costs based on actual/estimated Construction expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdehl

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Amortization of CWIP Base Eligible for Return		\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return		\$0	\$0	\$0	\$0	\$0	\$0
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Schedule AE-2 (Actual/Estimated)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Pre-Construction Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Construction costs based on actual/estimated Construction expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars							
1. Nuclear CWIP Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$3,849,549	\$9,563,675	\$1,182,057	\$5,326,531	\$5,681,387	\$5,733,846	\$31,337,045
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		\$16,870	\$75,801	\$123,558	\$153,164	\$202,748	\$254,552	\$826,694
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$3,866,420	\$13,505,896	\$14,811,511	\$20,291,206	\$26,175,341	\$32,163,739	\$32,163,739
5. Average Net CWIP Additions		\$1,924,775	\$8,648,257	\$14,096,924	\$17,474,776	\$23,131,899	\$29,042,264	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b* .61425) (a)		\$8,795	\$39,518	\$64,415	\$79,850	\$105,700	\$132,706	\$430,983
b. Equity Comp. grossed up for taxes (Line 5 * 0.007439034) (a) (b) (c)		\$14,318	\$64,335	\$104,868	\$129,995	\$172,079	\$216,046	\$701,641
c. Debt Component (Line 5 x 0.001325847) (c)		\$2,552	\$11,466	\$18,690	\$23,169	\$30,669	\$38,506	\$125,052
7. Total Return Requirements (Line 6b + 6c)		\$16,870	\$75,801	\$123,558	\$153,164	\$202,748	\$254,552	\$826,694
8. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)		\$16,870	\$75,801	\$123,558	\$153,164	\$202,748	\$254,552	\$826,694

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the total current month Return Requirement (Line 7) to arrive at current month CWIP Base Eligible for Return.

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Nuclear CWIP Additions	\$7,117,453	\$7,697,417	\$7,615,944	\$7,505,452	\$7,521,277	\$5,772,099	\$74,566,687
2.	Transfers to Plant in Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments (d)	\$313,103	\$380,773	\$451,220	\$521,444	\$591,868	\$655,313	\$3,740,414
4.	CWIP Base Eligible for Return (Line 1 - 2 + 3)	<u>\$32,163,739</u>	<u>\$39,594,295</u>	<u>\$47,672,485</u>	<u>\$55,739,650</u>	<u>\$63,766,545</u>	<u>\$71,879,690</u>	<u>\$78,307,101</u>
5.	Average Net CWIP Additions	\$35,722,465	\$43,443,004	\$51,480,457	\$59,492,376	\$67,527,184	\$74,765,739	n/a
6.	Return on Average Net CWIP Additions							
a.	Equity Component (Line 6b* .61425) (a)	\$163,231	\$198,510	\$235,236	\$271,846	\$308,561	\$341,637	\$1,950,003
b.	Equity Comp. grossed up for taxes (Line 5 * 0.007439034) (a) (b) (c)	\$265,741	\$323,174	\$382,965	\$442,566	\$502,337	\$556,185	\$3,174,609
c.	Debt Component (Line 5 x 0.001325847) (c)	\$47,363	\$57,599	\$68,255	\$78,878	\$89,531	\$99,128	\$565,805
7.	Total Return Requirements (Line 6b + 6c)	<u>\$313,103</u>	<u>\$380,773</u>	<u>\$451,220</u>	<u>\$521,444</u>	<u>\$591,868</u>	<u>\$655,313</u>	<u>\$3,740,414</u>
8.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Difference (Line 7 - Line 8)	<u>\$313,103</u>	<u>\$380,773</u>	<u>\$451,220</u>	<u>\$521,444</u>	<u>\$591,868</u>	<u>\$655,313</u>	<u>\$3,740,414</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the total current month Return Requirement (Line 7) to arrive at current month CWIP Base Eligible for Return.

Schedule AE-3A (Actual/Estimated)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
deferred tax Carrying Costs for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		(\$2,552)	(\$11,466)	(\$18,690)	(\$23,169)	(\$30,669)	(\$38,506)	(\$125,052)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>-\$2,552</u>	<u>(\$14,018)</u>	<u>(\$32,709)</u>	<u>(\$55,877)</u>	<u>(\$86,547)</u>	<u>(\$125,052)</u>	<u>(\$125,052)</u>
5. Deferred Tax Asset DTA(DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate) 38.575%		<u>\$0</u>	<u>(\$984)</u>	<u>(\$5,408)</u>	<u>(\$12,617)</u>	<u>(\$33,385)</u>	<u>(\$48,239)</u>	<u>(\$48,239)</u>
6. a. Average Accumulated DTA(DTL)		(\$492)	(\$3,196)	(\$9,012)	(\$17,086)	(\$27,470)	(\$40,812)	
b. Prior months cumulative Return on DTA(DTL)		\$0	(\$4)	(\$32)	(\$112)	(\$262)	(\$505)	(\$868)
c. Average DTA(DTL) including prior period return subtotal		(\$492)	(\$3,200)	(\$9,045)	(\$17,198)	(\$27,732)	(\$41,318)	
7. Carrying Cost on DTA(DTL)								
a. Equity Component (Line 7b * .51425) (a)		(\$2)	(\$15)	(\$41)	(\$79)	(\$127)	(\$189)	(\$452)
b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		(\$4)	(\$24)	(\$67)	(\$128)	(\$206)	(\$307)	(\$736)
c. Debt Component (Line 6c x 0.001325847) (c)		(\$1)	(\$4)	(\$12)	(\$23)	(\$37)	(\$55)	(\$131)
8. Total Return Requirements (Line 7b + 7c)		<u>(\$4)</u>	<u>(\$28)</u>	<u>(\$79)</u>	<u>(\$151)</u>	<u>(\$243)</u>	<u>(\$362)</u>	<u>(\$868)</u>
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)		<u>(\$4)</u>	<u>(\$28)</u>	<u>(\$79)</u>	<u>(\$151)</u>	<u>(\$243)</u>	<u>(\$362)</u>	<u>(\$868)</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-3, line 6c.

Schedule AE-3A (Actual/Estimated)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 7)		\$161,671	\$196,360	\$232,351	\$268,066	\$303,729	\$335,582	\$1,497,760
2. Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		(\$47,363)	(\$57,599)	(\$68,255)	(\$78,878)	(\$89,531)	(\$99,128)	(\$565,805)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>(\$125,052)</u>	<u>(\$10,744)</u>	<u>\$128,018</u>	<u>\$292,113</u>	<u>\$481,302</u>	<u>\$695,500</u>	<u>\$931,955</u>
5. Deferred Tax Asset DTA/(DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate) 38.575%		<u>(\$48,239)</u>	<u>(\$4,144)</u>	<u>\$49,383</u>	<u>\$112,683</u>	<u>\$185,662</u>	<u>\$268,289</u>	<u>\$359,502</u>
6. a. Average Accumulated DTA/(DTL)		(\$26,192)	\$22,619	\$81,033	\$149,173	\$226,976	\$313,895	
b. Prior months cumulative Return on DTA/(DTL)		(\$868)	(\$1,105)	(\$916)	(\$214)	\$1,092	\$3,091	\$5,869
c. Average DTA/(DTL) including prior period return subtotal		(\$27,059)	\$21,514	\$80,117	\$148,959	\$228,067	\$316,986	
7. Carrying Cost on DTA/(DTL)								
a. Equity Component (Line 7b * .61425) (a)		(\$124)	\$98	\$366	\$681	\$1,042	\$1,448	\$3,060
b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		(\$201)	\$160	\$596	\$1,108	\$1,697	\$2,358	\$4,981
c. Debt Component (Line 6c x 0.001325847) (c)		(\$36)	\$29	\$106	\$198	\$302	\$420	\$888
8. Total Return Requirements (Line 7b + 7c)		<u>(\$237)</u>	<u>\$189</u>	<u>\$702</u>	<u>\$1,306</u>	<u>\$1,999</u>	<u>\$2,778</u>	<u>\$5,869</u>
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8- Line 9)		<u>(\$237)</u>	<u>\$189</u>	<u>\$702</u>	<u>\$1,306</u>	<u>\$1,999</u>	<u>\$2,778</u>	<u>\$5,869</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustments represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-3, line 6c.

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$0	\$8,815,839	\$13,410,285	\$14,975,785	\$20,302,317	\$25,983,703	
2. Additions Site Selection		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction (Schedule AE-6 Line 18 + Line 35)		\$8,791,192	\$4,593,078	\$1,548,386	\$5,326,531	\$5,681,387	\$5,733,846	\$31,674,420
4. Other Adjustments (b)		24,647	1,368	17,114	\$0	\$0	\$0	\$43,130
5. Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)		<u>\$4,407,919</u>	<u>\$11,113,062</u>	<u>\$14,193,035</u>	<u>\$17,639,051</u>	<u>\$23,143,010</u>	<u>\$28,850,826</u>	
6. CPI Rate (a)		0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	
7. Construction Period Interest for Tax (CPI) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Ending Balance		<u>\$0</u>	<u>\$8,815,839</u>	<u>\$13,410,285</u>	<u>\$14,975,785</u>	<u>\$20,302,317</u>	<u>\$25,983,703</u>	<u>\$31,717,549</u>

(a) Construction costs are estimated to meet the 5 % CPI threshold beginning July 1, 2008.

(b) Other Adjustments are Pension & Welfare Benefit Credit on a jurisdictionalized basis and adjusted for participants ownership for the calculation of CPI.
(participant ownership rates of 6.08951% for OUC & 8.806% for FMFA).

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	January	February	March	Total
Pension & Welfare Benefit credit	24,647	4,326	17,114	\$ 46,087
P&W benefit credit for tax (for engineering)	-	(2,957)	-	\$ (2,957)
Business Meals	-	-	-	\$ -
	<u>24,647</u>	<u>1,368</u>	<u>17,114</u>	<u>\$ 43,130</u>

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$31,717,549	\$38,996,673	\$46,890,451	\$54,738,746	\$62,512,265	\$70,337,270	
2. Additions Site Selection		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction (Schedule AE-5 Line 18 + Line 35)		\$7,117,453	\$7,697,417	\$7,615,944	\$7,505,452	\$7,521,277	\$5,772,099	\$74,904,062
4. Other Adjustments (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$43,130
5. Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)		<u>\$35,276,276</u>	<u>\$42,845,382</u>	<u>\$50,698,423</u>	<u>\$58,491,472</u>	<u>\$66,272,903</u>	<u>\$73,223,320</u>	
6. CPI Rate (a)		0.458300%	0.458300%	0.458300%	0.458300%	0.458300%	0.458300%	
7. Construction Period Interest for Tax (CPI) (a)		\$161,671	\$196,360	\$232,351	\$268,066	\$303,729	\$335,582	\$1,497,760
8. Ending Balance		<u>\$31,717,549</u>	<u>\$38,996,673</u>	<u>\$46,890,451</u>	<u>\$54,738,746</u>	<u>\$62,512,265</u>	<u>\$70,337,270</u>	<u>\$76,444,951</u>

(a) Construction costs are estimated to meet the 5 % CPI threshold beginning July 1, 2008.

(b) Other Adjustments are Pension & Welfare Benefit Credit on a jurisdictionalized basis and adjusted for participants ownership.
(participant ownership rates of 6.08951% for OUC & 8.806% for FMPA).

Schedule AE-4 (Actual/Estimated)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Costs
Actual & Estimated Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]

[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated CCRC Recoverable O&M projected
monthly expenditures by function for the current year.

All Site Selection costs also included in Pre-Construction costs must be identified.

For the Year Ended 12/31/2008

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdaht and Stephen T. Hale

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													0
17	Jurisdictional Factor (Distribution)													0
18	Jurisdictional Factor (Nuclear - Production - Base)													0
19	Jurisdictional Factor (Transmission)													0
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													0
26	Difference (Line 24-25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule AE-5 (Actual/Estimated)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Costs
Actual & Estimated Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]
 [Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated Other Recoverable O&M projected
 monthly expenditures by function for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Stephen T. Hale

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
 FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

St. Lucie and Turkey Point Up-rate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.b.]
 [Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

EXPLANATION:

Provide the actual/estimated monthly expenditures by major tasks performed
 within Construction categories for the current year.

For the Year Ended 12/31/2008

Witness: Kim Ousdahl and Stephen T. Hale

DOCKET NO.: 080009-EI

Line No.	Description	(A) YTD 2007 12/31/07	(B) Actual January (a)	(C) PTD	(D) Actual February	(E) Actual March	(F) Projected April	(G) Projected May	(H) Projected June	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
1	Construction:															
2	Generation:															
3	License Application		(296,336)	5,404,193	542,051	781,713	3,016,731	3,030,616	3,028,908	3,035,058	3,069,225	3,050,433	3,035,058	3,069,225	2,949,519	24,012,730
4	Engineering & Design		61,427	418,577	23,078	25,373	826,426	805,568	809,380	809,380	847,305	826,446	809,380	847,305	817,410	7,998,638
5	Permitting		225,281	581,766	196,512	40,560	97,341	97,341	97,341	97,341	97,341	97,341	97,341	97,341	97,341	1,894,907
6	Project Management		229,253	807,681	509,815	828,396	913,079	1,213,079	1,245,200	1,245,200	1,245,200	1,245,200	1,245,200	1,245,200	1,223,605	12,666,655
7	Clearing, Grading and Excavation		-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	On-Site Construction Facilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Power Block Engineering, Procurement, etc.		-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Non-Power Block Engineering, Procurement, etc.		93,103	1,725,027	3,807,917	112,845	710,939	779,005	790,537	2,297,590	2,860,315	2,834,680	2,757,673	2,702,578	1,155,171	22,534,368
11	Total Generation costs		312,728	8,937,244	5,079,373	1,788,087	5,562,996	5,952,362	6,005,806	7,522,466	8,149,598	8,062,413	7,944,652	7,961,650	6,043,046	79,030,395
12	Participants Credits PSL unit 2 (b)															
13	OUC		(39,182)	(44,846)	(190,935)	(95,708)	(95,708)	(101,045)	(101,357)	(153,362)	(171,670)	(169,474)	(166,892)	(167,145)	(100,878)	1,538,211
14	FMPA		(56,661)	(64,562)	(276,110)	(138,403)	(138,403)	(146,120)	(146,572)	(221,804)	(245,076)	(245,076)	(241,052)	(241,707)	(145,879)	2,953,940
15	Total participants credits PSL unit 2		(95,843)	(109,408)	(467,045)	(234,111)	(234,111)	(247,165)	(247,929)	(375,166)	(419,821)	(414,550)	(407,745)	(408,852)	(246,757)	4,492,151
16	Total FPL Generation Costs		216,884	8,825,035	4,612,328	1,554,876	5,348,885	5,705,197	5,757,877	7,147,282	7,728,677	7,647,863	7,536,907	7,552,798	5,796,289	75,212,514
17	Jurisdictional Factor		0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
18	Total FPL Jurisdictional Generation Costs		215,979	8,791,192	4,593,078	1,549,365	5,326,531	5,681,387	5,733,846	7,117,453	7,697,417	7,615,944	7,505,452	7,521,277	5,772,099	74,560,363
19	Less Adjustments															
20	Non-Cash Accruals (d)		(310,000)	4,987,103	(4,987,103)	384,979	-	-	-	-	-	-	-	-	-	-
21	Other Adjustment (c) (d)		(24,750)	(24,750)	(4,326)	(17,114)	-	-	-	-	-	-	-	-	-	-
22	Total Adjustments		(334,750)	4,962,353	(4,991,429)	367,865	-	-	-	-	-	-	-	-	-	-
23	Jurisdictional Factor		0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
24	Total Jurisdictional Adjustments		(333,353)	4,941,642	(4,970,597)	366,329	-	-	-	-	-	-	-	-	-	-
25	Total Jurisdictional Generation Costs Net of Adjustments		549,332	3,849,549	9,563,675	1,182,057	5,326,531	5,681,387	5,733,846	7,117,453	7,697,417	7,615,944	7,505,452	7,521,277	5,772,099	74,560,363
26	Transmission:															
27	Line Engineering		0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Substation Engineering		0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	Clearing		0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Total Transmission Costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Jurisdictional Factor		0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	Total Jurisdictional Transmission Costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	Less Adjustments															
35	Non-Cash Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	Other Adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	Total Adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	Jurisdictional Factor		0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Total Jurisdictional Adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0	0
40	Total Jurisdictional Transmission Costs Net of Adjustments		0	0	0	0	0	0	0	0	0	0	0	0	0	0
41	Total Jurisdictional Construction Costs Net of Adjustments		549,332	3,849,549	9,563,675	1,182,057	5,326,531	5,681,387	5,733,846	7,117,453	7,697,417	7,615,944	7,505,452	7,521,277	5,772,099	74,560,363

(a) The costs associated with the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project) were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-8.0423, F.A.C. is applicable to the costs of the uprate project. As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress Account 107 and carrying charges began accruing. Subsequent to the March 1, 2008 filing costs/forecasts were also recategorized from Line 4 (Engineering and Design) to Line 3 (License Application) for two specific contracts related to the License Amendment Request (LAR).

(b) Adjusted for actual ownership amounts recorded from 2007 through March 2008. Going forward, adjusted at ownership percentages. (participant ownership rates of 8.08951% for OUC & 8.806% for FMPA).

(c) Other adjustments represent Pension & Welfare Benefit credit.

P&W Jurisdictional Computation:

	January	February	March	Total
Other Adjustments	(24,750)	(4,326)	(17,114)	\$ (46,191)
Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265
	\$ (24,647)	\$ (4,309)	\$ (17,043)	\$ (45,999)

(d) Non-cash accruals and other adjustments are net of participants for PSL2 (participant ownership rates of 8.08951% for OUC & 8.806% for FMPA).

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-Up Filing: Monthly Expenditures

[Section (5)(c)1.a.]

Schedule T-6 (True-up)

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed within Construction categories for the prior year.
 All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: Florida Power & Light Company

DOCKET NO.: 080001-EI

For the Year Ended 12/31/2007

Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1 Preliminary Survey & Investigation Charges (Account 183)													
2 Generation:													
3 License Application							163,348	50,467	68,526	25,288	22,438	27,083	357,150
4 Engineering & Design										981	8,081	5,691,467	5,700,529
5 Permitting								672	5,982	1,662	72,492	275,678	356,485
6 Project Management								75,838	84,903	68,120	122,501	227,066	578,428
7 Clearing, Grading and Excavation													
8 On-Site Construction Facilities													
9 Power Block Engineering, Procurement, etc.													
10 Non-Power Block Engineering, Procurement, etc.													
11 Total Generation Costs										3,267	1,203,046	425,611	1,631,924
12 Participants Credits PSL Unit 2 (b)							183,348	126,978	159,411	99,317	1,428,558	6,646,904	8,624,516
13 OUC													
14 FMPPA							(2,963)	(2,186)	(3,557)	(1,861)	(39,447)	(94,338)	(144,452)
15 Total Participants credits							(4,285)	(3,161)	(5,143)	(2,838)	(57,045)	(135,421)	(208,891)
16 Total Generation Costs net of participants credits							(7,248)	(5,348)	(8,700)	(4,798)	(96,492)	(230,759)	(383,344)
17							156,100	121,630	150,712	94,519	1,332,066	6,416,146	8,271,172
18 Jurisdictional Factor													
19													
20 Total Jurisdictional Generation Costs							0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
21													
22													
23 Transmission:							155,448	121,123	150,083	94,125	1,326,507	6,389,367	8,236,653
24 Line Engineering													
25 Substation Engineering													
26 Clearing													
27 Other													
28 Total Transmission Costs													
29													
30 Jurisdictional Factor													
31													
32 Total Jurisdictional Transmission Costs													
33													
34 Total Jurisdictional Preliminary Survey & Investigation charges:							155,448	121,123	150,083	94,125	1,326,507	6,389,367	8,236,653
35													
36 Construction:													
37 Generation:													
38 Real Estate Acquisitions													
39 Project Management													
40 Permanent Staff/Training													
41 Site Preparation													
42 On-Site Construction Facilities													
43 Power Block Engineering, Procurement, etc.													
44 Non-Power Block Engineering, Procurement, etc.													
45 Total Generation Costs													
46													
47 Jurisdictional Factor													
48													
49 Total Jurisdictional Generation Costs													
50													
51 Transmission:													
52 Line Engineering													
53 Substation Engineering													
54 Real Estate Acquisition													
55 Line Construction													
56 Substation Construction													
57 Other													
58 Total Transmission Costs													
59													
60 Jurisdictional Factor													
61													
62 Total Jurisdictional Transmission Costs													
63													
64 Total Jurisdictional Construction Costs													

(a) The costs associated with the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project) were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the uprate project. As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107 and carrying charges began accruing.

(b) Reflects the March 3, 2008 filing calculation of ownership interest at respective ownership rates (participant ownership rates of 6.08951% for OUC & 8.806% for FMPPA).

Schedule AE-6A (Actual/Estimated)

St. Lucie and Turkey Point Upstate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide a description of the major tasks performed
within Construction categories for the current year.

For the Year Ended 12/31/2008

Witness: Stephen T. Hale

Line
No. Major Task

Description - Includes, but is not limited to:

- | | | |
|----|--|---|
| 1 | <u>Construction period:</u> | |
| 2 | <u>Generation:</u> | |
| 3 | 1 License Application | NRC requirements associated with the operating license (Nuclear Steam Supply System and Balance of Plant contracts for License Amendment Request) |
| 4 | 2 Engineering & Design | Utility and contracted engineering support staff |
| 5 | 3 Permitting | Site certification and construction permits |
| 6 | 4 Project Management | FPL and Contractor staff required to oversee/manage project |
| 7 | 5 Clearing, Grading and Excavation | Site preparation |
| 8 | 6 On-Site Construction Facilities | Construction of permanent non-power block facilities |
| 9 | 7 Power Block Engineering, Procurement, etc. | Power block equipment and facilities engineering packages, material procurement, and implementation labor. |
| 10 | 8 Non-Power Block Engineering, Procurement, etc. | Non-power block equipment and facilities engineering packages, material procurement, and implementation labor (training simulator upgrades). |
| 11 | | |
| 12 | <u>Transmission:</u> | |
| 13 | 1 Line Engineering - self-explanatory | |
| 14 | 2 Substation Engineering - self-explanatory | |
| 15 | 3 Real Estate Acquisition - self-explanatory | |
| 16 | 4 Line Construction - self-explanatory | |
| 17 | 5 Substation Construction - self-explanatory | |
| 18 | 6 Other - permitting and condition of approval compliance. | |

Schedule AE-6B (Actual/Estimated)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Variance Explanations

[Section (B)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual/estimated expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

Line No.	(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1				<u>Construction:</u>
2				<u>Generation:</u>
3				License Application
4	34,012,730			Engineering & Design
5	7,565,628			Permitting
6	1,694,907			Project Management
7	12,966,855			Clearing, Grading and Excavation
8	-			On-Site Construction Facilities
9	-			Power Block Engineering, Procurement, etc.
10	22,534,388			Non-Power Block Engineering, Procurement, etc.
11	156,057			Total Generation costs
12	79,030,565			
13				
14				
15				
16				
17				<u>Transmission:</u>
18				Line Engineering
19				Substation Engineering
20				Clearing
21				Other
22				Total Transmission Costs
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				

(a)

(a) Actual/Estimated amount represents a Project To Date total (2007-2008). Since this is the initial filing of Construction Costs there is no variance.

St. Lucie and Turkey Point Uprate Proj
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Technology Selected

[Section (8)(b)]

Schedule AE-7 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

The Extended Power Uprate Project is using the existing commercial light water pressurized water reactor technology being used at St. Lucie units 1 and 2 and the Turkey Point units 3 and 4 to generate electricity.

A detailed comprehensive engineering review of the nuclear steam supply system will be performed to determine the amount of power that the plant can be increased within the original design parameters of each unit.

Once the nuclear steam supply system power increase has been established a detailed comprehensive engineering evaluation will be performed on the secondary systems to determine the capability of the installed equipment to operate efficiently and as designed within the increased power to be generated. This will include steam moisture content, steam pressure, steam flow, main steam turbine capabilities, condenser, condensate, heater drains, and feedwater capabilities to operate with the higher power levels. Engineering evaluations will also include the capabilities of the component cooling water systems, the main turbine generator electrical output, main and auxiliary transformers, electrical breakers, and electrical system interconnection requirements to operate at the higher power levels.

Following the engineering evaluations, materials and equipment needed to support the extended power uprate will be purchased. Installation of the equipment will be performed during scheduled plant outages. This technology was selected to provide increased electrical output from existing nuclear power plant units because it has been implemented successfully at other nuclear power plants. A review of the electrical power output increase at other nuclear units and a feasibility study of the St. Lucie and Turkey Point units resulted in positive results for economically increasing the electrical power output without an increase in the "footprint" of the existing sites. FPL has determined that increasing the electrical output of the existing nuclear power plant units is the most cost-effective option to meet the demand for electrical energy while enhancing fuel diversity and minimizing environmental impacts, including the avoidance of greenhouse gas (GHG) emissions.

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
				Current		Actual	Estimate of				
Line	Contract No.	Status of	Original Term	Term of	Original	Expended as of	amount to be	Estimate of Final	Name of Contractor (and Affiliation	Method of Selection	Work Description
No.		Contract	of Contract	Contract	Amount	Prior Year End	Expended in	Contract Amount	if any)		
							Current Year				
1	105353	Open	10/2/2007	3/31/2008	2,290,000	1,437,609	1,853,591	3,291,200	Shaw Stone & Webster	Sole Source	Engineering Support
2	104980	Open	8/1/2007	3/31/2008	5,600,000	4,500,000	1,100,000	5,600,000	Westinghouse Electric Company	Sole Source	Engineering Support
3	108225	Closed	11/15/2007	12/31/2007	1,100,000	1,100,000	0	1,100,000	Siemens	Sole Source	Forging Reservation
4	109843	Closed	1/30/2008	2/1/2008	3,675,000	3,675,000	0	3,675,000	Siemens	Sole Source	Forging Reservation
5											
6											
7											
8											
9											
10											
11											
12											
13											

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Stephen T. Hale

Contract No.:

105353

Major Task or Tasks Associated With:

Initial Balance of Plant (BOP) Engineering - Engineering support associated with steam and feed water systems and the turbine generator electrical capacity

Vendor Identity:

Shaw Stone & Webster Corp.

Vendor Affiliation (specify 'direct' or 'indirect'):

None

Number of Vendors Solicited:

0

Number of Bids Received:

0

Brief Description of Selection Process:

Sole Source - The leading engineering firm in performing power uprate work in the industry and previous satisfactory completion of uprate work with FPL Group.

Dollar Value:

3,291,200

Contract Status:

Open

Term Begin:

10/2/2007

Term End:

3/31/2008

Nature and Scope of Work:

Provide initial Balance Of Plant (BOP) engineering for 4 units, St. Lucie Units 1 and 2 and Turkey Point Units 3 and 4.

Describe work and scope details

Schedule AE-8A (Actual/Estimated)

St. Lucie and Turkey Point Upate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Stephen T. Hale

Contract No.:

104980

Major Task or Tasks Associated With:

Initial Nuclear Steam Supply System Engineering - Provide engineering support for the nuclear fuel parameters, fuel burn-up rates, primary system pressure and temperature operating parameters.

Vendor Identity:

Westinghouse Electric Corp.

Vendor Affiliation (specify 'direct' or 'indirect'):

None

Number of Vendors Solicited:

0

Number of Bids Received:

0

Brief Description of Selection Process:

Sole Source - Original Equipment Manufacturer of the Nuclear Steam Supply System

Dollar Value:

5,600,000

Contract Status:

Open

Term Begin:

8/14/2007

Term End:

3/31/2008

Nature and Scope of Work:

Provide initial Nuclear Steam Supply System (NSSS) engineering for 4 units, St. Lucie Units 1 and 2 and Turkey Point Units 3 and 4.

Describe work and scope details

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Stephen T. Hale

Contract No.:

108225

Major Task or Tasks Associated With:

Low Pressure Turbine Rotor forging slot reservation

Vendor Identity:

Siemens

Vendor Affiliation (specify 'direct' or 'indirect'):

None

Number of Vendors Solicited:

0

Number of Bids Received:

0

Brief Description of Selection Process:

Sole Source
Only vendor that could manufacture the equipment needed to support the project schedule

Dollar Value:

1,100,000

Contract Status:

Closed

Term Begin:

11/15/2007

Term End:

12/31/2007

Nature and Scope of Work:

Reserve manufacturing forging slot for the St. Lucie Units 1 and 2 Low Pressure (LP) Turbine rotor.

Describe work and scope details

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008

Witness: Stephen T. Hale

Contract No.:

109843

Major Task or Tasks Associated With:

Low Pressure Turbine Rotor forging slot reservation

Vendor Identity:

Siemens

Vendor Affiliation (specify 'direct' or 'indirect'):

None

Number of Vendors Solicited:

0

Number of Bids Received:

0

Brief Description of Selection Process:

Sole Source
Only vendor that could manufacture the equipment needed to support the project schedule

Dollar Value:

3,675,000

Contract Status:

Closed

Term Begin:

1/30/2008

Term End:

2/1/2008

Nature and Scope of Work:

Reserve manufacturing forging slot for the St. Lucie Units 1 and 2 Low Pressure (LP) Turbine rotor and Turkey Point Unit 3 Generator Rotor.

Describe work and scope details

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

St. Lucie and Turkey Point Upgrade Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month Interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

2009

Schedule P-1 (Projection)

St. Lucie and Turkey Point Upgrade Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule P-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule P-3, line 9)	\$695,638	\$715,032	\$750,932	\$811,920	\$889,011	\$987,657	\$4,850,190
3. Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule P-3A, line 8)	\$3,853	\$5,281	\$6,770	\$8,359	\$10,086	\$11,986	\$46,335
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$699,491</u>	<u>\$720,312</u>	<u>\$757,702</u>	<u>\$820,278</u>	<u>\$899,098</u>	<u>\$999,643</u>	<u>\$4,896,525</u>

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule P-1 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule P-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule P-3, line 9)	\$1,169,849	\$1,467,792	\$1,821,436	\$2,160,773	\$2,452,742	\$2,642,417	\$16,565,200
3. Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule P-3A, line 8)	\$14,157	\$16,781	\$20,017	\$23,907	\$28,398	\$33,354	\$182,949
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$1,184,005</u>	<u>\$1,484,573</u>	<u>\$1,841,454</u>	<u>\$2,184,681</u>	<u>\$2,481,140</u>	<u>\$2,675,771</u>	<u>\$16,748,149</u>

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Site Selection/Pre-Construction Costs

[Section (5)(c)1.c.]

Schedule P-2 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the projected
Construction costs for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return (d)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3. Amortization of CWIP Base Eligible for Return		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return ((Prior month line 2 + line 2)/2)		\$0	\$0	\$0	\$0	\$0	\$0	
5. Return on Average Net Unamortized CWIP Eligible for Return								
a. Equity Component (Line 5b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Return Requirements (Line 5b + 5c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Site Selection/Pre-Construction Costs

[Section (5)(c)1.c.]

Schedule P-2 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the projected
Construction costs for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars								
1.	Nuclear CWIP Additions (Schedule P-6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3.	Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Average Net Unamortized CWIP Base Eligible for Return ((Prior month line 2 + line 2))/2)	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Return on Average Net Unamortized CWIP Eligible for Return							
a.	Equity Component (Line 5b* .61425) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c.	Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Costs

[Section (5)(c)1.c.]

Schedule P-3 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected carrying costs on projected construction balances for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions	74,566,687	\$2,419,333	\$2,630,273	\$6,186,008	\$8,354,687	\$9,860,791	\$13,272,860	\$42,723,952
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Unamortized Carrying charge Eligible for return (d)	3,746,283	3,434,093	3,121,903	2,809,712	2,497,522	2,185,332	1,873,142	1,873,142
5. Amortization of Carrying charge (d)		\$312,190	\$312,190	\$312,190	\$312,190	\$312,190	\$312,190	\$1,873,142
6. CWIP Base Eligible for Return (Line 1 - 2 - 5)	<u>78,312,970</u>	<u>80,420,113</u>	<u>82,738,196</u>	<u>88,612,014</u>	<u>96,654,511</u>	<u>106,203,112</u>	<u>119,163,781</u>	<u>\$119,163,781</u>
7. Average Net CWIP Additions		\$79,366,542	\$81,579,155	\$85,675,105	\$92,633,262	\$101,428,811	\$112,683,446	
8. Return on Average Net CWIP Additions								
a. Equity Component (Line 8b* .61425) (a)		\$362,660	\$372,770	\$391,486	\$423,281	\$463,472	\$514,899	\$2,528,567
b. Equity Comp. grossed up for taxes (Line 7 * 0.007439034) (a) (b) (c)		\$590,410	\$606,870	\$637,340	\$689,102	\$754,532	\$838,256	\$4,116,511
c. Debt Component (Line 7 x 0.001325847) (c)		\$105,228	\$108,161	\$113,592	\$122,818	\$134,479	\$149,401	\$733,679
9. Total Return Requirements (Line 8b + 8c)		<u>\$695,638</u>	<u>\$715,032</u>	<u>\$750,932</u>	<u>\$811,920</u>	<u>\$889,011</u>	<u>\$987,657</u>	<u>\$4,850,190</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

(d) Line 4, amortized over a 12 month period, includes:

2008 Construction Carrying Costs (Schedule AE-3 Line 3)	\$3,740,414
2008 DTA Carrying Costs (Schedule AE-3A Line 8)	\$5,869
	<u>\$3,746,283</u>

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Costs

[Section (5)(c)1.c.]

Schedule P-3 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected carrying costs on projected construction balances for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$28,924,634	\$39,685,421	\$41,634,756	\$36,420,614	\$30,826,296	\$13,078,740	\$233,294,413
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Unamortized Carrying charge Eligible for return (d)		1,560,951	1,248,761	936,571	624,381	312,190	-	-
5. Amortization of Carrying charge (d)		\$312,190	\$312,190	\$312,190	\$312,190	\$312,190	\$312,190	\$3,746,283
6. CWIP Base Eligible for Return (Line 1 - 2 - 5)	<u>\$119,163,781</u>	<u>147,776,225</u>	<u>187,149,456</u>	<u>228,472,021</u>	<u>264,580,445</u>	<u>295,094,551</u>	<u>307,861,100</u>	<u>307,861,100</u>
7. Average Net CWIP Additions		\$133,470,003	\$167,462,841	\$207,810,739	\$246,526,233	\$279,837,498	\$301,477,826	
8. Return on Average Net CWIP Additions								
a. Equity Component (Line 8b * .61426) (a)		\$609,881	\$765,209	\$949,576	\$1,126,484	\$1,278,697	\$1,377,581	\$8,635,995
b. Equity Comp. grossed up for taxes (Line 7 * 0.007439034) (a) (b) (c)		\$992,888	\$1,245,762	\$1,545,911	\$1,833,917	\$2,081,721	\$2,242,704	\$14,059,413
c. Debt Component (Line 7 x 0.001325847) (c)		\$176,961	\$222,030	\$275,525	\$326,656	\$371,022	\$399,713	\$2,505,786
9. Total Return Requirements (Line 8b + 8c)		<u>\$1,169,849</u>	<u>\$1,467,792</u>	<u>\$1,821,436</u>	<u>\$2,160,773</u>	<u>\$2,452,742</u>	<u>\$2,642,417</u>	<u>\$16,565,200</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

(d) Line 4, amortized over a 12 month period, includes:

2008 Construction Carrying Costs (Schedule AE-3 Line 3)	\$3,740,414
2008 DTA Carrying Costs (Schedule AE-3A Line 8)	\$5,869
	<u>\$3,746,283</u>

Schedule P-3A (Projection)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
deferred tax Carrying Costs
for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 7)		\$368,215	\$381,933	\$404,646	\$441,038	\$486,316	\$543,468	\$2,625,616
2. a. Recovered Costs Excluding AFUDC (2007 - 2008)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Recovered Costs Excluding AFUDC (2009)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		\$47,150	\$47,150	\$47,150	\$47,150	\$47,150	\$47,150	\$282,903
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	931,955	1,347,320	1,776,403	2,228,199	2,716,388	3,249,854	3,840,473	3,840,473
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.576%	\$359,502	\$519,729	\$685,248	\$859,528	\$1,047,847	\$1,253,631	\$1,481,462
6. Average Accumulated DTA		\$439,615	\$602,488	\$772,388	\$953,687	\$1,150,739	\$1,367,547	
7. Carrying Cost on DTA								
a. Equity Component (Line 7b* .61425) (a)		\$2,009	\$2,753	\$3,529	\$4,358	\$5,258	\$6,249	\$24,156
b. Equity Comp. grossed up for taxes (Line 6 * 0.007439034) (a) (b) (c)		\$3,270	\$4,482	\$5,746	\$7,095	\$8,560	\$10,173	\$39,326
c. Debt Component (Line 6 x 0.001325847) (c)		\$583	\$799	\$1,024	\$1,264	\$1,526	\$1,813	\$7,009
8. Total Return Requirements (Line 7b + 7c)		\$3,853	\$5,281	\$6,770	\$8,359	\$10,085	\$11,986	\$46,335

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

(d) Other Adjustments represents the turn around of the book tax expense deduction related to the debt component of the carrying charge calculated on AE-3, Line 6c, 2008. Amount is amortized over a 12 month period.

Schedule P-3A (Projection)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
deferred tax Carrying Costs
for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 7)		\$646,089	\$811,817	\$1,008,464	\$1,198,303	\$1,363,418	\$1,473,975	\$9,127,682
2. a. Recovered Costs Excluding AFUDC (2007 - 2008)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Recovered Costs Excluding AFUDC (2009)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		\$47,150	\$47,150	\$47,150	\$47,150	\$47,150	\$47,150	\$565,805
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>\$3,840,473</u>	<u>\$4,533,713</u>	<u>\$5,392,680</u>	<u>\$6,448,294</u>	<u>\$7,693,748</u>	<u>\$9,104,316</u>	<u>\$10,625,442</u>
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	<u>\$1,481,462</u>	<u>\$1,748,880</u>	<u>\$2,080,226</u>	<u>\$2,487,430</u>	<u>\$2,967,863</u>	<u>\$3,511,990</u>	<u>\$4,098,764</u>
6. Average Accumulated DTA		\$1,615,171	\$1,914,553	\$2,283,828	\$2,727,646	\$3,239,927	\$3,805,377	
7. Carrying Cost on DTA								
a. Equity Component (Line 7b* .61425) (a)		\$7,380	\$8,748	\$10,436	\$12,464	\$14,805	\$17,388	\$95,377
b. Equity Comp. grossed up for taxes (Line 6 * 0.007439034) (a) (b) (c)		\$12,015	\$14,242	\$16,989	\$20,291	\$24,102	\$28,308	\$155,275
c. Debt Component (Line 6 x 0.001325847) (c)		\$2,141	\$2,538	\$3,028	\$3,616	\$4,296	\$5,045	\$27,674
8. Total Return Requirements (Line 7b + 7c)		<u>\$14,167</u>	<u>\$16,781</u>	<u>\$20,017</u>	<u>\$23,907</u>	<u>\$28,398</u>	<u>\$33,354</u>	<u>\$182,949</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

(d) Other Adjustments represents the turn around of the book tax expense deduction related to the debt component of the carrying charge calculated on AE-3, Line 6c, 2008. Amount is amortized over a 12 mo Page 2 of 2

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$76,444,951	\$79,232,500	\$82,244,706	\$88,835,359	\$97,631,085	\$107,978,192	
2.	Additions Site Selection	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction (Schedule P-6 Line 18 + Line 35)	\$2,419,333	\$2,630,273	\$6,186,008	\$8,354,687	\$9,860,791	\$13,272,860	\$42,723,952
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	<u>\$77,654,618</u>	<u>\$80,547,636</u>	<u>\$85,337,709</u>	<u>\$93,012,703</u>	<u>\$102,561,480</u>	<u>\$114,614,621</u>	
6.	CPI Rate	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	
7.	Construction Period Interest for Tax (CPI)	\$368,215	\$381,933	\$404,646	\$441,038	\$486,316	\$543,468	\$2,625,616
8.	Ending Balance	<u>\$76,444,951</u>	<u>\$79,232,500</u>	<u>\$82,244,706</u>	<u>\$88,835,359</u>	<u>\$97,631,085</u>	<u>\$107,978,192</u>	<u>\$121,794,519</u>

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$121,794,519	\$151,365,243	\$191,862,481	\$234,505,700	\$272,124,617	\$304,314,332	
2. Additions Site Selection		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction (Schedule P-6 Line 18 + Line 35)		\$28,924,634	\$39,685,421	\$41,634,756	\$36,420,614	\$30,826,296	\$13,078,740	\$233,294,413
4. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)		<u>\$136,256,836</u>	<u>\$171,207,953</u>	<u>\$212,679,859</u>	<u>\$252,716,007</u>	<u>\$287,537,766</u>	<u>\$310,853,702</u>	
6. CPI Rate		0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	
7. Construction Period Interest for Tax (CPI)		\$646,089	\$811,817	\$1,008,464	\$1,198,303	\$1,363,418	\$1,473,975	\$9,127,682
8. Ending Balance		<u>\$121,794,519</u>	<u>\$151,365,243</u>	<u>\$191,862,481</u>	<u>\$234,505,700</u>	<u>\$272,124,617</u>	<u>\$304,314,332</u>	<u>\$318,867,046</u>

Schedule P-4 (Projection)

St. Lucie and Turkey Point Update Project
Construction Costs and Carrying Costs on Construction Costs
Projection Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M projected monthly expenditures by
function for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Stephen T. Hale

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													
13	Nuclear Generation													
14	Transmission													
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Costs
Projection Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

Schedule P-5 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Non CCRC Recoverable O&M projected monthly expenditures by function for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Stephen T. Hale

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRF of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule P-6 (Projection)

St. Lucie and Turkey Point Upstate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Monthly Expenditures

[Section (5)(c)1.b.]
 [Section (5)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the projected monthly expenditures by major tasks performed
 within Construction categories for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Stephen T. Hale

Line No.	Description	(A) 2007	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) Total	(O) Total
1	Construction:															
2	Generation:															
3	License Application	1,647,476	1,647,476	1,664,986	2,487,257	3,595,300	3,198,824	2,857,295	3,248,128	4,349,342	4,020,364	3,592,103	4,998,063	3,105,939	27,589,377	71,077,967
4	Engineering & Design	229,208	229,208	229,208	693,505	819,689	932,782	880,303	880,303	996,922	932,782	880,303	996,922	592,257	5,863,594	16,728,812
5	Permitting	64,789	64,789	64,789	99,775	229,352	158,084	99,775	99,774	229,351	158,084	99,774	229,351	158,083	1,580,833	3,345,465
6	Project Management	352,628	352,628	352,628	1,068,930	1,081,546	1,354,312	1,354,312	1,354,312	1,354,312	1,354,312	1,354,312	1,354,312	830,429	13,164,446	26,431,500
7	Clearing, Grading and Excavation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	On-Site Construction Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Power Block Engineering, Procurement, etc.	223,936	223,936	418,250	2,036,439	2,905,702	4,500,592	8,370,556	24,216,708	34,000,320	36,424,744	31,707,339	25,369,642	6,886,895	179,951,123	401,593,511
10	Non-Power Block Engineering, Procurement, etc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Total Generation costs	2,518,037	2,518,037	2,729,861	6,383,906	8,631,689	10,144,694	13,562,241	29,799,225	40,930,247	42,890,286	37,833,531	32,048,290	13,573,603	240,415,910	618,879,476
12	Less Participants Credits PSL unit 2 (b)															
13	OUC	(36,206)	(36,206)	(36,206)	(70,305)	(99,928)	(99,169)	(95,863)	(307,986)	(440,909)	(441,945)	(433,581)	(446,754)	(179,899)	(2,692,837)	(4,246,094)
14	FMFA	(52,358)	(52,358)	(52,358)	(101,668)	(143,059)	(143,407)	(136,192)	(445,380)	(637,595)	(639,094)	(626,898)	(646,047)	(260,151)	(3,885,509)	(6,140,249)
15	Total participants credits PSL unit 2	(88,564)	(88,564)	(88,564)	(171,973)	(241,988)	(242,576)	(233,755)	(753,368)	(1,078,504)	(1,081,040)	(1,060,579)	(1,092,801)	(440,050)	(6,578,346)	(10,386,343)
16	Total FPL Generation Costs	2,429,473	2,429,473	2,641,297	6,211,933	8,389,701	9,902,118	13,328,486	29,045,857	39,851,743	41,809,246	36,573,252	30,955,489	13,133,553	233,837,564	608,493,133
17	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
18	Total FPL Jurisdictional Generation Costs	2,419,333	2,419,333	2,630,273	6,186,008	8,354,687	9,860,791	13,272,860	28,924,634	39,685,421	41,634,756	36,420,614	30,826,296	13,078,740	233,294,413	607,211,100
19	Less Adjustments															
20	Non-Cash Accruals (d)	304,879	304,879	-	-	-	-	-	-	-	-	-	-	-	304,879	304,879
21	Other Adjustment (c) (d)	(46,781)	(46,781)	-	-	-	-	-	-	-	-	-	-	-	(46,781)	(46,781)
22	Total Adjustments	258,098	258,098	-	-	-	-	-	-	-	-	-	-	-	258,098	258,098
23	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
24	Total Jurisdictional Adjustments	257,313	257,313	-	-	-	-	-	-	-	-	-	-	-	257,313	257,313
25	Total Jurisdictional Generation Costs Net of Adjustments	2,419,333	2,419,333	2,630,273	6,186,008	8,354,687	9,860,791	13,272,860	28,924,634	39,685,421	41,634,756	36,420,614	30,826,296	13,078,740	233,294,413	607,211,100
26	Transmission:															
27	Line Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Substation Engineering	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	Clearing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
31	Total Transmission Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Jurisdictional Factor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
33	Total Jurisdictional Transmission Costs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
34	Less Adjustments															
35	Non-Cash Accruals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
36	Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	Total Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
38	Jurisdictional Factor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
39	Total Jurisdictional Transmission Costs Net of Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40	Total Jurisdictional Construction Costs Net of Adjustments	2,419,333	2,419,333	2,630,273	6,186,008	8,354,687	9,860,791	13,272,860	28,924,634	39,685,421	41,634,756	36,420,614	30,826,296	13,078,740	233,294,413	607,211,100

(a) The costs associated with the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (upstate project) were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-POF-EI approving FPL's need determination for the upstate. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the upstate project. As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107 and carrying charges began accruing.

(b) Adjusted for actual ownership amounts recorded from 2007 through March 2008. Going forward, adjusted at ownership percentages. (participant ownership rates of 6.08951% for OUC & 8.806% for FMFA).

(c) Other adjustments represent Pension & Welfare Benefit credit.

(d) Non-cash accruals and other adjustments are net of participants (participant ownership rates of 6.08951% for OUC & 8.806% for FMFA).

Schedule P-6A (Projection)

St. Lucie and Turkey Point Update Project
Construction Costs and Carrying Costs on Construction Costs
Projection Filing: Monthly Expenditures

[Section (5)(c)1.a.]
 [Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed
 within Site Selection, Pre-Construction and Construction categories
 for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

Line No.	Major Task	Description - Includes, but is not limited to:
1	<u>Construction period:</u>	
2	<u>Generation:</u>	
3	1 License Application	NRC requirements associated with the operating license (Nuclear Steam Supply System and Balance of Plant contracts for License Amendment Request)
4	2 Engineering & Design	Utility and contracted engineering support staff
5	3 Permitting	Site certification and construction permits
6	4 Project Management	FPL and Contractor staff required to oversee/manage project
7	5 Clearing, Grading and Excavation	Site preparation
8	6 On-Site Construction Facilities	Construction of permanent non-power block facilities
9	7 Power Block Engineering, Procurement, etc.	Power block equipment and facilities engineering packages, material procurement, and implementation labor.
10	8 Non-Power Block Engineering, Procurement, etc.	Non-power block equipment and facilities engineering packages, material procurement, and implementation labor (training simulator upgrades).
11		
12	<u>Transmission :</u>	
13	1 Line Engineering - self-explanatory	
14	2 Substation Engineering - self-explanatory	
15	3 Real Estate Acquisition - self-explanatory	
16	4 Line Construction - self-explanatory	
17	5 Substation Construction - self-explanatory	
18	6 Other - permitting and condition of approval compliance.	
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St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Costs
Projection Filing: Technology Selected

[Section (8)(b)]

Schedule P-7 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

See AE-7 for technology selected.

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Costs
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1											
2											
3				None							
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											

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Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Costs
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8A (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009

Witness: Stephen T. Hale

Contract No.:

None

Major Task or Tasks Associated With:

Vendor Identity:

Vendor Affiliation (specify 'direct' or 'indirect'):

Number of Vendors Solicited:

Number of Bids Received:

Brief Description of Selection Process:

Dollar Value:

Contract Status:

Term Begin:

Term End:

Nature and Scope of Work:

Describe work and scope details

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a detail analysis of the long-term feasibility
of nuclear uprates.

COMPANY: Florida Power & Light

DOCKET NO.: 08 0009-EI

For the Year Ended 12/31/09

Witness: Steven R. Sim and Steven T. Hale

A. Introduction and Review of Need Determination Analysis

The nuclear capacity uprates offer a cost effective option to add significant increases in nuclear capacity and energy starting in 2011 (As presented in FPL's determination of need filing, the uprates is a capacity option that maintains and enhances FPL's system fuel while reducing fuel costs for FPL customers, and also provides a significant contribution to lowering FPL's CO2 emissions.)

B. Updated information: Projection of FPL's Capacity Needs based on a new load forecast.Updated Projection of FPL's 2008 - 2017 Peak Load Forecast and Capacity Needs
(Without New Resource Additions *)

Summer									
(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(6)	(8)=(7)/(6)	(9)=(6)*1.20-(3)	
August of the Year	Projections of FPL Unit Capacity (MW)	Projections of Firm Purchases (MW)	Projection of Total Capacity (MW)	Peak Load Forecast ** (MW)	Summer DSM Forecast *** (MW)	Forecast of Firm Peak (MW)	Forecast of Summer Reserves (MW)	Forecast of Summer Res. Margins w/o Additions (%)	MW Needed to Meet 20% Reserve Margin (MW)
2008	22,149	2,993	25,142	22,356	1,908	20,448	4,693	23.0%	(604)
2009	23,369	2,562	25,931	22,792	2,034	20,758	5,172	24.9%	(1,021)
2010	24,588	2,205	26,793	23,554	2,146	21,408	5,384	25.2%	(1,103)
2011	24,588	2,237	26,825	24,191	2,264	21,927	4,898	22.3%	(512)
2012	24,588	2,175	26,763	24,837	2,388	22,449	4,314	19.2%	176
2013	24,588	2,175	26,763	25,414	2,516	22,898	3,864	16.9%	715
2014	24,588	2,175	26,763	26,576	2,651	23,925	2,837	11.9%	1,948
2015	24,588	2,175	26,763	27,241	2,790	24,451	2,312	9.5%	2,579
2016	24,588	864	25,452	27,932	2,910	25,022	430	1.7%	4,575
2017	24,588	864	25,452	28,621	3,030	25,591	-139	-0.5%	5,258
Winter									
(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(6)	(8)=(7)/(6)	(9)=(6)*1.20-(3)	
January of the Year	Projections of FPL Unit Capacity (MW)	Projections of Firm Purchases (MW)	Projection of Total Capacity (MW)	Peak Load Forecast ** (MW)	Winter DSM Forecast *** (MW)	Forecast of Firm Peak (MW)	Forecast of Winter Reserves (MW)	Forecast of Winter Res. Margins w/o Additions (%)	MW Needed to Meet 20% Reserve Margin (MW)
2008	23,535	3,026	26,561	22,332	1,649	20,448	6,113	29.9%	(2,023)
2009	23,563	2,700	26,263	22,755	1,750	20,758	5,505	26.5%	(1,353)
2010	24,898	2,239	27,137	23,454	1,814	21,408	5,729	26.8%	(1,447)
2011	26,233	2,238	28,471	23,971	1,883	21,927	6,544	29.8%	(2,159)
2012	26,233	2,364	28,597	24,487	1,954	22,449	6,148	27.4%	(1,659)
2013	26,233	2,184	28,417	24,976	2,028	22,898	5,518	24.1%	(939)
2014	26,233	2,184	28,417	26,290	2,106	23,925	4,491	18.8%	294
2015	26,233	2,184	28,417	26,979	2,188	24,451	3,966	16.2%	925
2016	26,233	1,254	27,487	27,690	2,264	25,022	2,465	9.8%	2,540
2017	26,233	864	27,097	28,418	2,334	25,591	1,506	5.9%	3,613

* No new FPL generating unit additions after WCEC 1 in 2009 and WCEC 2 in 2010 are assumed to be added. 269 MW of renewable energy firm capacity purchases starting in the 2009 - 2012 time frame are assumed to be added.

** The Peak Load Forecast is based on FPL's Feb 2008 load forecast that includes Lee County load.

*** DSM values shown represent cumulative load management and incremental conservation capability.

B. Updated information : Emission Cost Forecast

Year	SO2 Environmental Compliance Costs (nominal \$ per ton)			
	ENV I	ENV II	ENV III	ENV IV
2008	1,093	1,066	888	1,101
2009	1,198	1,167	974	1,206
2010	1,310	1,277	1,065	1,319
2011	1,435	1,398	1,166	1,444
2012	1,570	1,532	1,277	1,582
2013	1,720	1,677	1,399	1,733
2014	1,885	1,837	1,533	1,898
2015	2,064	2,013	1,678	2,079
2016	2,261	2,204	1,838	2,277
2017	2,475	2,413	2,013	2,493
2018	2,708	2,641	2,203	2,727
2019	2,964	2,891	2,411	2,968
2020	3,244	3,164	2,639	3,268
2021	3,541	3,456	2,771	3,579
2022	3,864	3,768	2,910	3,921
2023	4,216	4,117	3,054	4,284
2024	4,601	4,554	3,207	4,702
2025	5,021	4,988	3,367	5,151
2026	5,480	5,437	3,532	5,644
2027	5,944	5,897	3,700	6,168
2028	6,412	6,365	3,871	6,723
2029	6,887	6,840	4,045	7,217
2030	7,368	7,321	4,222	7,740
2031	7,853	7,806	4,401	8,291
2032	8,344	8,297	4,581	8,868
2033	8,841	8,794	4,761	9,471
2034	9,345	9,298	4,941	10,098
2035	9,856	9,809	5,121	10,749
2036	10,373	10,326	5,301	11,424
2037	10,896	10,849	5,481	12,123
2038	11,424	11,377	5,661	12,846
2039	11,957	11,910	5,841	13,593
2040	12,496	12,449	6,021	14,364
2041	13,041	12,994	6,201	15,159
2042	13,592	13,545	6,381	15,978
2043	14,149	14,102	6,561	16,821

Year	CO2 Environmental Compliance Costs (nominal \$ per ton)			
	ENV I	ENV II	ENV III	ENV IV
2008	0	0	0	0
2009	0	0	0	0
2010	0	0	0	0
2011	0	0	0	0
2012	0	0	0	0
2013	11	14	25	36
2014	11	16	27	38
2015	12	17	28	41
2016	13	19	32	46
2017	14	21	34	50
2018	16	23	38	54
2019	17	25	41	59
2020	18	27	45	64
2021	20	29	49	71
2022	22	33	53	77
2023	24	35	59	84
2024	27	39	64	92
2025	29	43	70	101
2026	31	46	77	108
2027	34	50	84	114
2028	36	55	93	121
2029	39	62	101	129
2030	42	67	110	136
2031	45	73	119	146
2032	49	79	128	156
2033	53	86	138	166
2034	57	93	149	177
2035	62	101	159	189
2036	67	109	171	201
2037	72	118	183	214
2038	78	128	195	227
2039	83	138	209	241
2040	90	149	223	256
2041	98	160	237	271
2042	103	172	252	288
2043	110	185	268	304

NOx Environmental Compliance Costs
(nominal \$ per ton)

Year	ENV I	ENV II	ENV III	ENV IV
2008	0	0	0	0
2009	1,243	798	1,565	1,405
2010	1,359	873	1,712	1,538
2011	1,488	958	1,874	1,684
2012	1,629	1,047	2,053	1,844
2013	1,784	1,148	2,249	2,020
2014	1,958	1,258	2,462	2,213
2015	2,142	1,375	2,698	2,424
2016	2,348	1,507	2,954	2,655
2017	2,568	1,649	3,234	2,905
2018	2,811	1,805	3,779	3,181
2019	3,075	1,975	4,137	3,481
2020	3,367	2,162	3,391	3,800
2021	3,492	2,368	2,807	3,638
2022	3,822	2,593	1,781	3,474
2023	3,755	2,841	913	3,317
2024	3,896	3,112	0	3,168
2025	4,040	3,408	0	3,025
2026	4,082	2,909	0	3,225
2027	4,122	2,482	0	3,438
2028	4,164	2,119	0	3,667
2029	4,205	1,809	0	3,910
2030	4,249	1,545	0	4,169
2031	4,228	1,158	0	4,427
2032	4,176	751	0	4,694
2033	4,098	322	0	4,973
2034	3,998	0	0	5,262
2035	3,846	0	0	5,562
2036	3,686	0	0	5,875
2037	3,453	0	0	6,199
2038	3,198	0	0	6,536
2039	2,900	0	0	6,886
2040	2,558	0	0	7,250
2041	2,167	0	0	7,627
2042	1,726	0	0	8,019
2043	1,231	0	0	8,425

Hg Environmental Compliance Costs
(nominal \$ per lb)

Year	ENV I	ENV II	ENV III	ENV IV
2008	0	0	0	0
2009	0	0	0	0
2010	0	0	12,279	13,557
2011	0	0	13,448	14,849
2012	0	0	14,728	16,264
2013	0	0	16,130	17,814
2014	0	0	17,668	19,510
2015	0	0	19,347	21,369
2016	0	0	21,189	23,405
2017	0	0	23,194	25,617
2018	0	0	25,387	28,040
2019	0	0	27,788	30,690
2020	0	0	30,417	33,581
2021	0	0	33,317	36,790
2022	0	0	36,492	40,295
2023	0	0	39,970	44,133
2024	0	0	43,780	48,339
2025	0	0	47,952	52,942
2026	0	0	50,320	57,989
2027	0	0	50,227	63,515
2028	0	0	20,655	68,569
2029	0	0	10,586	78,198
2030	0	0	0	83,460
2031	0	0	0	90,217
2032	0	0	0	97,445
2033	0	0	0	105,170
2034	0	0	0	113,415
2035	0	0	0	122,207
2036	0	0	0	131,574
2037	0	0	0	141,542
2038	0	0	0	152,143
2039	0	0	0	163,407
2040	0	0	0	175,386
2041	0	0	0	178,750
2042	0	0	0	184,243
2043	0	0	0	188,849

B. Updated information : Construction Cost and Schedule Update

**Economic Analysis Results: Projection of Nuclear Upgrades
Non-Fuel Costs for the First 12 Months of Operation**

1) Assumptions: All cost values are for the full year and are in Nominal \$, millions

Unit:	St. Lucie 1	Turkey Point 3	St. Lucie 2	Turkey Point 4
Upgrade In-Service Month/Year:	12/2011	5/2012	6/2012	12/2012
Number of 1st 12 Months in 2nd Year:	11	4	5	11
Year:				
2011	5.1	—	—	—
2012	59.5	50.0	36.0	6.2
2013	—	75.0	59.7	72.3

2) Total Non-Fuel Costs for the First 12 Months of Operation (Nominal \$, millions)

Year:				
2011	5.1	—	—	—
2012	54.6	50.0	36.0	6.2
2013	—	25.0	24.9	66.3
Total Non-Fuel Costs for the First 12 Months of Operation =	59.7	75.0	60.9	72.5

- Notes:
- 1) The only non-fuel costs associated with the nuclear upgrades are capital costs. Consequently, the values shown above are all capital costs.
 - 2) For purposes of this calculation, the upgraded units are assumed to go in-service on the first day of the month shown.
 - 3) All cost projections are dependent upon the assumptions used in the calculations assuming in-service dates, annual costs incurred, etc. and are subject to change as assumptions change.
 - 4) The transmission costs associated with the upgrades at the Turkey Point and St. Lucie sites are assumed for purposes of this calculation to be assigned 100% to the upgrade at that site with the earliest in-service date.

B. Updated Information : Fuel Cost Forecasts

Fuel Prices Representative of Updated Forecast by Type of Fuel

Year	PE 1.0% S Oil			FGT ZONE 3 Mobile Nat. Gas			Martin Distillate Oil			SJRRP Coal		
	High \$/mmbtu	Medium \$/mmbtu	Low \$/mmbtu	High \$/mmbtu	Medium \$/mmbtu	Low \$/mmbtu	High \$/mmbtu	Medium \$/mmbtu	Low \$/mmbtu	High \$/mmbtu	Medium \$/mmbtu	Low \$/mmbtu
2008	\$17.50	\$12.35	\$8.89	\$13.04	\$10.53	\$7.12	\$30.43	\$21.47	\$15.46	\$2.97	\$2.48	\$2.10
2009	\$18.86	\$13.31	\$9.58	\$13.08	\$10.57	\$7.15	\$30.55	\$21.56	\$15.52	\$3.18	\$2.66	\$2.25
2010	\$18.82	\$13.35	\$9.61	\$12.36	\$9.98	\$6.75	\$29.94	\$21.13	\$15.21	\$3.16	\$2.64	\$2.23
2011	\$17.84	\$12.59	\$9.06	\$10.85	\$8.76	\$5.93	\$28.52	\$18.71	\$13.47	\$2.36	\$1.97	\$1.67
2012	\$17.96	\$12.67	\$9.12	\$10.91	\$8.81	\$5.96	\$28.72	\$18.85	\$13.57	\$2.38	\$1.99	\$1.69
2013	\$16.72	\$11.80	\$8.49	\$9.94	\$8.03	\$5.43	\$22.78	\$16.07	\$11.57	\$2.42	\$2.02	\$1.71
2014	\$17.04	\$12.03	\$8.66	\$10.43	\$8.43	\$5.70	\$23.31	\$16.45	\$11.84	\$2.46	\$2.05	\$1.74
2015	\$17.59	\$12.41	\$8.94	\$10.80	\$8.72	\$5.90	\$24.06	\$16.98	\$12.22	\$2.49	\$2.08	\$1.76
2016	\$18.35	\$12.94	\$9.32	\$11.29	\$9.12	\$6.17	\$25.03	\$17.66	\$12.72	\$2.53	\$2.11	\$1.79
2017	\$19.15	\$13.51	\$9.73	\$11.79	\$9.52	\$6.44	\$26.03	\$18.37	\$13.22	\$2.56	\$2.14	\$1.81
2018	\$19.95	\$14.08	\$10.13	\$12.28	\$9.92	\$6.71	\$27.02	\$19.07	\$13.73	\$2.60	\$2.17	\$1.84
2019	\$20.75	\$14.64	\$10.54	\$12.77	\$10.32	\$6.98	\$28.03	\$19.78	\$14.24	\$2.64	\$2.21	\$1.87
2020	\$21.59	\$15.23	\$10.97	\$13.08	\$10.57	\$7.15	\$28.03	\$20.49	\$14.75	\$2.69	\$2.24	\$1.90
2021	\$22.59	\$15.94	\$11.47	\$13.66	\$11.03	\$7.48	\$30.21	\$21.31	\$15.34	\$2.73	\$2.28	\$1.93
2022	\$23.63	\$16.68	\$12.01	\$14.27	\$11.62	\$7.79	\$31.43	\$22.18	\$15.96	\$2.78	\$2.32	\$1.96
2023	\$24.73	\$17.45	\$12.56	\$14.90	\$12.04	\$8.14	\$32.70	\$23.08	\$16.61	\$2.82	\$2.36	\$1.99
2024	\$25.88	\$18.26	\$13.15	\$15.56	\$12.57	\$8.50	\$34.03	\$24.01	\$17.29	\$2.87	\$2.40	\$2.03
2025	\$27.09	\$19.12	\$13.76	\$16.26	\$13.13	\$8.88	\$35.42	\$24.99	\$17.99	\$2.93	\$2.44	\$2.07
2026	\$28.36	\$20.01	\$14.41	\$16.98	\$13.72	\$9.28	\$36.86	\$26.01	\$18.72	\$2.98	\$2.49	\$2.10
2027	\$29.69	\$20.95	\$15.08	\$17.74	\$14.33	\$9.69	\$38.38	\$27.07	\$19.49	\$3.03	\$2.53	\$2.14
2028	\$31.08	\$21.93	\$15.79	\$18.53	\$14.97	\$10.12	\$39.93	\$28.18	\$20.29	\$3.09	\$2.58	\$2.18
2029	\$32.54	\$22.98	\$16.53	\$19.36	\$15.64	\$10.58	\$41.57	\$29.33	\$21.12	\$3.15	\$2.63	\$2.22
2030	\$34.07	\$24.04	\$17.31	\$20.22	\$16.34	\$11.05	\$43.27	\$30.53	\$21.98	\$3.21	\$2.68	\$2.27
2031	\$35.87	\$25.17	\$18.12	\$21.13	\$17.07	\$11.54	\$45.05	\$31.79	\$22.88	\$3.26	\$2.73	\$2.31
2032	\$37.35	\$26.36	\$18.98	\$22.07	\$17.83	\$12.06	\$46.90	\$33.09	\$23.83	\$3.32	\$2.77	\$2.35
2033	\$39.12	\$27.60	\$19.87	\$23.06	\$18.63	\$12.60	\$48.83	\$34.46	\$24.81	\$3.38	\$2.82	\$2.39
2034	\$40.97	\$28.91	\$20.81	\$24.10	\$19.47	\$13.16	\$50.84	\$35.88	\$25.83	\$3.44	\$2.87	\$2.43
2035	\$42.91	\$30.28	\$21.80	\$25.18	\$20.34	\$13.76	\$52.94	\$37.36	\$26.89	\$3.49	\$2.92	\$2.47
2036	\$44.94	\$31.71	\$22.83	\$26.31	\$21.25	\$14.37	\$55.13	\$38.90	\$28.00	\$3.56	\$2.97	\$2.51
2037	\$47.07	\$33.21	\$23.91	\$27.49	\$22.21	\$15.02	\$57.41	\$40.51	\$29.16	\$3.62	\$3.02	\$2.56
2038	\$49.31	\$34.79	\$25.05	\$28.72	\$23.20	\$15.69	\$59.78	\$42.19	\$30.37	\$3.68	\$3.07	\$2.60
2039	\$51.65	\$36.45	\$26.24	\$30.02	\$24.25	\$16.40	\$62.26	\$43.93	\$31.63	\$3.75	\$3.13	\$2.65
2040	\$54.11	\$38.18	\$27.49	\$31.37	\$25.34	\$17.14	\$64.84	\$45.76	\$32.94	\$3.81	\$3.18	\$2.69
2041	\$56.68	\$40.00	\$28.79	\$32.78	\$26.48	\$17.91	\$67.53	\$47.65	\$34.31	\$3.88	\$3.24	\$2.74
2042	\$59.39	\$41.90	\$30.17	\$34.25	\$27.67	\$18.71	\$70.34	\$49.63	\$35.73	\$3.95	\$3.30	\$2.79
2043	\$62.22	\$43.90	\$31.61	\$35.80	\$28.82	\$19.56	\$73.26	\$51.70	\$37.22	\$4.02	\$3.35	\$2.84

B. Updated information : Capital Cost of Combined Cycle Generation Option

Greenfield 3x1G 2014\$

Generator Capital	\$1,083,256,925
Transmission Capital	\$123,510,069
Total AFUDC	\$140,350,044
Total Cost	\$1,347,117,038

B. Updated Information : Projected Economic Values: Cost of Debt and Discount Rate

Cost of Debt:	6.60%
Discount Rate:	8.35%

C. Revised Analysis Results

Economic Analysis Results: Total Costs and Total Cost Differentials for All Fuel and Environmental Compliance Cost Scenarios

(millions, CPVRR, 20073, 2008 - 2043)

(1)	(2)	(3)	(4)	(5)
Plan Description	Environmental Compliance Cost Scenario	Total Costs for Plans		= (3) - (4)
				Total Cost Difference
		Plan with Nuclear Upgrades	Plan without Nuclear Upgrades	Plan with Nuclear Upgrades minus Plan without Nuclear Upgrades
Plan Base Cost	Base	188,186	188,858	(672)
Plan Base Cost	Env. I	197,393	198,158	(765)
Plan Base Cost	Env. II	213,807	213,760	(953)
Plan Base Cost	Env. III	221,630	222,739	(1,109)
Modular Base Cost	Env. I	159,529	159,875	(346)
Modular Base Cost	Env. II	168,723	169,154	(431)
Modular Base Cost	Env. III	184,123	184,743	(620)
Modular Base Cost	Env. IV	192,624	193,392	(768)
Modular Base Cost	Env. V	121,755	121,628	127

Note: A negative value in Column (5) indicates that the Plan with Nuclear Upgrades is less expensive than the Plan without Nuclear Upgrades. Conversely, a positive value in Column 5 indicates that the Plan with Nuclear Upgrades is more expensive than the Plan without Nuclear Upgrades.

D. Conclusions

The nuclear capacity upgrades are projected to provide significant economic savings in 8 of 8 scenarios of fuel cost and environmental compliance cost forecasts. These results support the feasibility of continuing the nuclear upgrades project.

Schedule P-10 (Projection)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Estimate Rate Impact

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

For the Year Ended 12/31/2009
 Witness: Stephen T. Hale

FLORIDA POWER & LIGHT COMPANY
CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
PROPOSED JANUARY 2009 THROUGH DECEMBER 2009

Rate Schedule	(1) AVG 12CP Load Factor at Meter (%)	(2) Projected Sales at Meter (kwh)	(3) Projected AVG 12 CP at Meter (kW)	(4) Demand Loss Expansion Factor	(5) Energy Loss Expansion Factor	(6) Projected Sales at Generation (kwh)	(7) Projected AVG 12 CP at Generation (kW)	(8) Percentage of Sales at Generation (%)	(9) Percentage of Demand at Generation (%)
RS1/RST1	64.061%	58,804,147.081	10,478,766	1.09370109	1.07349429	63,125,916.120	11,460.638	52.69401%	57.06444%
GS1/GST1	65.694%	6,619,341.251	1,150,231	1.09370109	1.07349429	7,105,825.036	1,258.009	5.93042%	6.26384%
GS01/GSDT1/HLFT1 (21-499 kW)	74.508%	25,774,860.665	3,949,020	1.09361402	1.07343073	27,667,527.500	4,318.704	23.09093%	21.50355%
DS2	57.663%	19,993,143	3,958	1.05919630	1.04702619	20,933,344	4.192	0.01747%	0.02087%
GS1D1/GSLDT1/CS1/CST1/HLFT2 (500-1,999 kW)	77.165%	11,789,652.172	1,744,121	1.09222289	1.07237880	12,642,973.049	1,904,969	10.55165%	9.48516%
GS1D2/GSLDT2/CS2/CST2/HLFT3 (2,000+ kW)	90.280%	2,169,713.444	274,351	1.08471538	1.06646905	2,313,932.235	287,593	1.93118%	1.48177%
GS1D3/GSLDT3/CS3/CST3	89.044%	258,589,835	33,181	1.03077723	1.02508821	265,077,391	34,171	0.22123%	0.17014%
ISST1D	84.918%	0	0	1.05919630	1.04702619	0	0	0.00000%	0.00000%
ISST1T	131.296%	0	0	1.03077723	1.02508821	0	0	0.00000%	0.00000%
SST1T	131.296%	162,939,087	14,158	1.03077723	1.02508821	166,923,409	14,594	0.13931%	0.07267%
SST1D1/SST1D2/SST1D3	84.918%	8,479,038	1,140	1.05919630	1.04702619	8,877,775	1,207	0.00741%	0.00601%
CILC D/CILC G	89.894%	3,701,861,702	470,095	1.08178491	1.06440541	3,940,281,623	508,542	3.28850%	2.53212%
CILC T	90.295%	1,676,506,768	211,952	1.03077723	1.02508821	1,718,567,321	218,475	1.43428%	1.08782%
MET	66.435%	101,103,804	17,373	1.05919630	1.04702619	105,858,331	18,401	0.08835%	0.08162%
DL1/SL1/PL1	210.146%	801,242,889	32,661	1.09370109	1.07349429	845,430,809	35,721	0.53867%	0.17786%
SL2, GSCU1	126.155%	95,476,122	7,735	1.09370109	1.07349429	91,758,129	8,460	0.07658%	0.04212%
TOTAL		111,773,806,000	18,388,712			119,819,882,065	20,083,676	100.00%	100.00%

- (1) AVG 12 CP load factor based on actual calendar data.
 (2) Projected kwh sales for the period January 2008 through December 2008.
 (3) Calculated: Col(2)/(8760 hours * Col(1))
 (4) Based on 2006 demand losses.
 (5) Based on 2006 energy losses.
 (6) Col(2) * Col(5).
 (7) Col(3) * Col(4).
 (8) Col(6) / total for Col(6)
 (9) Col(7) / total for Col(7)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Estimate Rate Impact

Schedule P-10 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

For the Year Ended 12/31/2009
 Witness: Stephen T. Hale

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

FLORIDA POWER & LIGHT COMPANY
CALCULATION OF CAPACITY PAYMENT RECOVERY FACTOR
PROPOSED JANUARY 2009 THROUGH DECEMBER 2009

Rate Schedule	(1) Percentage of Sales at Generation [%]	(2) Percentage of Demand at Generation [%]	(3) Energy Related Cost (\$)	(4) Demand Related Cost (\$)	(5) Total Capacity Costs (\$)	(6) Projected Sales at Meter (kwh)	(7) Billing KW Load Factor [%]	(8) Projected Billed KW at Meter (kw)	(9) Capacity Recovery Factor (\$/kw)	(10) Capacity Recovery Factor (\$/kwh)
RS1/RS11	52.68401%	57.06444%	\$831,159	\$10,803,188	\$11,634,347	58,804,147,081	-	-	-	0.00020
GS1/GS11/WIES1	5.93042%	6.26384%	\$93,560	\$1,185,842	\$1,279,402	6,619,341,251	-	-	-	0.00019
GSD1/GSD11/HFLT1 (21-499 kW)	23.09093%	21.50355%	\$364,289	\$4,070,958	\$4,435,247	25,774,860,665	46.94990%	75,203,528	0.06	-
DS2	0.01747%	0.02087%	\$276	\$3,952	\$4,228	19,993,143	-	-	-	0.00021
GS1D1/GS1D11/CS1/CS11/HFLT2 (500-1,999 kW)	10.55165%	9.48516%	\$168,466	\$1,735,609	\$1,904,075	11,789,652,172	61.11975%	26,423,874	0.07	-
GS1D2/GS1D21/CS2/CS21/HFLT3 (2,000+ kW)	1.93119%	1.48177%	\$30,467	\$280,521	\$310,988	2,169,713,444	68.57236%	4,334,413	0.07	-
GS1D3/GS1D31/CS3/CS31	0.22123%	0.17014%	\$3,490	\$32,211	\$35,701	258,589,835	66.96547%	529,049	0.07	-
ISST1D	0.00000%	0.00000%	\$0	\$0	\$0	0	63.96565%	0	""	-
ISST1T	0.00000%	0.00000%	\$0	\$0	\$0	0	19.18899%	0	""	-
SST1T	0.13331%	0.07267%	\$2,198	\$13,757	\$15,955	162,838,087	19.18899%	1,162,458	""	-
SST1D1/SST1D2/SST1D3	0.00741%	0.00601%	\$117	\$1,138	\$1,255	8,479,038	63.96565%	18,158	""	-
CLC D/CLC G	3.28850%	2.53212%	\$51,890	\$479,369	\$531,249	3,701,861,702	74.34374%	5,821,077	0.08	-
CLC T	1.43429%	1.08782%	\$22,628	\$205,942	\$228,570	1,676,506,768	74.83860%	3,068,717	0.07	-
ME1	0.08835%	0.09182%	\$1,394	\$17,345	\$18,739	101,103,804	58.38177%	237,229	0.08	-
DL1/SL1/PL1	0.53867%	0.17786%	\$8,498	\$33,672	\$42,170	801,242,889	-	-	-	0.00007
SL2/GSDJ1	0.07658%	0.04212%	\$1,208	\$7,975	\$9,183	85,476,122	-	-	-	0.00011
TOTAL			\$1,577,630	\$18,931,558	\$20,509,188	111,773,806,000		117,798,613		

Note: There are currently no customers taking service on Schedules ISST1(D) and ISST1(T). Should any customer begin taking service on these schedules during the period, they will be billed using the applicable SST1 factor.

- (1) Obtained from Page 2, Col(8)
 (2) Obtained from Page 2, Col(9)
 (3) [(Total Capacity Costs/13) * Col (1)]
 (4) [(Total Capacity Costs/13) * 12] * Col (2)
 (5) Col (3) + Col (4)
 (6) Projected kwh sales for the period January 2008 through December 2008
 (7) [(kWh sales / 8760 hours)/(avg customer NCP)(8760 hours)]
 (8) Col (6) / ((7) * 730)
 (9) Col (5) / (8)
 (10) Col (5) / (6)

Totals may not add due to rounding.

CAPACITY RECOVERY FACTORS FOR STANDBY RATES

Demand =	[(Total.col.5)/(Doe.2.Total.col.7)(16) (Doe.2.col.4)]	
Charge (RDC)	12 months	
Sum of Dally		
Demand =	[(Total.col.5)(Doe.2.Total.col.7)(16) (Doe.2.col.4)]	
Charge (DOC)	12 months	
<u>CAPACITY RECOVERY FACTOR</u>		
	RDC	SDD
	"" (\$/kw)	"" (\$/kw)
ISST1D	\$0.01	\$0.00
ISST1T	\$0.01	\$0.00
SST1T	\$0.01	\$0.00
SST1D/SST1D2/SST1D3	\$0.01	\$0.00

Note: 2009 Rate impact calculated using 2008 Capacity Clause projected sales and allocation factors.

Page 2 of 2

TRUE-UP TO ORIGINAL

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule TOR-1 (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the actual to date and projected total retail revenue requirement for the duration of the project.
Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Actual/Estimated 2008	(B) Projected 2009	(C)	(D)	(E) Project Total recovered in 2009
Jurisdictional Dollars					
1.	Pre-Construction Revenue Requirements (Schedule TOR-2, line 5)	\$0	\$0		\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule TOR-3, line 9)	\$3,740,414	\$16,565,200		\$20,305,614
3.	Recoverable O&M Revenue Requirements (Schedule TOR-4, line 24)	\$0	\$0		\$0
4.	DTA Carrying Cost (Schedule TOR-3A, line 8)	\$5,869	\$182,949		\$188,818
5.	Other Adjustments	\$0	\$0		\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$3,746,283</u>	<u>\$16,748,149</u>		<u>\$20,494,432</u>
7.	Total Revenue Requirements from Original Projection	\$0	\$20,494,432		\$20,494,432
8.	Difference (Line 6 - Line 7)	<u>\$3,746,283</u>	<u>(\$3,746,283)</u>		<u>\$0</u>
9.	Variance Percentage				0%

(a) The costs associated with the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project) were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the uprate project. As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107 and carrying charges began accruing.

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Projection of Construction Costs

[Section (5)(c)1.c.]

Schedule TOR-2 (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the actual to date and projected
 Construction costs for the duration of the project.
 Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual/Estimated 2008	(C) Projected 2009	(D)	(E)	(F) Project Total
Jurisdictional Dollars						
1.	Nuclear CWIP Additions (a)	\$0	\$0	\$0		\$0
2.	Average Net CWIP Base eligible for return		\$0	\$0		
3.	Return on CWIP Eligible for Return					
a.	Equity Component (a)		\$0	\$0		
b.	Equity Comp. grossed up for taxes (b) (c)		\$0	\$0		
c.	Debt Component (c)		\$0	\$0		
4.	Total Return Requirements on Pre-Construction costs (Line 3b + 3c)		\$0	\$0		\$0
5.	Total Costs to be recovered		\$0	\$0		\$0
6.	Pre-Construction Revenue Requirements from Original Projection		\$0	\$0		\$0
7.	Difference (Line 5 - Line 6)		\$0	\$0		\$0
8.	Variance Percentage					

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Schedule TOR-3 (True-Up to Original)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Projection of Construction Costs

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual to date
 and projected carrying costs on construction
 balances for the duration of the project.
 Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual/Estimated 2008	(C) Projected 2009	(D)	(E)	(F) Project Total
Jurisdictional Dollars						
1. Nuclear CWIP Additions		\$74,566,687	\$233,294,413			\$307,861,100
2. Transfers to Plant in Service		\$0	\$0			\$0
3. Other Adjustments						\$0
4. Unamortized Carrying charge Eligible for return (d)		\$3,746,283				
5. Amortization of Carrying charge			(\$3,746,283)			
6. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$78,312,970	\$307,861,100			\$307,861,100
7. Average Net CWIP additions		n/a	n/a			n/a
8. Return on Average Net CWIP Additions						
a. Equity Component (a)		\$1,950,003	\$8,635,995			\$10,585,998
b. Equity Comp. grossed up for taxes (c)		\$3,174,609	\$14,059,413			\$17,234,022
c. Debt Component (c)		\$565,805	\$2,505,786			\$3,071,592
9. Total Return Requirements (Line 6b + 6c)		\$3,740,414	\$16,565,200			\$20,305,614
10. Total Return Requirements from Original Projections		\$0	\$20,305,614			\$20,305,614
11. Difference (Line 7 - Line 8)		\$3,740,414	(\$3,740,414)			\$0
12. Variance Percentage						0%

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Line 4 includes:

2008 Construction Carrying Costs (Schedule AE-3 Line 3) \$3,740,414

2008 DTA Carrying Costs (Schedule AE-3A Line 8) \$5,869

\$3,746,283

St. Lucie and Turkey Point Upgrade Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

Schedule TOR-3A (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual to date and projected deferred tax Carrying Costs for the duration of the project. Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual/Estimated 2008	(C) Projected 2009	(D)	(E)	(F) Project Total
Jurisdictional Dollars						
1. Construction Period Interest (Schedule TOR-3B, Line 7)		\$1,497,760	\$9,127,682			\$10,625,442
2. Recovered Costs Excluding AFUDC		\$0	\$0			\$0
3. Other Adjustments (d)		(\$565,805)	\$565,805			\$0
4. Tax Basis Less Book Basis		0	\$931,955	\$10,625,442		
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$0	\$359,502	\$4,098,764		
6. Average Accumulated DTA		n/a	n/a			
7. Carrying Cost on DTA						
a. Equity Component (a)		\$3,060	\$95,377			\$98,437
b. Equity Comp. grossed up for taxes (b) (c)		\$4,981	\$155,275			\$160,256
c. Debt Component (c)		\$988	\$27,674			\$28,662
8. Total Return Requirements (Line 7b + 7c)		\$5,869	\$182,949			\$188,818
9. Total Return Requirements from Original Projections		\$0	\$188,818			\$188,818
10. Difference (Line 8 - Line 9)		\$5,869	(\$5,869)			\$0
11. Variance Percentage						0%

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Schedule TOR-3B (True-Up to Original)

St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Construction Period Interest

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 080009-EI

EXPLANATION: Provide the calculation of the actual to date
 and projected Construction Period Interest for
 the duration of the project.
 Information provided is the best available at the time of filing.

For the Period Ended 12/31/2009
 Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual/Estimated 2008	(C) Projected 2009	(D)	(E)	(F) Project Total
Jurisdictional Dollars						
1.	Beginning Balance	\$0	\$76,444,951			
2.	Additions Site Selection	\$0	\$0			\$0
3.	Additions Construction	\$74,904,062	\$233,294,413			\$308,198,475
4.	Other Adjustments (b)	\$43,130	\$0			\$43,130
5.	Average Balance Eligible for CPI	n/a	n/a			
6.	CPI Rate (a)					
7.	Construction Period Interest for Tax (CPI)	\$1,497,760	\$9,127,682			\$10,625,442
8.	Ending Balance	\$0	\$76,444,951	\$318,867,046		\$318,867,046

(a) CPI calculation for Construction costs is estimated to begin July 1, 2008.

(b) Other Adjustments are Pension & Welfare Benefit credit on a jurisdictionalized basis and adjusted for participants ownership.
 (participant ownership rates of 6.08951% for OUC & 8.806% for FMPA).

Schedule TOR-4 (True-Up to Original)

St. Lucie and Turkey Point Upgrade Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Recoverable O&M Annual Expenditures

[Section (5)(c)1.c.]
 [Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M actual to date and projected annual expenditures by function for the duration of the project. Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Stephen T. Hale

Line No.	Description	(A) Actual/Estimated 2008	(B) Projected 2009	(C)	(D)	(E)	(F)	(G) Project Total
1	Legal							0
2	Accounting							0
3	Corporate Communication							0
4	Corporate Services							0
5	IT & Telecom							0
6	Regulatory							0
7	Human Resources							0
8	Public Policy							0
9	Community Relations							0
10	Corporate Communications							0
11	Subtotal A&G	0	0	0	0	0	0	0
12	Energy Delivery Florida							0
13	Nuclear Generation							0
14	Transmission							0
15	Total O&M Costs	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)							
17	Jurisdictional Factor (Distribution)							
18	Jurisdictional Factor (Nuclear - Production - Base)							
19	Jurisdictional Factor (Transmission)							
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection							
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0
27	Variance Percentage							

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule TOR-5 (True-Up to Original)

St. Lucie and Turkey Point Upgrade Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-Up to Original: Other Recoverable O&M Annual Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other Recoverable O&M actual to date and projected
annual expenditures by function for the duration of the project.
Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Stephen T. Hale

Line No.	Description	(A) Actual/Estimated 2008	(B) Projected 2009	(C)	(D)	(E)	(F)	(G) Project Total
1	Legal							0
2	Accounting							0
3	Corporate Communication							0
4	Corporate Services							0
5	IT & Telecom							0
6	Regulatory							0
7	Human Resources							0
8	Public Policy							0
9	Community Relations							0
10	Corporate Communications							0
11	Subtotal A&G	0	0	0	0	0	0	0
12	Energy Delivery Florida							
13	Nuclear Generation							
14	Transmission							
15	Total O&M Costs	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)							
17	Jurisdictional Factor (Distribution)							
18	Jurisdictional Factor (Nuclear - Production - Base)							
19	Jurisdictional Factor (Transmission)							
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection							
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0
27	Variance Percentage							

Note 1: The Company is neither tracking nor requesting recovery through the NCRF of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule TOR-6 (True-Up to Original)

St. Lucie and Turkey Point Upate Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Annual Expenditures

[Section (5)(c)1.b.]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual to date and projected monthly expenditures by major tasks performed within Construction categories for the duration of the project.
All Construction costs also included in Pre-Construction costs must be identified.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdaht and Stephen T. Hale

Line No.	Description	(A) Actual/Estimated 2008	(B) Projected 2009	(C)	(D)	(E)	(F)	(G) Project Total
1	Construction:							
2	Generation:							
3	License Application	34,012,730	37,865,177					71,877,907
4	Engineering & Design	7,665,628	9,064,184					16,729,812
5	Permitting	1,694,907	1,690,981					3,385,888
6	Project Management	12,966,855	13,164,445					26,131,300
7	Clearing, Grading and Excavation	-	-					-
8	On-Site Construction Facilities	-	-					-
9	Power Block Engineering, Procurement, etc.	22,534,388	179,061,123					201,595,511
10	Non-Power Block Engineering, Procurement, etc.	156,057	-					156,057
11	Total Generation costs	79,030,565	240,845,910	-	-	-	-	319,876,475
12	Less Participants Credits PSL unit 2 (b)							
13	OUC	(1,558,641)	(2,687,453)					(4,246,094)
14	FMPA	(2,253,940)	(3,886,309)					(6,140,249)
15	Total participants credits PSL unit 2	(3,812,581)	(6,573,762)	-	-	-	-	(10,386,343)
16	Total FPL Generation Costs	75,217,984	234,272,148	-	-	-	-	309,490,132
17	Jurisdictional Factor	0.9958265	0.9958265					0.9958265
18	Total FPL Jurisdictional Generation Costs	74,904,062	233,294,413	-	-	-	-	308,198,475
19	Less Adjustments							
20	Non-Cash Accruals (d)	384,979	-					384,979
21	Other Adjustment (c)	(46,191)	-					(46,191)
22	Total Adjustments	338,789	-	-	-	-	-	338,789
23	Jurisdictional Factor	0.9958265	0.9958265					0.9958265
24	Total Jurisdictional Adjustments	337,375	-	-	-	-	-	337,375
25								
26	Total Jurisdictional Generation Costs Net of Adjustments	74,566,687	233,294,413	-	-	-	-	307,861,100
27								
28	Transmission:							
29	Licensing	-	-					-
30	Line Construction	-	-					-
31	Substation Engineering	-	-					-
32	Substation Construction	-	-					-
33	Total Transmission Costs	0	0	0	0	0	0	0
34	Jurisdictional Factor	-	-	-	-	-	-	-
35	Total Jurisdictional Transmission Costs	-	-	-	-	-	-	-
36	Less Adjustments							
37	Non-Cash Accruals	-	-					-
38	Other Adjustments	-	-					-
39	Total Adjustments	0	0	0	0	0	0	0
40	Jurisdictional Factor	-	-	-	-	-	-	-
41	Total Jurisdictional Adjustments	0	0	0	0	0	0	0
42								
43	Total Jurisdictional Transmission Costs Net of Adjustments	-	-	-	-	-	-	-
44								
45	Total Jurisdictional Construction Costs Net of Adjustments	74,566,687	233,294,413	-	-	-	-	307,861,100

(a) The costs associated with the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project) were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the uprate project. As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107 and carrying charges began accruing.

(b) Adjusted for actual ownership amounts recorded from 2007 through March 2008. Going forward, adjusted at ownership percentages. (participant ownership rates of 6.08951% for OUC & 8.806% for FMPA).

(c) Other adjustments represent Pension & Welfare Benefit credit.

(d) Non-cash accruals and other adjustments are net of participants for PSL2 (participant ownership rates of 6.08951% for OUC & 8.806% for FMPA).

St. Lucie and Turkey Point Update Project
Costs and Carrying Costs on Construction -
True-up to Original: Annual Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

Schedule TOR-6A (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed
within Construction categories for the duration of the project.
Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

Line

No. Major Task Description - includes, but not limited to:

1 Construction period:

2 Generation:

- 3 1 License Application NRC requirements associated with the operating license (Nuclear Steam Supply System and Balance of Plant contracts for License Amendment Request)
- 4 2 Engineering & Design Utility and contracted engineering support staff
- 5 3 Permitting Site certification and construction permits
- 6 4 Project Management FPL and Contractor staff required to oversee/manage project
- 7 5 Clearing, Grading and Excavation Site preparation
- 8 6 On-Site Construction Facilities Construction of permanent non-power block facilities
- 9 7 Power Block Engineering, Procurement, etc Power block equipment and facilities engineering packages, material procurement, and implementation labor.
- 10 8 Non-Power Block Engineering, Procurement Non-power block equipment and facilities engineering packages, material procurement, and implementation labor (training simulator upgrades).

12 Transmission :

- 13 1 Line Engineering - self-explanatory
- 14 2 Substation Engineering - self-explanatory
- 15 3 Real Estate Acquisition - self-explanatory
- 16 4 Line Construction - self-explanatory
- 17 5 Substation Construction - self-explanatory
- 18 6 Other - permitting and condition of approval compliance.

**St. Lucie and Turkey Point Uprate Project
Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Budgeted and Actual Power Plant In-Service Costs**

Schedule TOR-7 (True-Up to Original)

[Section (8)(f)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Report the budgeted and actual costs as compared to the estimated in-service costs of the proposed power plant as provided petition for need determination or revised estimate as necessary.

COMPANY:

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

	Actual Costs as of December 31, 2007	Remaining Budget Costs to Complete Plant	Total Estimated In-Service Cost	Petition for Need Determination or revised In-Service Cost Estimate
Site Selection	\$0	\$0	\$0	\$0
Pre-Construction	\$0	\$0	\$0	\$0
Construction	\$8,624,516 (a)	\$1,381,247,878 (a)	\$1,389,872,394 (b)	\$1,446,304,000
AFUDC	\$0	\$20,305,614	\$20,305,614 (c)	\$351,696,000
Total	\$8,624,516	\$1,401,553,492	\$1,410,178,008	\$1,798,000,000

Notes:

- (a) The costs associated with the uprate project were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FCF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project). As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress (CWIP) account 107 and carrying charges began accruing. The "Remaining Budgeted Costs to Complete Plant" include CWIP charges less the reclassification of Account 183.705.
- (b) FPL has revised its non-binding cost estimate for the following: 1) to remove AFUDC that was originally projected beyond 2009 but is unnecessary now that FPL has approval to recover the Uprate Project costs through the NPPCR; and 2) to reflect reductions primarily related to reimbursement of the share of costs for which the St. Lucie 2 participants are responsible. (While the participants have indicated informally that they intend to take their respective shares of the Uprate Project output, they have not yet made a final election. If the participants decide not to take their respective shares, FPL will adjust these amounts to obtain recovery as part of the true-up including interest). The Company continues to evaluate the costs associated with this project. As activities are more clearly defined the Company will make any necessary revisions to the original cost estimate.

**St. Lucie and Turkey Point Uprate Project
Power Plant Milestones**

Schedule TOR-8 (True-Up to Original)

[Section (5)(c)(5.)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide initial project milestones in terms of costs,
budget levels, initiation dates and completion dates.
Provide all revised milestones and reasons for each revision.

For the Period Ended 12/31/2009

COMPANY:

DOCKET NO.: 080009-EI

Witness: Stephen T. Hale

	Initial Milestones	Revised Milestones	Reasons for Variance(s)
Licensing/Permits/Authorizations/Legal	Initiate 2007 Complete 2012	No Change No Change	Not applicable
Site/Site Preparation	N/A	N/A	
Related Facilities	N/A	N/A	
Generation Plant	Initiate 2007 Complete 2012	No Change No Change	
Transmission Facilities	Initiate 2007 Complete 2012	No Change No Change	

Year	Budget
2008	79,030,565
2009	240,845,910

SDS-1
Docket No. 080009-EI
Pages 1-93
May 1, 2008

Appendix II
Nuclear Cost Recovery
Turkey Point 6, 7 Pre-Construction
Nuclear Filing Requirements (NFR's)
AE-Schedules (Actual/Estimate)
P-Schedules (Projections)
TOR-Schedules (True-up to Original)
January 2007 - December 2009

PRE- CONSTRUCTION

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080009-EI EXHIBIT 22
COMPANY FP&L Co. (Direct)
WITNESS K. Dusdahl, S.D. Secor & S.R. Sim (SDS-1)
DATE 09/11-12/08

Appendix II
Nuclear Cost Recovery
Turkey Point 6, 7 Pre-Construction
Nuclear Filing Requirements (NFR's)
AE-Schedules (Actual/Estimate)
P-Schedules (Projections)
TOR-Schedules (True-up to Original)
January 2007 - December 2009

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9-10	AE-3	2007	True-Up of Carrying Costs	K. Ousdahl
11-12	AE-3A	2007	Deferred Tax Carrying Costs	K. Ousdahl
13-14	AE-3B	2007	Construction Period Interest	K. Ousdahl
15	AE-4	2007	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
16	AE-5	2007	Other Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
17	AE-6	2007	Monthly Expenditures	K. Ousdahl & S. Scroggs
18	AE-6A	2007	Monthly Expenditures - Descriptions	S. Scroggs
19	AE-6B	2007	Variance Explanations	S. Scroggs
20	AE-7	2007	Technology Selected	S. Scroggs
21	AE-8	2007	Contracts Executed > \$1 million	S. Scroggs
22-24	AE-8A	2007	Contracts Executed > \$1 million, detail by contract	S. Scroggs
25-26	AE-9	2007	Calculation of the Estimated True-up Amount for the Period	K. Ousdahl
27-28	AE-10	2007	Calculation of the Net Interest True-up Amount for the Period	K. Ousdahl
30-31	AE-1	2008	Retail Revenue Requirements Summary	K. Ousdahl
32-33	AE-2	2008	True-Up of Preconstruction Costs	K. Ousdahl
34-35	AE-3	2008	True-Up of Carrying Costs	K. Ousdahl
36-37	AE-3A	2008	Deferred Tax Carrying Costs	K. Ousdahl
38-39	AE-3B	2008	Construction Period Interest	K. Ousdahl
40	AE-4	2008	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
41	AE-5	2008	Other Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
42	AE-6	2008	Monthly Expenditures	K. Ousdahl & S. Scroggs
43	AE-6A	2008	Monthly Expenditures - Descriptions	S. Scroggs
44	AE-6B	2008	Variance Explanations	S. Scroggs
45	AE-7	2008	Technology Selected	S. Scroggs
46	AE-8	2008	Contracts Executed > \$1 million	S. Scroggs
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50-51	AE-9	2008	Calculation of the Estimated True-up Amount for the Period	K. Ousdahl
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Appendix II
Nuclear Cost Recovery
Turkey Point 6, 7 Pre-Construction
Nuclear Filing Requirements (NFR's)
AE-Schedules (Actual/Estimate)
P-Schedules (Projections)
TOR-Schedules (True-up to Original)
January 2007 - December 2009

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63-64	P-3B	2009	Construction Period Interest	K. Ousdahl
65	P-4	2009	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
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86	TOR-3A	2007-9	Deferred Tax Carrying Costs	K. Ousdahl
87	TOR-3B	2007-9	Construction Period Interest	K. Ousdahl
88	TOR-4	2007-9	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
89	TOR-5	2007-9	Other Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
90	TOR-6	2007-9	Monthly Expenditures	K. Ousdahl & S. Scroggs
91	TOR-6A	2007-9	Monthly Expenditures - Descriptions	S. Scroggs
92	TOR-7	2007-9	Budgeted & Actual power plant in-service costs	S. Scroggs
93	TOR-8	2007-9	Project milestones, revisions and reasons for such reasons	S. Scroggs

2007

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule AE-2, Line 7) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) Effective With the filing of our need petition on October 16, 2007 pre-construction began.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule AE-2, Line 7) (a)	\$0	\$0	\$0	\$0	\$1,389,231	\$1,154,016	\$2,543,248
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	\$0	\$0	\$0	\$0	(\$2)	(\$7)	(\$8)
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$1,389,230	\$1,154,010	\$2,543,239
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$1,389,230	\$1,154,010	\$2,543,239

(a) Effective With the filing of our need petition on October 16, 2007 pre-construction began.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Pre-Construction Costs

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Pre-Construction costs based on actual/estimated Pre-Construction expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Kim Ousdahl

DOCKET NO.: D80009-EI

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. a. Nuclear CWIP Additions (Schedule AE-6 Line 11+28)	\$0	\$0	\$0	\$0	\$0	\$0	
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 19 + Line 36)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)	\$0	\$0	\$0	\$0	\$0	\$0	
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$0	\$0	
c. Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$0	\$0	
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Effective With the filing of our need petition on October 16, 2007 pre-construction began.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Pre-Construction Costs

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Pre-Construction costs based on actual/estimated Pre-Construction expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Kim Ousdahl

DOCKET NO.: 080009-EI

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. a. Nuclear CWIP Additions (Schedule AE-6 Line 11+28)	\$0	\$0	\$0	\$0	\$1,383,258	\$1,139,435	\$2,522,692
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 19 + Line 36) (d)	\$0	\$0	\$0	\$0	\$1,363,062	\$589,237	\$1,952,300
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$1,369,036	
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$881,531	\$1,663,654	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)	\$0	\$0	\$0	\$0	\$3,114	\$7,602	\$10,716
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$5,070	\$12,376	\$17,446
c. Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$904	\$2,206	\$3,109
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$5,974	\$14,582	\$20,555
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$1,389,231	\$1,154,016	\$2,543,248
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$1,389,231	\$1,154,016	\$2,543,248

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Effective With the filing of our need petition on October 16, 2007 pre-construction began.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b * .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 5 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 5 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
8. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Nuclear CWIP Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Transfers to Plant in Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Average Net CWIP Additions	\$0	\$0	\$0	\$0	\$0	\$0	n/a
6.	Return on Average Net CWIP Additions							
a.	Equity Component (Line 6b* .61425) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Equity Comp. grossed up for taxes (Line 5 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c.	Debt Component (Line 5 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Difference (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7

**Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs**

[Section (5)(c)1.b.]

Schedule AE-3A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars									
1.	Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments (d)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Deferred Tax Asset DTA/(DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	a. Average Accumulated DTA/(DTL)		\$0	\$0	\$0	\$0	\$0	\$0	
	b. Prior months cumulative Return on DTA/(DTL)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	c. Average DTA/(DTL) including prior period return subtotal		\$0	\$0	\$0	\$0	\$0	\$0	
7.	Carrying Cost on DTA/(DTL)								
	a. Equity Component (Line 7b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	b. Equity Comp. grossed up for taxes (Line 6 c * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	c. Debt Component (Line 6 c x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Total Return Requirements (Line 7b + 7c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10.	Difference (Line 8 - Line 9)		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Turkey Point Units 6&7

**Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs**

[Section (5)(c)1.b.]

Schedule AE-3A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars									
1.	Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments (d)		\$0	\$0	\$0	\$0	(\$904)	(\$2,206)	(\$3,109)
4.	Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$0	\$0	\$0	\$0	(\$904)	(\$3,109)	(\$3,109)
5.	Deferred Tax Asset DTA/DTL on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$0	\$0	\$0	\$0	(\$349)	(\$1,199)	(\$1,199)
6.	a. Average Accumulated DTA/DTL		\$0	\$0	\$0	\$0	(\$174)	(\$774)	
	b. Prior months cumulative Return on DTA/DTL		\$0	\$0	\$0	\$0	\$0	(\$2)	(\$8)
	c. Average DTA/DTL including prior period return subtotal		\$0	\$0	\$0	\$0	(\$174)	(\$776)	
7.	Carrying Cost on DTA/DTL								
	a. Equity Component (Line 7b* .61425) (a)		\$0	\$0	\$0	\$0	(\$1)	(\$4)	(\$4)
	b. Equity Comp. grossed up for taxes (Line 6 c * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	(\$1)	(\$6)	(\$7)
	c. Debt Component (Line 6 c x 0.001325847) (c)		\$0	\$0	\$0	\$0	(\$0)	(\$1)	(\$1)
8.	Total Return Requirements (Line 7b + 7c)		\$0	\$0	\$0	\$0	(\$2)	(\$7)	(\$8)
9.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10.	Difference (Line 8 - Line 9)		\$0	\$0	\$0	\$0	(\$2)	(\$7)	(\$8)

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Turkey Point Units 6&7		[Section (5)(c)1.b.]
Schedule AE-3B (Actual/Estimated)	Pre-Construction Costs and Carrying Costs on Construction Cost Balance Actual & Estimated Filing: Construction Period Interest	
FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide the calculation of the Actual/Estimated Construction Period Interest for the current year.	For the Year Ended 12/31/2007
COMPANY: FLORIDA POWER & LIGHT COMPANY		Witness: Kim Ousdahl
DOCKET NO.: 080009-EI		

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$0	\$0	\$0	\$0	\$0	\$0	
2. Additions Pre-Construction (Schedule AE-6 Line 11 + Line 28)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Other Adjustments (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)		\$0	\$0	\$0	\$0	\$0	\$0	
6. CPI Rate (c)		0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	
7. Construction Period Interest for Tax (CPI) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Ending Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) Effective With the filing of our need petition on October 16, 2007 pre-construction began.
 (b) Other Adjustments include Pension & Welfare Benefit credit.
 (c) Costs did not meet the 5% of estimate threshold for CPI calculation until February 2008.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

Provide the calculation of the Actual/Estimated Construction Period Interest for the current year.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$1,388,867	
2.	Additions Pre-Construction (Schedule AE-6 Line 11 + Line 28)	\$0	\$0	\$0	\$0	\$1,383,258	\$1,139,435	\$2,522,692
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments (b)	\$0	\$0	\$0	\$0	\$5,610	\$8,675	\$14,284
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	\$0	\$0	\$0	\$0	\$694,434	\$1,962,922	
6.	CPI Rate (c)	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	
7.	Construction Period Interest for Tax (CPI) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Ending Balance	\$0	\$0	\$0	\$0	\$1,388,867	\$2,536,977	\$2,536,977

(a) Effective with the filing of our need petition on October 16, 2007 pre-construction began.

(b) Other Adjustments include Pension & Welfare Benefit credit for the calculation of CPI.

	November	December	Total
Pension & Welfare Benefit credit	5,610	8,675	\$ 14,284
Business Meals	-	-	\$ -
	5,610	8,675	14,284

(c) Costs did not meet the 5% of estimate threshold for CPI calculation until February 2008.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]
[Section (8)(e)]

Schedule AE-4 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION: Provide the Actual/Estimated CCRC Recoverable O&M projected monthly expenditures by function for the current year.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													
13	Nuclear Generation													
14	Transmission													
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24-25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule AE-5 (Actual/Estimated)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]
[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated Other Recoverable O&M projected
monthly expenditures by function for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.b.]

[Section (8)(d)]

Schedule AE-6 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 060009-EI

EXPLANATION: Provide the actual/estimated monthly expenditures by major tasks performed within Pre-Construction categories for the current year.
 All Site Selection costs also included in Pre-Construction costs must be identified.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1														
2	Pre-Construction:													
3	Generation:													
4	Licensing											1,224,613	792,568	2,017,181
5	Permitting											164,442	351,642	516,084
6	Engineering and Design													
7	Long lead procurement advanced payments													
8	Power Block Engineering and Procurement													
9	Total Generation Costs	-	-	-	-	-	-	-	-	-	-	1,389,055	1,144,210	2,533,265
10	Jurisdictional Factor											0.9958265	0.9958265	0.9958265
11	Total Jurisdictional Generation Costs	-	-	-	-	-	-	-	-	-	-	1,383,258	1,139,435	2,522,682
12	Less Adjustments:													
13	Non-Cash Accruals											25,913	561,214	587,128
14	Other Adjustments (b)											(5,633)	(8,711)	(14,344)
15	Total Adjustments	-	-	-	-	-	-	-	-	-	-	20,280	552,503	572,783
16	Jurisdictional Factor											0.9958265	0.9958265	0.9958265
17	Total Jurisdictional Adjustments	-	-	-	-	-	-	-	-	-	-	20,195	550,197	570,393
18														
19	Total Jurisdictional Generation Costs Net of Adjustments	-	-	-	-	-	-	-	-	-	-	1,363,062	589,237	1,952,300
20														
21	Transmission:													
22	Line Engineering													
23	Substation Engineering													
24	Clearing													
25	Other													
26	Total Transmission Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Jurisdictional Factor													
28	Total Jurisdictional Transmission Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Less Adjustments:													
30	Non-Cash Accruals													
31	Other Adjustments													
32	Total Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
33	Jurisdictional Factor													
34	Total Jurisdictional Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
35														
36	Total Jurisdictional Transmission Costs Net of Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
37														
38	Total Jurisdictional Pre-Construction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,363,062	\$589,237	\$1,952,300
39														
40	Construction:													

N/A- At this stage, construction has not commenced in the project.

Page 1 of 1

- (a) Effective With the filing of our need petition on October 16, 2007 pre-construction began.
 (b) Other Adjustments Include Pension & Welfare Benefit credit.

	November	December	Total
Pre-Construction	\$ (5,633)	\$ (8,711)	\$ (14,344)
Jurisdictional Factor	0.9958265	0.9958265	0.9958265
	\$ (5,610)	\$ (8,675)	\$ (14,284)

Schedule AE-6A (Actual/Estimated)

Turkey Point Units 6&7
on Costs and Carrying Costs on Construction
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Pre-Construction and Construction categories for the current year.

For the Year Ended 12/31/2007

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Line

No. Major Task

Description - Includes, but is not limited to:

1 Pre-Construction period:

2 Generation:

3 1 License Application

- 4 a. Preparation of NRC Combined License submittal**
- 5 b. Preparation of FDEP Site Certification Application**
- 6 c. Transmission facilities studies, stability analysis, FRCC studies**
- 7 d. Studies required as Conditions of Approval for local zoning**

8 2 Engineering and Design

- 9 a. Site specific civil, mechanical and structural requirements to support design**
- 10 b. Water supply design**
- 11 c. Construction logistical and support planning**
- 12 d. Long lead procurement advanced payments**
- 13 e. Power Block Engineering, Procurement**

14 3 Permitting

- 15 a. Communications outreach**
- 16 b. Legal and application fees**

17 4 Clearing, Grading and Excavation

- 18 a. Site access roads**
- 19 b. Site clearing**
- 20 c. Site fill to grade for construction**

21 5 On-Site Construction Facilities

- 22 a. Warehousing, laydown areas and parking**
- 23 b. Administrative facilities**
- 24 c. Underground infrastructure**

26 Transmission:

29 1 Line / Substation Engineering

- 30 Transmission Interconnection design**
- 31 Transmission Integration design**

33 Construction period:

34 Generation:

- 35 1 Real Estate Acquisitions - self-explanatory**
- 36 2 Project Management - FPL and Contractor staff required to oversee/manage project**
- 37 3 Permanent Staff/Training - Employees of the operational facility hired in advance to assist with system turnover from constructor and obtain training in advance of operations.**
- 38 4 Site Preparation - preparation costs not expensed within Pre-Construction period.**
- 39 5 On-Site Construction Facilities - construction of non-power block facilities.**
- 40 6 Power Block Engineering, Procurement, etc. - Nuclear Steam Safety System, Long lead procurement advanced payments.**
- 41 7 Non-Power Block Engineering, Procurement, etc. - Supporting balance of plant facilities (cooling towers, etc.).**

43 Transmission :

- 44 1 Line Engineering - self-explanatory**
- 45 2 Substation Engineering - self-explanatory**
- 46 3 Real Estate Acquisition - self-explanatory**
- 47 4 Line Construction - self-explanatory**
- 48 5 Substation Construction - self-explanatory**
- 49 6 Other - permitting and condition of approval compliance.**

Schedule AE-6B (Actual/Estimated)

Turkey Point Units 6&7
Construction Costs and Carrying Costs on Construction Costs
Actual & Estimated Filing: Variance Explanations

[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual/estimated expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Line No.	(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1				
2				
3				<u>Pre-Construction:</u>
4				<u>Generation:</u>
5				Licensing 2,017,181
6				Permitting 516,084
7				Engineering and Design -
8				Long lead procurement advanced payments -
9				Power Block Engineering and Procurement -
10				Total Generation Costs <u>2,533,265</u> (a)
11				
12				
13				
14				<u>Transmission:</u>
15				Line Engineering -
16				Substation Engineering -
17				Clearing -
18				Other -
19				Total Transmission Costs <u>-</u>
20				
21				
22				
23				<u>Construction:</u>
24				<u>Generation:</u>
25				License Application -
26				Engineering & Design -
27				Long lead procurement advanced payments -
28				Permitting -
29				On-Site Construction Facilities -
30				Total Generation Costs <u>-</u>
31				
32				
33				
34				<u>Transmission:</u>
35				Line Engineering -
36				Substation Engineering -
37				Clearing -
38				Other -
39				Total Transmission Costs <u>-</u>

(a) Actual/Estimated amount represents a Project To Date total (2007). Since this is the initial filing of Pre-Construction costs there is no variance. See AE-6.

Page 1 of 1

Turkey Point Units 6&7

Pre-Construction Costs and Carrying Costs on Construction Cost Balance

[Section (8)(b)]

Schedule AE-7 (Actual/Estimated)

Actual & Estimated Filing: Technology Selected

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Technology selection is noted on Pre-Construction AE-7 for the year ended 12/31/08.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Schedule AE-8 (Actual/Estimated) **Actual & Estimated Filing: Contracts Executed**

[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	P.O. 4500350496	Awarded Dec. 21, 2006	Dec. 31, 2009	Dec. 31, 2009	\$110,435	\$0	\$110,435	\$2,541,093	Comensura, Inc. (Later Guidant)	Single Source Justification	Corporate supplier of contract personnel
2	P.O. 4500395492	Awarded Nov. 16, 2007	Dec. 31, 2011	Dec. 31, 2011	\$20,131,559	\$0	\$366,042	\$27,736,274	Bechtel Power Corporation	Competitive Bid	Development of Combined License Application
3	N/A	Original Agreement April 23, 2004 and Amendment Adding FPL May 18, 2004	Apr. 23, 2019	Apr. 23, 2019	\$3,000,000	\$0	\$1,000,000	\$3,000,000	Nustart Energy Development LLC	Membership Agreement in Industry Organization	Preparation of Reference Combined License Applications for Westinghouse and GE Designs

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

Turkey Point Units 5&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2007

Witness: Steven D. Scroggs

Contract No.: 4500350496

Major Task or Tasks Associated With: Corporate supplier of contract personnel

Vendor Identity: Comensura Inc.
(Later Guidant)

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Single Source

Number of Bids Received: Single Source

Brief Description of Selection Process: Single Source
Justified

Dollar Value: \$2,541,093

Contract Status: Active

Term Begin: Dec. 21, 2006

Term End: Dec. 31, 2009

Nature and Scope of Work: Operate and manage the Managed Service Provider Program for FPL Human Resources Department

Describe work and scope details

	Turkey Point Units 6&7 Pre-Construction Costs and Carrying Costs on Construction Cost Balance	[Section (8)(c)]
Schedule AE-8A (Actual/Estimated)	Actual & Estimated Filing: Contracts Executed	

FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY DOCKET NO.: 080009-EI	EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.	For the Year Ended 12/31/2007 Witness: Steven D. Scroggs
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Contract No.: 4500395492

Major Task or Tasks Associated With: Development of a Combined License Application

Vendor Identity: Bechtel Power Corporation

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Two

Number of Bids Received: Two

Brief Description of Selection Process: Standard Bid Evaluation

Dollar Value: \$27,736,274

Contract Status: Active

Term Begin: Nov. 16, 2007

Term End: Dec. 31, 2011

Nature and Scope of Work: Development of Combined License Application for submittal to Nuclear Regulatory Commission March 31, 2009

Describe work and scope details

Phase 1: Defined tasks for all work activities from project inception through Acceptance of the COLA. Preparation of COLA Parts 1-10, Project Management, Information Gathering, Cooling Water Study, New Meteorological Tower Installation.

Phase 2: All work activities from submittal of the COLA to the NRC through issuance of the COL.

	Turkey Point Units 6&7 Pre-Construction Costs and Carrying Costs on Construction Cost Balance Actual & Estimated Filing: Contracts Executed	[Section (8)(c)]
Schedule AE-8A (Actual/Estimated)		

FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY DOCKET NO.: 080009-EI	EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.	For the Year Ended 12/31/2007 Witness: Steven D. Scroggs
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<u>Contract No.:</u>	Membership Agreement
<u>Major Task or Tasks Associated With:</u>	Reference COL Preparation
<u>Vendor Identity:</u>	Nustart Energy Development LLC
<u>Vendor Affiliation (specify 'direct' or 'indirect'):</u>	Direct
<u>Number of Vendors Solicited:</u>	Sole Source
<u>Number of Bids Received:</u>	Sole Source
<u>Brief Description of Selection Process:</u>	
 <u>Dollar Value:</u>	 \$3,000,000
<u>Contract Status:</u>	Active
<u>Term Begin:</u>	May. 18 2004
<u>Term End:</u>	Apr. 23, 2019

Nature and Scope of Work: Preparation of Reference Combined License Applications for Westinghouse and GE Designs

Describe work and scope details

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

2008

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

Witness: Kim Ousdahl

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule AE-2, line 7)	\$654,386	\$2,372,020	\$1,871,892	\$3,592,655	\$5,636,454	\$18,336,506	\$32,463,914
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	(\$17)	(\$0)	\$61	\$152	\$286	\$511	\$991
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$654,369</u>	<u>\$2,372,020</u>	<u>\$1,871,953</u>	<u>\$3,592,808</u>	<u>\$5,636,740</u>	<u>\$18,337,016</u>	<u>\$32,464,905</u>
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	<u>\$654,369</u>	<u>\$2,372,020</u>	<u>\$1,871,953</u>	<u>\$3,592,808</u>	<u>\$5,636,740</u>	<u>\$18,337,016</u>	<u>\$32,464,905</u>

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule AE-2, line 7)	\$7,459,750	\$7,592,264	\$7,630,998	\$18,225,823	\$18,013,870	\$17,039,287	\$108,425,905
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	\$873	\$1,348	\$1,908	\$2,583	\$3,430	\$4,475	\$15,608
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	<u>\$7,460,623</u>	<u>\$7,593,612</u>	<u>\$7,632,906</u>	<u>\$18,228,406</u>	<u>\$18,017,300</u>	<u>\$17,043,762</u>	<u>\$108,441,513</u>
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	<u>\$7,460,623</u>	<u>\$7,593,612</u>	<u>\$7,632,906</u>	<u>\$18,228,406</u>	<u>\$18,017,300</u>	<u>\$17,043,762</u>	<u>\$108,441,513</u>

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Pre-Construction

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Pre-Construction costs based on actual/estimated Pre-Construction expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

Witness: Kim Ousdahl

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars								
1.	a. Nuclear CWIP Additions (Schedule AE-6 Line 10+27)	\$628,500	\$2,334,211	\$1,822,300	\$3,523,835	\$5,527,365	\$18,122,814	\$31,959,025
	b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 37)	\$820,328	\$1,848,571	\$764,442	\$3,523,835	\$5,527,365	\$18,122,814	\$30,607,356
2.	Unamortized CWIP Base Eligible for Return	\$2,543,248	\$3,389,462	\$5,275,842	\$6,089,877	\$9,682,532	\$15,318,986	\$33,655,492
3.	Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Average Net Unamortized CWIP Base Eligible for Return	\$2,953,412	\$4,313,747	\$5,658,063	\$7,851,794	\$12,446,214	\$24,380,394	
5.	Return on Average Net Unamortized CWIP Eligible for Return							
	a. Equity Component (Line 5b* .61425) (a)	\$13,495	\$19,711	\$25,854	\$35,878	\$56,872	\$111,404	\$263,216
	b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$21,971	\$32,090	\$42,091	\$58,410	\$92,588	\$181,367	\$428,515
	c. Debt Component (Line 4 x 0.001325847) (c)	\$3,916	\$5,719	\$7,502	\$10,410	\$16,502	\$32,325	\$76,374
6.	Total Return Requirements (Line 5b + 5c)	<u>\$25,886</u>	<u>\$37,809</u>	<u>\$49,592</u>	<u>\$68,820</u>	<u>\$109,090</u>	<u>\$213,891</u>	<u>\$504,889</u>
7.	Total Costs to be Recovered	<u>\$654,386</u>	<u>\$2,372,020</u>	<u>\$1,871,892</u>	<u>\$3,592,655</u>	<u>\$5,636,454</u>	<u>\$18,336,506</u>	<u>\$32,463,914</u>
8.	CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	(Over) / Under Recovery (Line 7 - Line 8)	<u>\$654,386</u>	<u>\$2,372,020</u>	<u>\$1,871,892</u>	<u>\$3,592,655</u>	<u>\$5,636,454</u>	<u>\$18,336,506</u>	<u>\$32,463,914</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Pre-Construction

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Pre-Construction costs based on actual/estimated Pre-Construction expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

Witness: Kim Ousdahl

Line No.	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars							
1. a. Nuclear CWIP Additions (Schedule AE-6 Line 10+27)	\$7,133,502	\$7,200,338	\$7,172,648	\$17,654,652	\$17,284,574	\$16,157,043	\$104,561,783
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 37)	\$7,133,502	\$7,200,338	\$7,172,648	\$17,654,652	\$17,284,574	\$16,157,043	\$103,210,113
2. Unamortized CWIP Base Eligible for Return	\$33,655,492	\$41,115,242	\$48,707,506	\$56,338,504	\$74,564,327	\$92,578,197	\$109,617,484
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$37,222,243	\$44,715,411	\$52,293,830	\$65,165,830	\$83,206,614	\$100,656,718	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)	\$170,064	\$204,324	\$238,953	\$297,770	\$380,207	\$459,943	\$2,014,497
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$276,898	\$332,639	\$389,016	\$484,771	\$618,977	\$748,789	\$3,279,604
c. Debt Component (Line 4 x 0.001325847) (c)	\$49,351	\$59,286	\$69,334	\$86,400	\$110,319	\$133,455	\$584,519
6. Total Return Requirements (Line 5b + 5c)	<u>\$326,249</u>	<u>\$391,925</u>	<u>\$458,349</u>	<u>\$571,171</u>	<u>\$729,296</u>	<u>\$882,244</u>	<u>\$3,864,123</u>
7. Total Costs to be Recovered	<u>\$7,459,750</u>	<u>\$7,592,264</u>	<u>\$7,630,998</u>	<u>\$18,225,823</u>	<u>\$18,013,870</u>	<u>\$17,039,287</u>	<u>\$108,425,905</u>
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	<u>\$7,459,750</u>	<u>\$7,592,264</u>	<u>\$7,630,998</u>	<u>\$18,225,823</u>	<u>\$18,013,870</u>	<u>\$17,039,287</u>	<u>\$108,425,905</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on pre-construction expenditures, based on actual/estimated carrying costs on pre-construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 5 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 5 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
8. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filling: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on pre-construction expenditures, based on actual/estimated carrying costs on pre-construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b * .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 5 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 5 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

Schedule AE-3A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080008-EI

EXPLANATION: Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

For the Year Ended 12/31/2008

Witness: Kim Ousdahl

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars									
1.	Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$19,631	\$29,733	\$42,035	\$62,968	\$117,451	\$271,818
2.	Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments (d)		(\$3,916)	(\$5,719)	(\$7,502)	(\$10,410)	(\$16,502)	(\$32,325)	(\$76,374)
4.	Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>(3,109)</u>	<u>(\$7,025)</u>	<u>\$6,886</u>	<u>\$29,117</u>	<u>\$60,742</u>	<u>\$107,208</u>	<u>\$192,335</u>
5.	Deferred Tax Asset DTA(DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	<u>(\$1,199)</u>	<u>(\$2,710)</u>	<u>\$2,656</u>	<u>\$11,232</u>	<u>\$23,431</u>	<u>\$41,356</u>	<u>\$74,193</u>
6.	a. Average Accumulated DTA(DTL)		(\$1,955)	(\$27)	\$6,944	\$17,332	\$32,393	\$57,774	
	b. Prior months cumulative Return on DTA(DTL)		(\$8)	(\$26)	(\$26)	\$35	\$187	\$472	\$983
	c. Average DTA including prior period return subtotal		(\$1,963)	(\$52)	\$6,918	\$17,366	\$32,580	\$58,247	
7.	Carrying Cost on DTA(DTL)								
	a. Equity Component (Line 7b * .81425) (a)		(\$9)	(\$0)	\$32	\$79	\$149	\$266	\$517
	b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		(\$15)	(\$0)	\$51	\$129	\$242	\$433	\$841
	c. Debt Component (Line 6c x 0.001325847) (c)		(\$3)	(\$0)	\$9	\$23	\$43	\$77	\$150
8.	Total Return Requirements (Line 7b + 7c)		<u>(\$17)</u>	<u>(\$0)</u>	<u>\$61</u>	<u>\$152</u>	<u>\$286</u>	<u>\$511</u>	<u>\$991</u>
9.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10.	Difference (Line 8 - Line 9)		<u>(\$17)</u>	<u>(\$0)</u>	<u>\$61</u>	<u>\$152</u>	<u>\$286</u>	<u>\$511</u>	<u>\$991</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Schedule AE-3A (Actual/Estimated)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
deferred tax Carrying Costs for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-E1

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 7)		\$175,864	\$209,516	\$243,412	\$301,420	\$382,864	\$461,250	\$2,046,144
2. Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		(\$49,351)	(\$59,286)	(\$69,334)	(\$86,400)	(\$110,319)	(\$133,455)	(\$584,519)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>\$192,335</u>	<u>\$318,848</u>	<u>\$469,078</u>	<u>\$643,157</u>	<u>\$858,177</u>	<u>\$1,130,722</u>	<u>\$1,458,516</u>
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	<u>\$74,193</u>	<u>\$122,996</u>	<u>\$180,947</u>	<u>\$248,098</u>	<u>\$331,042</u>	<u>\$436,176</u>	<u>\$562,623</u>
6. a. Average Accumulated DTA		\$98,594	\$151,971	\$214,522	\$289,570	\$383,609	\$499,399	
b. Prior months cumulative Return on DTA		\$983	\$1,856	\$3,204	\$5,112	\$7,695	\$11,125	\$15,600
c. Average DTA including prior period return subtotal		\$99,577	\$153,827	\$217,726	\$294,682	\$391,304	\$510,524	
7. Carrying Cost on DTA								
a. Equity Component (Line 7b * .61425) (a)		\$455	\$703	\$995	\$1,347	\$1,788	\$2,333	\$8,137
b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		\$741	\$1,144	\$1,620	\$2,192	\$2,911	\$3,798	\$13,247
c. Debt Component (Line 6c x 0.001325847) (c)		\$132	\$204	\$289	\$391	\$519	\$677	\$2,361
8. Total Return Requirements (Line 7b + 7c)		<u>\$873</u>	<u>\$1,348</u>	<u>\$1,908</u>	<u>\$2,583</u>	<u>\$3,430</u>	<u>\$4,475</u>	<u>\$15,608</u>
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)		<u>\$873</u>	<u>\$1,348</u>	<u>\$1,908</u>	<u>\$2,583</u>	<u>\$3,430</u>	<u>\$4,475</u>	<u>\$15,608</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated Construction Period Interest for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$2,536,977	\$3,176,651	\$5,538,839	\$7,409,964	\$10,975,834	\$16,566,167	
2.	Additions Pre-Construction (Schedule AE-6 Line 10 + Line 27)	\$628,500	\$2,334,211	\$1,822,300	\$3,523,835	\$5,527,365	\$18,122,814	\$31,959,025
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments (b)	\$11,174	\$8,347	\$19,093	\$0	\$0	\$0	\$38,614
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	<u>\$2,856,814</u>	<u>\$4,347,929</u>	<u>\$6,459,535</u>	<u>\$9,171,882</u>	<u>\$13,739,517</u>	<u>\$25,627,575</u>	
6.	CPI Rate (b)	0.000000%	0.451500%	0.460290%	0.458300%	0.458300%	0.458300%	
7.	Construction Period Interest for Tax (CPI) (a)	\$0	\$19,631	\$29,733	\$42,035	\$62,968	\$117,451	\$271,818
8.	Ending Balance	<u>\$2,536,977</u>	<u>\$3,176,651</u>	<u>\$5,538,839</u>	<u>\$7,409,964</u>	<u>\$10,975,834</u>	<u>\$16,566,167</u>	<u>\$34,806,433</u>

(a) Costs did not meet the 5% of estimate threshold for CPI calculation until February 2008.

(b) Other Adjustments include Pension & Welfare Benefit credit, & Business Meals for the calculation of CPI.

Page 1 of 2

	January	February	March	Total
Pension & Welfare Benefit credit	\$ 13,130	10,303	21,049	\$ 44,482
Business Meals	(1,956)	(1,956)	(1,956)	\$ (5,868)
	<u>\$ 11,174</u>	<u>8,347</u>	<u>19,093</u>	<u>38,614</u>

Schedule AE-3B (Actual/Estimated)		Turkey Point Units 6&7 Pre-Construction Costs and Carrying Costs on Construction Cost Balance Actual & Estimated Filing: Construction Period Interest							[Section (5)(c)1.b.]
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION:	Provide the calculation of the Actual/Estimated Construction Period Interest for the current year.						
COMPANY: FLORIDA POWER & LIGHT COMPANY			For the Year Ended 12/31/2008						
DOCKET NO.: 080009-EI			Witness: Kim Ousdahf						
Line No.		(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars									
1.	Beginning Balance		\$34,806,433	\$42,115,799	\$49,525,654	\$56,941,714	\$74,897,786	\$92,565,224	
2.	Additions Pre-Construction (Schedule AE-6 Line 10 + Line 27)		\$7,133,502	\$7,200,338	\$7,172,648	\$17,654,652	\$17,284,574	\$16,157,043	\$104,561,783
3.	Additions Construction		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$38,614
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)		<u>\$38,373,184</u>	<u>\$45,715,968</u>	<u>\$53,111,978</u>	<u>\$65,769,040</u>	<u>\$83,540,073</u>	<u>\$100,643,746</u>	
6.	CPI Rate (a)		0.458300%	0.458300%	0.458300%	0.458300%	0.458300%	0.458300%	
7.	Construction Period Interest for Tax (CPI) (a)		\$175,864	\$209,516	\$243,412	\$301,420	\$382,864	\$461,250	\$2,046,144
8.	Ending Balance		<u>\$34,806,433</u>	<u>\$42,115,799</u>	<u>\$49,525,654</u>	<u>\$56,941,714</u>	<u>\$74,897,786</u>	<u>\$92,565,224</u>	<u>\$109,183,518</u>

(a) Costs did not meet the 5% of estimate threshold for CPI calculation until February 2008.

Schedule AE-4 (Actual/Estimated)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]
[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated CCRC Recoverable O&M projected
monthly expenditures by function for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													
13	Nuclear Generation													
14	Transmission													
15	Total O&M Costs	0	0	\$0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24-25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]
[Section (8)(e)]

Schedule AE-5 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated Non CCRC Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	\$0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

(Section (5)(c)1.b.)

(Section (8)(d))

Schedule AE-6 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual/estimated monthly expenditures by major tasks performed within Pre-Construction categories for the current year. All Site Selection costs also included in Pre-Construction costs must be identified.

For the Year Ended 12/31/2008

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Kim Ousdahl and Steven D. Scroggs

DOCKET NO.: 06D009-ET

Line No.	Description	(A) Actual 2007	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total	(O) PTD Total
1	Pre-Construction:															
2	Generation:															
3	Licensing	2,017,161	424,715	2,209,529	1,600,512	3,407,178	5,049,434	5,882,038	5,577,489	5,631,451	5,387,079	4,291,930	3,860,424	2,700,815	46,022,594	48,039,775
4	Permitting	518,084	206,419	134,465	208,289	64,015	141,307	185,221	237,221	185,220	255,429	220,881	264,479	213,910	2,317,666	2,633,849
5	Engineering and Design	-	-	-	21,136	62,411	354,788	871,691	950,831	1,015,987	1,162,344	1,148,298	1,102,587	1,162,587	7,010,881	7,910,881
6	Long lead procurement advanced payments	-	-	-	-	-	-	10,860,960	-	-	-	11,665,667	11,665,667	11,665,667	45,860,960	46,860,960
7	Power Block Engineering and Procurement	-	-	-	-	5,000	5,000	397,857	397,857	397,857	397,857	402,857	402,857	480,778	2,997,920	2,997,920
8	Total Generation Costs	2,535,245	631,134	2,343,993	1,828,801	3,538,604	5,550,530	18,198,767	7,163,398	7,230,515	7,202,709	17,728,643	17,367,014	16,224,767	105,000,000	107,533,285
9	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
10	Total Jurisdictional Generation Costs	2,522,692	628,500	2,334,211	1,822,300	3,523,935	5,527,365	18,122,914	7,133,502	7,200,338	7,172,848	17,654,652	17,284,574	16,157,043	104,581,783	107,084,476
11	Less Adjustments															
12	Non-Cash Accruals	887,128	(179,447)	498,021	1,083,428	-	-	-	-	-	-	-	-	-	1,402,002	1,989,130
13	Other Adjustments (b)	(14,344)	(13,185)	(10,346)	(21,137)	-	-	-	-	-	-	-	-	-	(44,869)	(59,013)
14	Total Adjustments	672,783	(192,632)	487,675	1,062,291	-	-	-	-	-	-	-	-	-	1,357,133	1,929,117
15	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
16	Total Jurisdictional Adjustments	670,383	(191,828)	485,640	1,057,858	-	-	-	-	-	-	-	-	-	1,351,669	1,922,082
17	Total Jurisdictional Generation Costs Net of Adjustments	1,952,309	820,328	1,848,571	764,442	3,523,935	5,527,365	18,122,914	7,133,502	7,200,338	7,172,848	17,654,652	17,284,574	16,157,043	103,210,113	105,162,413
18	Transmission:															
19	Line Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
20	Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
21	Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
22	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
23	Total Transmission Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
24	Jurisdictional Factor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
25	Total Jurisdictional Transmission Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
26	Less Adjustments															
27	Non-Cash Accruals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
28	Other Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
29	Total Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Jurisdictional Factor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
31	Total Jurisdictional Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
32	Total Jurisdictional Transmission Costs Net of Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
33	Total Jurisdictional Pre-Construction Costs	\$1,952,309	\$820,328	\$1,848,571	\$764,442	\$3,523,935	\$5,527,365	\$18,122,914	\$7,133,502	\$7,200,338	\$7,172,848	\$17,654,652	\$17,284,574	\$16,157,043	\$103,210,113	\$105,162,413
34	Construction:															

N/A- At this stage, construction has not commenced in the project.

(a) Effective With the filing of our need petition on October 16, 2007 pre-construction began.

(b) Other Adjustments include Pension & Welfare Benefit credit.

P&W Jurisdictional Computation:

	January	February	March	Total
Other Adjustments	(13,185)	(10,348)	(21,137)	\$ (44,669)
Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265
	\$ (13,130)	\$ (10,303)	\$ (21,049)	\$ (44,482)

(c) April's costs includes a credit adjustment of \$77,820.33 which represents a total project payroll correction, incorrectly charged to the project.

Schedule AE-6A (Actual/Estimated)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Pre-Construction and Construction categories for the current year.

For the Year Ended 12/31/2008

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Line No.	Major Task	Description - Includes, but is not limited to:
----------	------------	--

- | | | |
|----|---|--|
| 1 | <u>Pre-Construction period:</u> | |
| 2 | Generation: | |
| 3 | 1 License Application | |
| 4 | a. Preparation of NRC Combined License submittal | |
| 5 | b. Preparation of FDEP Site Certification Application | |
| 6 | c. Transmission facilities studies, stability analysis, FRCC studies | |
| 7 | d. Studies required as Conditions of Approval for local zoning | |
| 8 | 2 Engineering and Design | |
| 9 | a. Site specific civil, mechanical and structural requirements to support design | |
| 10 | b. Water supply design | |
| 11 | c. Construction logistical and support planning | |
| 12 | d. Long lead procurement advanced payments | |
| 13 | e. Power Block Engineering and Procurement | |
| 14 | 3 Permitting | |
| 15 | a. Communications outreach | |
| 16 | b. Legal and application fees | |
| 17 | 4 Clearing, Grading and Excavation | |
| 18 | a. Site access roads | |
| 19 | b. Site clearing | |
| 20 | c. Site fill to grade for construction | |
| 21 | 5 On-Site Construction Facilities | |
| 22 | a. Warehousing, laydown areas and parking | |
| 23 | b. Administrative facilities | |
| 24 | c. Underground infrastructure | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | Transmission: | |
| 29 | 1 Line / Substation Engineering | |
| 30 | Transmission interconnection design | |
| 31 | Transmission integration design | |
| 32 | | |
| 33 | <u>Construction period:</u> | |
| 34 | Generation: | |
| 35 | 1 Real Estate Acquisitions - self-explanatory | |
| 36 | 2 Project Management - FPL and Contractor staff required to oversee/manage project | |
| 37 | 3 Permanent Staff/Training - Employees of the operational facility hired in advance to assist with system turnover from constructor and obtain training in advance of operations. | |
| 38 | 4 Site Preparation - preparation costs not expensed within Pre-Construction period. | |
| 39 | 5 On-Site Construction Facilities - construction of non-power block facilities. | |
| 40 | 6 Power Block Engineering, Procurement, etc. - Nuclear Steam Safety System, Long lead procurement advanced payments. | |
| 41 | 7 Non-Power Block Engineering, Procurement, etc. - Supporting balance of plant facilities (cooling towers, etc.). | |
| 42 | | |
| 43 | Transmission: | |
| 44 | 1 Line Engineering - self-explanatory | |
| 45 | 2 Substation Engineering - self-explanatory | |
| 46 | 3 Real Estate Acquisition - self-explanatory | |
| 47 | 4 Line Construction - self-explanatory | |
| 48 | 5 Substation Construction - self-explanatory | |
| 49 | 6 Other - permitting and condition of approval compliance. | |

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Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Variance Explanations

[Section (B)(d)]

Schedule AE-6B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual/estimated expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Line No.	(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1				
2				
3				<u>Pre-Construction:</u>
4				<u>Generation:</u>
5				Licensing 46,022,594
6				Permitting 2,317,865
7				Engineering and Design 7,910,661
8				Long lead procurement advanced payments 45,860,960
9				Power Block Engineering and Procurement 2,887,920
10				Total Generation Costs <u>105,000,000</u>
11				
12				
13				
14				<u>Transmission:</u>
15				Line Engineering -
16				Substation Engineering -
17				Clearing -
18				Other -
19				Total Transmission Costs <u>-</u>
20				
21				
22				
23				<u>Construction:</u>
24				<u>Generation:</u>
25				License Application -
26				Engineering & Design -
27				Long lead procurement advanced payments -
28				Permitting -
29				On-Site Construction Facilities -
30				Total Generation Costs <u>-</u>
31				
32				
33				
34				<u>Transmission:</u>
35				Line Engineering -
36				Substation Engineering -
37				Clearing -
38				Other -
				Total Transmission Costs <u>-</u>

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Schedule AE-7 (Actual/Estimated) Actual & Estimated Filing: Technology Selected

[Section (8)(b)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

FPL has selected the Westinghouse AP1000 design. The design provides for a net output of 1,100 MW for each of the two units planned resulting in a total project capacity of 2,200 MW. The AP1000 design has achieved design certification from the Nuclear Regulatory Commission and employs a proven pressurized water reactor design with an improved passive safety system.

The selection process involved a thorough engineering evaluation, followed by a review of commercial and project execution aspects. The Engineering Evaluation, was conducted by a team of FPL engineers using accepted industry practices for the collection, rating and evaluation of technical design information. The process resulted in a ranking of designs, where the Westinghouse AP1000 and GE ESBWR designs were the top two of five designs considered. As a member of the NuStart Consortium that supports the AP1000 design, FPL will have access to information and documentation that will reduce the costs and risks associated with licensing, constructing and operating the AP1000 design.

Three principal commercial issues were considered in the final selection of the AP1000. The first two issues relate to the estimated capital cost of the total construction project and the ability to manage cost and schedule risk throughout the project. Westinghouse has successfully achieved design certification and, in partnership with Shaw Group engineers, has been selected by many new nuclear projects currently under consideration in the U.S. These two facts provide a market advantage to Westinghouse/Shaw as they establish the engineering and supply chain partners necessary to execute future projects. This position also provides significant confidence that the AP1000 design offers FPL the best opportunity to leverage information developed by other projects to manage cost and schedule risk as the Turkey Point 6 & 7 project proceeds.

The last issue related to the execution capabilities of the Design Vendor, Engineer and Constructor team that would be assembled to implement the project. FPL, in discussions with Westinghouse/Shaw, has developed a strategy that will result in selection of the most capable provider to conduct specific portions of the project and to make those selections as the project proceeds. For example, instead of entering into an all encompassing Engineering, Procurement and Construction contract at the beginning of the project, FPL will work with Westinghouse/Shaw to develop an Engineering and Procurement or "EP" contract. The EP contract would define the scope of services, material and equipment to be provided by Westinghouse/Shaw, leaving the construction component to be defined at a later time.

This approach allows FPL to choose the best Construction firm or firms later in the project, as the construction period approaches. Such separation allows FPL to benefit from information and competition that may develop over the next several years and assemble the best team for project execution and overall project cost. FPL views this contracting approach as necessary to engender as much competition for project services as possible and has employed this approach successfully in its Engineering and Construction program over the past ten years.

FPL engaged MPR Associates, Inc. or "MPR", a well-known independent engineering firm with over 40 years of experience in the commercial nuclear power industry. MPR was directed to review FPL's technology selection process and recommend areas where the selection process could be made more robust. Reviews were conducted at interim points throughout the process, allowing for feedback to be incorporated and the selection process to be improved. Report is provided at SDS-3.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Schedule AE-8 (Actual/Estimated) **Actual & Estimated Filing: Contracts Executed**

[Section (8)(c)]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	P.O. 4500350496	Awarded Dec. 21, 2006	Dec. 31, 2009	Dec. 31, 2009	\$2,541,093	\$110,435	\$1,611,731	\$2,541,093	Comensura, Inc. (Later Guidant)	Single Source Justification	Corporate supplier of contract personnel
2	P.O. 4500395492	Awarded Nov. 16, 2007	Dec. 31, 2011	Dec. 31, 2011	\$20,131,559	\$366,042	\$26,064,451	\$27,736,274	Bechtel Power Corporation	Competitive Bid	Development of Combined License Application
3	N/A	Original Agreement April 23, 2004 and Amendment Adding FPL May 18, 2004	Apr. 23, 2019	Apr. 23, 2019	\$3,000,000	\$1,000,000	\$1,000,000	\$3,000,000	Nustart Energy Development LLC	Membership Agreement in Industry Organization	Preparation of Reference Combined License Applications for Westinghouse and GE Designs

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.
 For the Year Ended 12/31/2008
 Witness: Steven D. Scroggs

Contract No.: 4500350496

Major Task or Tasks Associated With: Corporate supplier of contract personnel

Vendor Identity: Comensura Inc.
(Later Goidant)

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Single Source

Number of Bids Received: Single Source

Brief Description of Selection Process: Single Source
Justified

Dollar Value: \$2,541,093

Contract Status: Active

Term Begin: Dec. 21, 2008
Term End: Dec. 31, 2008

Nature and Scope of Work: Operate and manage the Managed Service Provider Program for FPL Human Resources Department

Describe work and scope details

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2008
 Witness: Steven D. Scroggs

Contract No.: 4500395492

Major Task or Tasks Associated With: Development of a Combined License Application

Vendor Identity: Bechtel Power Corporation

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Two

Number of Bids Received: Two

Brief Description of Selection Process: Standard Bid Evaluation

Dollar Value: \$27,738,274

Contract Status: Active

Term Begin: Nov. 16, 2007

Term End: Dec. 31, 2011

Nature and Scope of Work: Development of Combined License Application for submittal to Nuclear Regulatory Commission March 31, 2009

Describe work and scope details

Phase 1: Defined tasks for all work activities from project inception through Acceptance of the COLA. Preparation of COLA Parts 1-10, Project Management, Information Gathering, Cooling Water Study, New Meteorological Tower Installation.

Phase 2: All work activities from submittal of the COLA to the NRC through issuance of the COL.

FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.	
COMPANY: FLORIDA POWER & LIGHT COMPANY		For the Year Ended 12/31/2008
DOCKET NO.: 080009-EI		Witness: Steven D. Sorogge

<u>Contract No.:</u>	Membership Agreement
<u>Major Task or Tasks Associated With:</u>	Reference COL Preparation
<u>Vendor Identity:</u>	Nustart Energy Development LLC
<u>Vendor Affiliation (specify 'direct' or 'indirect'):</u>	Direct
<u>Number of Vendors Solicited:</u>	Sole Source
<u>Number of Bids Received:</u>	Sole Source
<u>Brief Description of Selection Process:</u>	
 <u>Dollar Value:</u>	 \$3,000,000
<u>Contract Status:</u>	Active
<u>Term Begin:</u>	May 18, 2004
<u>Term End:</u>	April 23, 2018
 <u>Nature and Scope of Work:</u>	 Preparation of Reference Combined License Applications for Westinghouse and GE Designs
Describe work and scope details	

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

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Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

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Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month Interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI Witness: Kim Ousdahl

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

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2009

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

For the Year Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Kim Ousdahl

DOCKET NO.: 080009-EI

Line No.		(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Pre-Construction Revenue Requirements (Schedule P-2, line 7)	\$3,749,345	\$4,669,193	\$4,716,017	\$2,808,912	\$33,160,577	\$5,842,910	\$54,946,953
2.	Construction Carrying Cost Revenue Requirements (Schedule P-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule P-3A, line 8)	\$25,749	\$69,107	\$114,439	\$156,965	\$248,023	\$344,786	\$959,068
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	\$3,775,093	\$4,738,299	\$4,830,456	\$2,965,877	\$33,408,600	\$6,187,696	\$55,906,020

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule P-1 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Pre-Construction Revenue Requirements (Schedule P-2, line 7)	\$6,837,881	\$7,991,642	\$13,491,905	\$9,492,722	\$9,616,383	\$13,000,038	\$115,377,524
2.	Construction Carrying Cost Revenue Requirements (Schedule P-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule P-3A, line 8)	\$397,533	\$454,303	\$522,748	\$594,192	\$659,539	\$731,269	\$4,318,651
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$7,235,415</u>	<u>\$8,445,945</u>	<u>\$14,014,653</u>	<u>\$10,086,914</u>	<u>\$10,275,921</u>	<u>\$13,731,307</u>	<u>\$119,696,175</u>

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Pre-Construction

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the projected
 Pre-Construction costs for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. a. Nuclear CWIP Additions (Schedule AE-6 Line 10+27)		\$2,817,109	\$3,818,021	\$3,945,909	\$2,119,868	\$32,552,597	\$5,315,994	\$50,569,496
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 37)		\$2,817,109	\$3,818,021	\$3,945,909	\$2,119,868	\$32,552,597	\$5,315,994	\$50,569,496
2. Unamortized CWIP Base Eligible for Return (d)	\$110,984,753	\$101,736,023	\$92,487,294	\$83,238,565	\$73,989,835	\$64,741,106	\$55,492,376	
3. Amortization of CWIP Base Eligible for Return		\$9,248,729	\$9,248,729	\$9,248,729	\$9,248,729	\$9,248,729	\$9,248,729	\$55,492,376
4. Average Net Unamortized CWIP Base Eligible for Return ((Prior month line 2 + line 2)/2)		\$106,360,388	\$97,111,659	\$87,862,929	\$78,614,200	\$69,365,470	\$60,116,741	
5. Return on Average Net Unamortized CWIP Eligible for Return								
a. Equity Component (Line 5b * .61425) (a)		\$486,006	\$443,745	\$401,483	\$359,222	\$316,960	\$274,699	\$2,282,115
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$791,219	\$722,417	\$653,615	\$584,814	\$516,012	\$447,210	\$3,715,287
c. Debt Component (Line 4 x 0.001325847) (c)		\$141,018	\$128,755	\$116,493	\$104,230	\$91,968	\$79,706	\$662,170
6. Total Return Requirements (Line 5b + 5c)		<u>\$932,236</u>	<u>\$851,172</u>	<u>\$770,108</u>	<u>\$689,044</u>	<u>\$607,980</u>	<u>\$526,916</u>	<u>\$4,377,457</u>
7. Total Costs to be Recovered		<u>\$3,749,345</u>	<u>\$4,669,193</u>	<u>\$4,716,017</u>	<u>\$2,808,912</u>	<u>\$33,160,577</u>	<u>\$5,842,910</u>	<u>\$54,946,953</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%

(d) Line 2-A Includes:

2007 Pre-construction costs + Carrying costs (AE-2 Line 7)	2,543,248
2007 DTL Carrying cost (AE-3A Line 8)	(8)
2008 Pre-construction costs + Carrying Costs (AE-2 Line 7)	108,425,905
2008 DTA Carrying cost (AE-3A Line 8)	15,608
	<u>110,984,753</u>

Schedule P-2 (Projection)	Turkey Point Units 6&7 Pre-Construction Costs and Carrying Costs on Construction Cost Balance Projection Filing: Pre-Construction	[Section (5)(c)1.c.]
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FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide a summary of the projected	
COMPANY: FLORIDA POWER & LIGHT COMPANY	Pre-Construction costs for the subsequent year.	For the Year Ended 12/31/2009
DOCKET NO.: 080009-EI		Witness: Kim Ousdahl

Line No.	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars							
1. a. Nuclear CWIP Additions (Schedule AE-6 Line 10+27)	\$6,392,029	\$7,626,854	\$13,208,181	\$9,290,062	\$9,494,787	\$12,959,506	\$109,540,915
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 37)	\$6,392,029	\$7,626,854	\$13,208,181	\$9,290,062	\$9,494,787	\$12,959,506	\$109,540,915
2. Unamortized CWIP Base Eligible for Return	\$46,243,647	\$36,994,918	\$27,746,188	\$18,497,459	\$9,248,729	\$0	
3. Amortization of CWIP Base Eligible for Return	\$9,248,729	\$9,248,729	\$9,248,729	\$9,248,729	\$9,248,729	\$9,248,729	\$110,984,753
4. Average Net Unamortized CWIP Base Eligible for Return ((Prior month line 2 + line 2)/2)	\$50,868,012	\$41,619,282	\$32,370,553	\$23,121,823	\$13,873,094	\$4,624,365	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)	\$232,438	\$190,176	\$147,915	\$105,653	\$63,392	\$21,131	\$3,042,820
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$378,409	\$309,607	\$240,806	\$172,004	\$103,202	\$34,401	\$4,953,716
c. Debt Component (Line 4 x 0.001325847) (c)	\$67,443	\$55,181	\$42,918	\$30,656	\$18,394	\$6,131	\$882,893
7. Total Return Requirements (Line 5b + 5c)	<u>\$445,852</u>	<u>\$364,788</u>	<u>\$283,724</u>	<u>\$202,660</u>	<u>\$121,596</u>	<u>\$40,532</u>	<u>\$5,836,609</u>
8. Total Costs to be Recovered	<u>\$ 6,837,881</u>	<u>\$ 7,991,642</u>	<u>\$ 13,491,905</u>	<u>\$ 9,492,722</u>	<u>\$ 9,616,383</u>	<u>\$ 13,000,038</u>	<u>\$115,377,524</u>

- (a) The monthly Equity Component reflects an 11% return on equity.
(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%
(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction costs

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
 carrying costs on projected pre-construction
 balances for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b * .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction costs

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
 carrying costs on projected pre-construction
 balances for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

Schedule P-3A (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
deferred tax Carrying Costs
for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars									
1.	Construction Period Interest (Schedule P-3B, Line 7)		\$524,394	\$542,612	\$563,592	\$580,645	\$665,602	\$758,539	\$3,635,384
2.	a. Recovered Costs Excluding AFUDC (Schedule AE-2 2007-2008, Line 1) (e)		\$8,923,706	\$8,923,706	\$8,923,706	\$8,923,706	\$8,923,706	\$8,923,706	\$53,542,237
	b. Recovered Costs Excluding AFUDC (Schedule P-2 2009, Line 1)		\$2,817,109	\$3,818,021	\$3,945,909	\$2,119,868	\$32,552,597	\$5,315,994	\$50,569,496
3.	Other Adjustments (d)		\$48,969	\$48,969	\$48,969	\$48,969	\$48,969	\$48,969	\$293,814
4.	Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>1,458,516</u>	<u>13,772,695</u>	<u>27,106,002</u>	<u>40,588,178</u>	<u>52,261,366</u>	<u>94,452,240</u>	<u>109,499,448</u>
5.	Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	<u>\$562,623</u>	<u>\$5,312,817</u>	<u>\$10,456,140</u>	<u>\$15,656,890</u>	<u>\$20,159,822</u>	<u>\$36,434,952</u>	<u>\$42,239,412</u>
6.	Average Accumulated DTA		\$2,937,720	\$7,884,479	\$13,056,515	\$17,908,356	\$28,297,387	\$39,337,182	
7.	Carrying Cost on DTA								
	a. Equity Component (Line 7b* .61425) (a)		\$13,424	\$36,026	\$59,661	\$81,831	\$129,303	\$179,748	\$499,994
	b. Equity Comp. grossed up for taxes (Line 6 * 0.007439034) (a) (b) (c)		\$21,854	\$58,653	\$97,128	\$133,221	\$210,505	\$292,631	\$613,991
	c. Debt Component (Line 6 x 0.001325847) (c)		\$3,895	\$10,454	\$17,311	\$23,744	\$37,518	\$52,155	\$145,076
8.	Total Return Requirements (Prior month + Line 7b + 7c)		<u>\$25,749</u>	<u>\$69,107</u>	<u>\$114,439</u>	<u>\$156,965</u>	<u>\$248,023</u>	<u>\$344,786</u>	<u>\$959,068</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

(d) Other Adjustments represents the turn around of the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, 2007 & 2008.

2007 Other Adjustments AE-2, Line 5c

3,109

2008 Other Adjustments AE-2, Line 5c

584,519

587,628

(e) Recovered Costs Excluding AFUDC (Line 2a) amortized over a 12 month period, calculated as follows:

2007 Nuclear CWIP Additions AE-2, Line 1

2,522,692

2008 Nuclear CWIP Additions AE-2, Line 1

104,561,783

107,084,475

Page 1 of 2

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

Schedule P-3A (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected deferred tax Carrying Costs for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 7)		\$789,893	\$826,875	\$880,193	\$937,707	\$986,689	\$1,044,603	\$9,101,344
2. a. Recovered Costs Excluding AFUDC (Schedule AE-2 2007-2008, Line 1) (e)		\$8,923,706	\$8,923,706	\$8,923,706	\$8,923,706	\$8,923,706	\$8,923,706	\$107,084,475
b. Recovered Costs Excluding AFUDC (Schedule P-2 2009, Line 1)		\$6,392,029	\$7,626,854	\$13,208,181	\$9,290,062	\$9,494,787	\$12,959,506	\$109,540,915
3. Other Adjustments (d)		\$48,969	\$48,969	\$48,969	\$48,969	\$48,969	\$48,969	\$587,628
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>\$109,499,448</u>	<u>\$125,654,045</u>	<u>\$143,080,450</u>	<u>\$166,141,499</u>	<u>\$185,341,943</u>	<u>\$204,796,093</u>	<u>227,772,878</u>
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	<u>\$42,239,412</u>	<u>\$48,471,048</u>	<u>\$55,193,284</u>	<u>\$64,089,083</u>	<u>\$71,495,654</u>	<u>\$79,000,093</u>	<u>\$87,863,388</u>
6. Average Accumulated DTA		\$45,355,230	\$51,832,166	\$59,641,184	\$67,792,369	\$75,247,874	\$83,431,740	
7. Carrying Cost on DTA								
a. Equity Component (Line 7b* .61425) (a)		\$207,247	\$236,843	\$272,526	\$309,772	\$343,840	\$381,235	\$2,251,458
b. Equity Comp. grossed up for taxes (Line 6 * 0.007439034) (a) (b) (c)		\$337,399	\$385,581	\$443,873	\$504,310	\$559,771	\$620,652	\$3,865,377
c. Debt Component (Line 6 x 0.001325847) (c)		\$60,134	\$68,722	\$79,075	\$89,882	\$99,767	\$110,618	\$653,274
8. Total Return Requirements (Prior month + Line 7b + 7c)		<u>\$397,533</u>	<u>\$454,303</u>	<u>\$522,748</u>	<u>\$594,192</u>	<u>\$659,539</u>	<u>\$731,269</u>	<u>\$4,318,851</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

(d) Other Adjustments represents the turn around of the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, 2007 & 2008.

2007 Other Adjustments AE-2, Line 5c

3,109

2008 Other Adjustments AE-2, Line 5c

584,519

587,628

(e) Recovered Costs Excluding AFUDC (Line 2a) amortized over a 12 month period, calculated as follows:

2007 Nuclear CWIP Additions AE-2, Line 1

2,522,692

2008 Nuclear CWIP Additions AE-2, Line 1

104,561,783

107,084,475

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B (Projection)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 080009-EI

EXPLANATION: Provide the calculation of the projected
 Construction Period Interest for
 the subsequent year.

For the Year Ended 12/31/2009

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$109,183,518	\$112,525,020	\$116,885,653	\$121,395,153	\$124,095,667	\$157,313,865	
2.	Additions Pre-Construction (Schedule P-6 line 10 + line 27)	2,817,109	3,818,021	3,945,909	2,119,868	32,552,597	5,315,994	\$50,569,496
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI (Beg bal + (Line 2+3+4)/2)	<u>\$110,592,072</u>	<u>\$114,434,031</u>	<u>\$118,858,607</u>	<u>\$122,455,087</u>	<u>\$140,371,965</u>	<u>\$159,971,862</u>	
6.	CPI Rate	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	
7.	Construction Period Interest for Tax (CPI)	\$524,394	\$542,612	\$563,592	\$580,645	\$665,602	\$758,539	\$3,635,384
8.	Ending Balance	<u>\$109,183,518</u>	<u>\$112,525,020</u>	<u>\$116,885,653</u>	<u>\$121,395,153</u>	<u>\$124,095,667</u>	<u>\$157,313,865</u>	<u>\$163,388,397</u>

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B (Projection)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION: Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

For the Year Ended 12/31/2009

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$163,388,397	\$170,570,320	\$179,024,049	\$193,112,423	\$203,340,191	\$213,821,667	
2.	Additions Pre-Construction (Schedule P-6 line 10 + line 27)	\$6,392,029	\$7,626,854	\$13,208,181	\$9,290,062	\$9,494,787	\$12,959,506	\$109,540,915
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	<u>\$166,584,412</u>	<u>\$174,383,747</u>	<u>\$185,628,140</u>	<u>\$197,757,454</u>	<u>\$208,087,585</u>	<u>\$220,301,420</u>	
6.	CPI Rate	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	
7.	Construction Period Interest for Tax (CPI)	\$789,893	\$826,875	\$880,193	\$937,707	\$986,689	\$1,044,603	\$9,101,344
8.	Ending Balance	<u>\$163,388,397</u>	<u>\$170,570,320</u>	<u>\$179,024,049</u>	<u>\$193,112,423</u>	<u>\$203,340,191</u>	<u>\$213,821,667</u>	<u>\$227,825,776</u>

Schedule P-4 (Projection)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M projected monthly expenditures by
function for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													
13	Nuclear Generation													
14	Transmission													
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

Schedule P-5 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Non CCRC Recoverable O&M projected monthly expenditures by function for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units #5,7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Monthly Expenditures

[Section (5)(c)1.b.]
[Section (8)(d)]

Schedule P-5 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the projected monthly expenditures by major tasks performed within Pre-Construction categories for the current year. All Site Selection costs also included in Pre-Construction costs must be identified.

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Sorogus

Line No.	Description	(A) Actual 2007	(B) Actual/Estimated 2008	(C) Projected January	(D) Projected February	(E) Projected March	(F) Projected April	(G) Projected May	(H) Projected June	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total	(P) PTD Total
1	Pre-Construction:																
2	Generation:																
3	Licensing	2,017,181	45,022,584	1,859,846	2,868,863	2,672,102	1,072,212	2,330,339	1,876,733	828,254	820,254	4,946,570	1,133,432	1,234,015	4,835,291	28,668,968	74,706,743
4	Permitting	516,084	2,317,886	161,185	161,185	379,805	207,243	162,243	212,243	162,243	210,243	175,681	167,243	272,243	150,237	2,422,086	5,256,044
5	Engineering and Design	0	7,910,881	797,884	797,884	895,536	848,296	849,296	849,296	828,322	628,322	940,895	828,322	826,322	828,322	10,121,791	18,032,462
6	Long lead procurement advanced payments	0	45,860,000	-	-	-	-	-	-	-	-	-	-	-	-	-	45,860,000
7	Power Block Engineering and Procurement	0	2,987,920	10,000	15,000	15,000	-	29,347,145	2,400,000	4,500,000	5,700,000	7,200,000	7,200,000	7,200,000	7,200,000	70,787,145	73,675,065
8	Total Generation Costs	2,533,265	106,000,000	2,828,915	3,834,022	3,962,446	2,128,752	32,689,024	5,338,273	6,418,818	7,658,818	13,263,836	9,328,998	9,534,579	13,013,818	110,000,000	217,639,265
9	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
10	Total Jurisdictional Generation Costs	2,522,692	104,661,763	2,817,109	3,818,021	3,945,909	2,110,868	32,652,597	5,315,994	6,392,029	7,628,854	13,208,181	9,290,062	9,494,787	12,959,506	109,540,818	216,625,590
11	Less Adjustments																
12	Non-Cash Accruals	587,128	1,402,002	-	-	-	-	-	-	-	-	-	-	-	-	0	1,889,130
13	Other Adjustments (b)	(14,344)	(44,689)	-	-	-	-	-	-	-	-	-	-	-	-	0	(60,013)
14	Total Adjustments	572,783	1,357,313	-	-	-	-	-	-	-	-	-	-	-	-	-	1,830,117
15	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
16	Total Jurisdictional Adjustments	570,383	1,351,669	-	-	-	-	-	-	-	-	-	-	-	-	-	1,822,062
17	Total Jurisdictional Generation Costs Net of Adjustments	1,952,309	103,210,113	2,817,109	3,818,021	3,945,909	2,110,868	32,652,597	5,315,994	6,392,029	7,628,854	13,208,181	9,290,062	9,494,787	12,959,506	109,540,818	214,703,328
18	Transmission:																
19	Line Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Substation Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Clearing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Total Transmission Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	Jurisdictional Factor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Total Jurisdictional Transmission Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Less Adjustments																
27	Non-Cash Accruals	0	0	-	-	-	-	-	-	-	-	-	-	-	-	0	-
28	Other Adjustments	0	0	-	-	-	-	-	-	-	-	-	-	-	-	0	-
29	Total Adjustments	0	0	-	-	-	-	-	-	-	-	-	-	-	-	0	-
30	Jurisdictional Factor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Total Jurisdictional Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Total Jurisdictional Transmission Costs Net of Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	Total Jurisdictional Pre-Construction Costs	\$1,952,309	\$103,210,113	\$2,817,109	\$3,818,021	\$3,945,909	\$2,110,868	\$32,652,597	\$5,315,994	\$6,392,029	\$7,628,854	\$13,208,181	\$9,290,062	\$9,494,787	\$12,959,506	\$109,540,818	\$214,703,328
34	Construction:																

N/A - At this stage, construction has not commenced in the project.

(a) Effective With the filing of our need petition on October 18, 2007 pre-construction began.
(b) Other Adjustments include Pension & Welfare Benefit Credit.

Schedule P-6A (Projection)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Pre-Construction and Construction categories for the current year.

For the Year Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Line No.	Major Task	Description - Includes, but is not limited to:
1	<u>Pre-Construction period:</u>	
2	Generation:	
3	1 License Application	
4	a. Preparation of NRC Combined License submittal	
5	b. Preparation of FDEP Site Certification Application	
6	c. Transmission facilities studies, stability analysis, FRCC studies	
7	d. Studies required as Conditions of Approval for local zoning	
8	2 Engineering and Design	
9	a. Site specific civil, mechanical and structural requirements to support design	
10	b. Water supply design	
11	c. Construction logistical and support planning	
12	d. Long lead procurement advanced payments	
13	e. Power Block Engineering and Procurement	
14	3 Permitting	
15	a. Communications outreach	
16	b. Legal and application fees	
17	4 Clearing, Grading and Excavation	
18	a. Site access roads	
19	b. Site clearing	
20	c. Site fill to grade for construction	
21	5 On-Site Construction Facilities	
22	a. Warehousing, laydown areas and parking	
23	b. Administrative facilities	
24	c. Underground infrastructure	
25		
26		
27		
28	Transmission:	
29	1 Line / Substation Engineering	
30	Transmission interconnection design	
31	Transmission integration design	
32		
33	<u>Construction period:</u>	
34	Generation:	
35	1 Real Estate Acquisitions - self-explanatory	
36	2 Project Management - FPL and Contractor staff required to oversee/manage project	
37	3 Permanent Staff/Training - Employees of the operational facility hired in advance to assist with system turnover from constructor and obtain training in advance of operations.	
38	4 Site Preparation - preparation costs not expensed within Pre-Construction period.	
39	5 On-Site Construction Facilities - construction of non-power block facilities.	
40	6 Power Block Engineering, Procurement, etc. - Nuclear Steam Safety System, Long lead procurement advanced payments.	
41	7 Non-Power Block Engineering, Procurement, etc. - Supporting balance of plant facilities (cooling towers, etc.).	
42		
43	Transmission:	
44	1 Line Engineering - self-explanatory	
45	2 Substation Engineering - self-explanatory	
46	3 Real Estate Acquisition - self-explanatory	
47	4 Line Construction - self-explanatory	
48	5 Substation Construction - self-explanatory	
49	6 Other - permitting and condition of approval compliance.	

Turkey Point Units 6&7

Pre-Construction Costs and Carrying Costs on Construction Cost Balance

[Section (8)(b)]

Schedule P-7 (Projection)

Projection Filing: Technology Selected

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Technology selection is noted on Pre-Construction AE-7 for the year ended 12/31/08.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	P.O. 4500350496	Awarded Dec. 21, 2006	Dec. 31, 2009	Dec. 31, 2009	\$2,541,093	\$1,722,165	\$818,928	\$2,541,093	Comensura, Inc. (Later Guidant)	Single Source Justification	Corporate supplier of contract personnel
2	P.O. 4500395492	Awarded Nov. 16, 2007	Dec. 31, 2011	Dec. 31, 2011	\$20,131,559	\$26,430,493	\$1,305,781	\$27,736,274	Bechtel Power Corporation	Competitive Bid	Development of Combined License Application
3	N/A	Original Agreement April 23, 2004 and Amendment Adding FPL May 18, 2004	Apr. 23, 2019	Apr. 23, 2019	\$3,000,000	\$2,000,000	\$1,000,000	\$3,000,000	Nustart Energy Development LLC	Membership Agreement in Industry Organization	Preparation of Reference Combined License Applications for Westinghouse and GE Designs

Page 1 of 1

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY DOCKET NO.: 080009-EI	EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.	For the Year Ended 12/31/2009 Witness: Steven D. Scroggs
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<u>Contract No.:</u>	4500350496
<u>Major Task or Tasks Associated With:</u>	Corporate supplier of contract personnel
<u>Vendor Identity:</u>	Comensura Inc. (Later Guidant)
<u>Vendor Affiliation (specify 'direct' or 'indirect'):</u>	Direct
<u>Number of Vendors Solicited:</u>	Single Source
<u>Number of Bids Received:</u>	Single Source
<u>Brief Description of Selection Process:</u>	Single Source Justified
<u>Dollar Value:</u>	\$2,541,093
<u>Contract Status:</u>	Active
<u>Term Begin:</u>	Dec. 21, 2006
<u>Term End:</u>	Dec. 31, 2009
<u>Nature and Scope of Work:</u>	Operate and manage the Managed Service Provider Program for FPL Human Resources Department
Describe work and scope details	

Schedule P-8A (Projection)	Turkey Point Units 6&7 Pre-Construction Costs and Carrying Costs on Construction Cost Balance Projection Filing: Contracts Executed	[Section (8)(c)]
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FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY DOCKET NO.: 080009-EI	EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.	For the Year Ended 12/31/2009 Witness: Steven D. Scroggs
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Contract No.: 4500395492

Major Task or Tasks Associated With: Development of a Combined License Application

Vendor Identity: Bechtel Power Corporation

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Two

Number of Bids Received: Two

Brief Description of Selection Process: Standard Bid Evaluation

Dollar Value: \$27,736,274

Contract Status: Active

Term Begin: Nov. 16, 2007

Term End: Dec. 31, 2011

Nature and Scope of Work: Development of Combined License Application for submittal to Nuclear Regulatory Commission March 31, 2009

Describe work and scope details

Phase 1: Defined tasks for all work activities from project inception through Acceptance of the COLA. Preparation of COLA Parts 1-10, Project Management, Information Gathering, Cooling Water Study, New Meteorological Tower Installation.

Phase 2: All work activities from submittal of the COLA to the NRC through issuance of the COL.

FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.	For the Year Ended 12/31/2009
COMPANY: FLORIDA POWER & LIGHT COMPANY		Witness: Steven D. Scroggs
DOCKET NO.: 080009-EI		

<u>Contract No.:</u>	Membership Agreement
<u>Major Task or Tasks Associated With:</u>	Reference COL Preparation
<u>Vendor Identity:</u>	Nustart Energy Development LLC
<u>Vendor Affiliation (specify 'direct' or 'indirect'):</u>	Direct
<u>Number of Vendors Solicited:</u>	Sole Source
<u>Number of Bids Received:</u>	Sole Source
<u>Brief Description of Selection Process:</u>	
<u>Dollar Value:</u>	\$3,000,000
<u>Contract Status:</u>	Active
<u>Term Begin:</u>	May. 18 2004
<u>Term End:</u>	Apr. 23, 2019
<u>Nature and Scope of Work:</u>	Preparation of Reference Combined License Applications for Westinghouse and GE Designs
Describe work and scope details	

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Feasibility of Completing the plant

[Section (5)(c)5.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a detail analysis of the long-term feasibility of completing the plant.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven R. Sim

A. Introduction and Review of Need Determination Analysis

The two new Turkey Point nuclear units in 2018 and 2020 offer a cost effective option to add significant increases in nuclear capacity and energy starting in 2018.

(As presented in FPL's determination of need filing, the Turkey Point 6&7 units are a capacity option that maintains and enhances FPL's system fuel diversity, while reducing fuel costs for FPL customers, and also provides a significant contribution to lowering CO2 emissions.)

B. Updated Information: Projection of FPL's Capacity Needs based on a new load forecast.

Updated Projection of FPL's 2008 - 2020 Peak Load Forecast and Capacity Needs
(Without New Resource Additions *)

	<u>Summer</u>									
	(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6) = (4)-(5)	(7) = (3)-(6)	(8) = (7)/(6)	(9) = ((6)*1.20)-(3)	
August of the Year	Projections of FPL Unit Capability (MW)	Projections of Firm Purchases (MW)	Projection of Total Capacity (MW)	Peak Load Forecast ** (MW)	Summer DSM Forecast *** (MW)	Forecast of Firm Peak (MW)	Forecast of Summer Reserves (MW)	Forecast of Summer Res. Margins w/o Additions (%)	MW Needed to Meet 20% Reserve Margin (MW)	
2008	22,149	2,993	25,142	22,356	1,908	20,448	4,693	23.0%	(604)	
2009	23,369	2,562	25,931	22,792	2,034	20,758	5,172	24.9%	(1,021)	
2010	24,588	2,205	26,793	23,554	2,146	21,408	5,384	25.2%	(1,103)	
2011	24,588	2,237	26,825	24,191	2,264	21,927	4,898	22.3%	(512)	
2012	24,898	2,175	27,073	24,837	2,388	22,449	4,624	20.6%	(134)	
2013	25,002	2,175	27,177	25,414	2,516	22,898	4,278	18.7%	301	
2014	25,002	2,175	27,177	26,576	2,651	23,925	3,251	13.6%	1,534	
2015	25,002	2,175	27,177	27,241	2,790	24,451	2,726	11.1%	2,165	
2016	25,002	864	25,866	27,932	2,910	25,022	844	3.4%	4,161	
2017	25,002	864	25,866	28,621	3,030	25,591	275	1.1%	4,844	
2018	25,002	864	25,866	29,326	3,150	26,176	-310	-1.2%	5,546	
2019	25,002	864	25,866	30,092	3,270	26,822	-956	-3.6%	6,321	
2020	25,002	864	25,866	30,910	3,390	27,520	-1,654	-6.0%	7,158	

Winter

	(1)	(2)	(3) = (1)+(2)	(4)	(5)	(6)=(4)-(5)	(7)=(3)-(6)	(8)=(7)/(6)	(9)=(6)*1.20-(3)
January of the Year	Projections of FPL Unit Capability (MW)	Projections of Firm Purchases (MW)	Projection of Total Capacity (MW)	Peak Load Forecast ** (MW)	Winter DSM Forecast *** (MW)	Forecast of Firm Peak (MW)	Forecast of Winter Reserves (MW)	Forecast of Winter Res. Margins w/o Additions (%)	MW Needed to Meet 20% Reserve Margin (MW)
2008	23,535	3,026	26,561	22,332	1,649	20,683	5,878	28.4%	(1,741)
2009	23,563	2,700	26,263	22,755	1,750	21,005	5,258	25.0%	(1,057)
2010	24,898	2,239	27,137	23,454	1,814	21,640	5,497	25.4%	(1,169)
2011	26,233	2,238	28,471	23,971	1,883	22,088	6,383	28.9%	(1,965)
2012	26,337	2,364	28,701	24,487	1,954	22,533	6,168	27.4%	(1,661)
2013	26,647	2,184	28,831	24,976	2,028	22,948	5,883	25.6%	(1,293)
2014	26,647	2,184	28,831	26,290	2,106	24,184	4,647	19.2%	190
2015	26,647	2,184	28,831	26,979	2,188	24,791	4,040	16.3%	919
2016	26,647	1,254	27,901	27,690	2,264	25,426	2,475	9.7%	2,611
2017	26,647	864	27,511	28,418	2,334	26,084	1,427	5.5%	3,790
2018	26,647	864	27,511	29,178	2,404	26,774	737	2.8%	4,618
2019	26,647	864	27,511	29,943	2,474	27,469	42	0.2%	5,452
2020	26,647	864	27,511	30,708	2,544	28,164	-653	-2.3%	6,286

* No new FPL generating unit additions after WCEC 1 in 2009 and WCEC 2 in 2010 are assumed to be added. 269 MW of renewable energy firm capacity starting in the 2009 - 2012 time frame are assumed to be added. 414 MW of nuclear uprates is assumed. Approximately 104 MW are added in December 2011, 103 MW in May 2012, 103 MW in June 2012, and 104 MW by December 2012.

** The Peak Load Forecast is based on FPL's Feb 2008 load forecast that includes Lee County load.

*** DSM values shown represent cumulative load management and incremental conservation capability.

B. Updated Information : Environmental Compliance Cost Forecast

SO2 Environmental Compliance Costs (nominal \$ per ton)					CO2 Environmental Compliance Costs (nominal \$ per ton)				
Year	ENV I	ENV II	ENV III	ENV IV	ENV I	ENV II	ENV III	ENV IV	
2008	1,093	1,066	889	1,101	0	0	0	0	
2009	1,198	1,167	874	1,206	0	0	0	0	
2010	1,310	1,277	1,065	1,319	0	0	0	0	
2011	1,435	1,398	1,166	1,444	0	0	0	0	
2012	1,570	1,532	1,277	1,582	0	0	0	0	
2013	1,720	1,677	1,399	1,733	11	14	25	36	
2014	1,885	1,837	1,533	1,898	11	16	27	38	
2015	2,064	2,013	1,678	2,079	12	17	29	41	
2016	2,261	2,204	1,838	2,277	13	19	32	46	
2017	2,475	2,413	2,013	2,493	14	21	34	50	
2018	2,709	2,641	2,203	2,727	16	23	38	54	
2019	2,964	2,891	2,411	2,986	17	25	41	59	
2020	3,244	3,164	2,639	3,268	18	27	45	64	
2021	3,541	3,466	2,771	3,579	20	29	49	71	
2022	3,864	3,796	2,910	3,921	22	33	53	77	
2023	4,216	4,157	3,054	4,294	24	35	59	84	
2024	4,601	4,554	3,207	4,702	27	39	64	92	
2025	5,021	4,988	3,367	5,151	29	43	70	101	
2026	5,180	4,877	2,232	5,144	31	46	77	108	
2027	5,344	4,767	1,480	5,136	34	50	84	114	
2028	5,512	4,659	981	5,130	36	55	93	121	
2029	5,687	4,554	651	5,123	39	62	101	129	
2030	5,868	4,453	432	5,117	42	67	110	136	
2031	6,053	4,320	202	5,101	45	73	119	146	
2032	6,244	4,178	0	5,081	49	79	128	156	
2033	6,441	4,026	0	5,057	53	86	138	166	
2034	6,645	3,864	0	5,029	57	93	149	177	
2035	6,856	3,691	0	4,998	62	101	159	189	
2036	7,073	3,508	0	4,959	67	109	171	201	
2037	7,310	3,312	0	4,916	72	118	183	214	
2038	7,542	3,105	0	4,868	78	128	195	227	
2039	7,782	2,885	0	4,815	83	138	209	241	
2040	8,030	2,653	0	4,756	90	149	223	256	
2041	8,285	2,407	0	4,691	96	160	237	271	
2042	8,549	2,147	0	4,619	103	172	252	288	
2043	8,822	1,872	0	4,542	110	185	268	304	
2044	9,103	1,582	0	4,457	118	199	285	322	
2045	9,394	1,277	0	4,366	126	214	303	341	
2046	9,686	956	0	4,267	134	229	321	360	
2047	9,976	617	0	4,160	143	245	341	380	
2048	10,295	261	0	4,045	153	262	361	402	
2049	10,625	0	0	3,922	163	281	382	424	
2050	10,965	0	0	3,791	173	300	404	447	
2051	11,317	0	0	3,650	184	320	427	471	
2052	11,680	0	0	3,500	196	342	452	497	
2053	12,055	0	0	3,340	208	364	477	523	
2054	12,432	0	0	3,170	221	388	503	551	
2055	12,831	0	0	2,989	234	414	531	580	
2056	13,244	0	0	2,798	248	440	560	610	
2057	13,670	0	0	2,595	263	468	590	641	
2058	14,110	0	0	2,380	278	497	622	674	
2059	14,564	0	0	2,152	295	528	655	709	
2060	15,033	0	0	1,912	312	561	688	744	

NOx Environmental Compliance Costs (nominal \$ per ton)				
Year	ENV I	ENV II	ENV III	ENV IV
2008	0	0	0	0
2009	1,243	798	1,565	1,405
2010	1,359	873	1,712	1,538
2011	1,488	956	1,874	1,684
2012	1,629	1,047	2,053	1,844
2013	1,784	1,146	2,249	2,020
2014	1,956	1,256	2,462	2,213
2015	2,142	1,375	2,698	2,424
2016	2,346	1,507	2,954	2,655
2017	2,568	1,649	3,234	2,905
2018	2,811	1,805	3,779	3,181
2019	3,075	1,975	4,137	3,481
2020	3,367	2,162	3,391	3,809
2021	3,492	2,368	2,607	3,638
2022	3,622	2,593	1,781	3,474
2023	3,755	2,841	913	3,317
2024	3,896	3,112	0	3,168
2025	4,040	3,408	0	3,025
2026	4,082	2,909	0	3,225
2027	4,122	2,482	0	3,438
2028	4,164	2,119	0	3,667
2029	4,205	1,809	0	3,910
2030	4,249	1,545	0	4,169
2031	4,226	1,158	0	4,427
2032	4,176	751	0	4,694
2033	4,098	322	0	4,973
2034	3,988	0	0	5,262
2035	3,848	0	0	5,562
2036	3,668	0	0	5,875
2037	3,453	0	0	6,199
2038	3,198	0	0	6,536
2039	2,900	0	0	6,886
2040	2,558	0	0	7,250
2041	2,167	0	0	7,627
2042	1,726	0	0	8,019
2043	1,231	0	0	8,425
2044	679	0	0	8,847
2045	67	0	0	9,285
2046	0	0	0	9,739
2047	0	0	0	10,210
2048	0	0	0	10,698
2049	0	0	0	11,204
2050	0	0	0	11,730
2051	0	0	0	12,274
2052	0	0	0	12,838
2053	0	0	0	13,423
2054	0	0	0	14,028
2055	0	0	0	14,656
2056	0	0	0	15,307
2057	0	0	0	15,980
2058	0	0	0	16,678
2059	0	0	0	17,401
2060	0	0	0	18,150

Hg Environmental Compliance Costs (nominal \$ per lb)				
Year	ENV I	ENV II	ENV III	ENV IV
2008	0	0	0	0
2009	0	0	0	0
2010	0	0	12,279	13,557
2011	0	0	13,448	14,849
2012	0	0	14,728	16,264
2013	0	0	16,130	17,814
2014	0	0	17,666	19,510
2015	0	0	19,347	21,369
2016	0	0	21,189	23,405
2017	0	0	23,194	25,617
2018	0	0	25,387	28,040
2019	0	0	27,788	30,690
2020	0	0	30,417	33,591
2021	0	0	33,317	36,790
2022	0	0	36,492	40,295
2023	0	0	39,970	44,133
2024	0	0	43,780	48,339
2025	0	0	47,952	52,942
2026	0	0	39,320	57,989
2027	0	0	30,227	63,515
2028	0	0	20,655	69,569
2029	0	0	10,588	76,198
2030	0	0	0	83,460
2031	0	0	0	90,217
2032	0	0	0	97,445
2033	0	0	0	105,170
2034	0	0	0	113,415
2035	0	0	0	122,207
2036	0	0	0	131,574
2037	0	0	0	141,542
2038	0	0	0	152,143
2039	0	0	0	163,407
2040	0	0	0	175,366
2041	0	0	0	179,750
2042	0	0	0	184,243
2043	0	0	0	188,849
2044	0	0	0	193,571
2045	0	0	0	198,410
2046	0	0	0	203,370
2047	0	0	0	208,454
2048	0	0	0	213,668
2049	0	0	0	219,007
2050	0	0	0	224,483
2051	0	0	0	230,095
2052	0	0	0	235,847
2053	0	0	0	241,743
2054	0	0	0	247,787
2055	0	0	0	253,982
2056	0	0	0	260,331
2057	0	0	0	266,839
2058	0	0	0	273,510
2059	0	0	0	280,348
2060	0	0	0	287,357

B. Updated Information : Fuel Cost Forecasts

Fuel Prices Representative of Updated Forecast by Type of Fuel

Year	PE 1.0% S Oil			FGT ZONE 3 Mobile Nat. Gas			Martin Distillate Oil			SJRP Coal		
	High	Medium	Low	High	Medium	Low	High	Medium	Low	High	Medium	Low
	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu	\$/mmbtu
2008	\$17.50	\$12.35	\$8.89	\$13.04	\$10.53	\$7.12	\$30.43	\$21.47	\$15.46	\$2.97	\$2.48	\$2.10
2009	\$18.86	\$13.31	\$9.58	\$13.08	\$10.57	\$7.15	\$30.55	\$21.56	\$15.52	\$3.18	\$2.66	\$2.25
2010	\$18.92	\$13.35	\$9.61	\$12.36	\$9.98	\$6.75	\$29.94	\$21.13	\$15.21	\$3.16	\$2.64	\$2.23
2011	\$17.84	\$12.59	\$9.06	\$10.85	\$8.76	\$5.93	\$26.52	\$18.71	\$13.47	\$2.36	\$1.97	\$1.67
2012	\$17.96	\$12.67	\$9.12	\$10.91	\$8.81	\$5.96	\$26.72	\$18.85	\$13.57	\$2.39	\$1.99	\$1.69
2013	\$16.72	\$11.80	\$8.49	\$9.94	\$8.03	\$5.43	\$22.78	\$16.07	\$11.57	\$2.42	\$2.02	\$1.71
2014	\$17.04	\$12.03	\$8.66	\$10.43	\$8.43	\$5.70	\$23.31	\$16.45	\$11.84	\$2.46	\$2.05	\$1.74
2015	\$17.59	\$12.41	\$8.94	\$10.80	\$8.72	\$5.90	\$24.06	\$16.98	\$12.22	\$2.49	\$2.08	\$1.76
2016	\$18.35	\$12.94	\$9.32	\$11.29	\$9.12	\$6.17	\$25.03	\$17.66	\$12.72	\$2.53	\$2.11	\$1.79
2017	\$18.15	\$13.51	\$9.73	\$11.79	\$9.52	\$6.44	\$26.03	\$18.37	\$13.22	\$2.56	\$2.14	\$1.81
2018	\$19.95	\$14.08	\$10.13	\$12.28	\$9.92	\$6.71	\$27.02	\$19.07	\$13.73	\$2.60	\$2.17	\$1.84
2019	\$20.75	\$14.84	\$10.54	\$12.77	\$10.32	\$6.98	\$28.03	\$19.78	\$14.24	\$2.64	\$2.21	\$1.87
2020	\$21.59	\$15.23	\$10.97	\$13.08	\$10.57	\$7.15	\$29.03	\$20.49	\$14.75	\$2.69	\$2.24	\$1.90
2021	\$22.59	\$15.94	\$11.47	\$13.66	\$11.03	\$7.46	\$30.21	\$21.31	\$15.34	\$2.73	\$2.28	\$1.93
2022	\$23.63	\$16.68	\$12.01	\$14.27	\$11.52	\$7.79	\$31.43	\$22.18	\$15.96	\$2.78	\$2.32	\$1.96
2023	\$24.73	\$17.45	\$12.56	\$14.90	\$12.04	\$8.14	\$32.70	\$23.08	\$16.61	\$2.82	\$2.36	\$1.99
2024	\$25.88	\$18.26	\$13.15	\$15.56	\$12.57	\$8.50	\$34.03	\$24.01	\$17.29	\$2.87	\$2.40	\$2.03
2025	\$27.09	\$19.12	\$13.76	\$16.26	\$13.13	\$8.88	\$35.42	\$24.99	\$17.99	\$2.93	\$2.44	\$2.07
2026	\$28.36	\$20.01	\$14.41	\$16.98	\$13.72	\$9.28	\$36.86	\$26.01	\$18.72	\$2.98	\$2.49	\$2.10
2027	\$29.69	\$20.95	\$15.08	\$17.74	\$14.33	\$9.69	\$38.36	\$27.07	\$19.49	\$3.03	\$2.53	\$2.14
2028	\$31.08	\$21.93	\$15.79	\$18.53	\$14.97	\$10.12	\$39.93	\$28.18	\$20.29	\$3.09	\$2.58	\$2.18
2029	\$32.54	\$22.96	\$16.53	\$19.36	\$15.64	\$10.58	\$41.57	\$29.33	\$21.12	\$3.15	\$2.63	\$2.22
2030	\$34.07	\$24.04	\$17.31	\$20.22	\$16.34	\$11.05	\$43.27	\$30.53	\$21.98	\$3.21	\$2.68	\$2.27
2031	\$35.67	\$25.17	\$18.12	\$21.13	\$17.07	\$11.54	\$45.05	\$31.79	\$22.88	\$3.26	\$2.73	\$2.31
2032	\$37.35	\$26.36	\$18.98	\$22.07	\$17.83	\$12.06	\$46.90	\$33.09	\$23.83	\$3.32	\$2.77	\$2.35
2033	\$39.12	\$27.60	\$19.87	\$23.06	\$18.63	\$12.60	\$48.83	\$34.46	\$24.81	\$3.38	\$2.82	\$2.39
2034	\$40.97	\$28.91	\$20.81	\$24.10	\$19.47	\$13.16	\$50.84	\$35.88	\$25.83	\$3.44	\$2.87	\$2.43
2035	\$42.91	\$30.28	\$21.80	\$25.18	\$20.34	\$13.76	\$52.94	\$37.36	\$26.89	\$3.49	\$2.92	\$2.47
2036	\$44.94	\$31.71	\$22.83	\$26.31	\$21.25	\$14.37	\$55.13	\$38.90	\$28.00	\$3.56	\$2.97	\$2.51
2037	\$47.07	\$33.21	\$23.91	\$27.49	\$22.21	\$15.02	\$57.41	\$40.51	\$29.16	\$3.62	\$3.02	\$2.56
2038	\$49.31	\$34.79	\$25.05	\$28.72	\$23.20	\$15.69	\$59.78	\$42.19	\$30.37	\$3.68	\$3.07	\$2.60
2039	\$51.65	\$36.45	\$26.24	\$30.02	\$24.25	\$16.40	\$62.26	\$43.93	\$31.63	\$3.75	\$3.13	\$2.65
2040	\$54.11	\$38.18	\$27.49	\$31.37	\$25.34	\$17.14	\$64.84	\$45.76	\$32.94	\$3.81	\$3.18	\$2.69
2041	\$56.68	\$40.00	\$28.79	\$32.78	\$26.48	\$17.91	\$67.53	\$47.65	\$34.31	\$3.88	\$3.24	\$2.74
2042	\$59.39	\$41.90	\$30.17	\$34.25	\$27.67	\$18.71	\$70.34	\$49.63	\$35.73	\$3.95	\$3.30	\$2.79
2043	\$62.22	\$43.90	\$31.61	\$35.80	\$28.92	\$19.56	\$73.26	\$51.70	\$37.22	\$4.02	\$3.35	\$2.84
2044	\$65.19	\$46.00	\$33.11	\$37.41	\$30.22	\$20.44	\$76.31	\$53.85	\$38.77	\$4.09	\$3.41	\$2.89
2045	\$68.30	\$48.20	\$34.70	\$39.10	\$31.58	\$21.36	\$79.49	\$56.09	\$40.38	\$4.16	\$3.47	\$2.94
2046	\$71.57	\$50.50	\$36.35	\$40.86	\$33.01	\$22.32	\$82.80	\$58.43	\$42.06	\$4.23	\$3.53	\$2.99
2047	\$74.99	\$52.91	\$38.09	\$42.71	\$34.50	\$23.33	\$86.26	\$60.86	\$43.82	\$4.31	\$3.60	\$3.04
2048	\$78.58	\$55.45	\$39.92	\$44.63	\$36.05	\$24.38	\$89.85	\$63.40	\$45.64	\$4.38	\$3.66	\$3.10
2049	\$82.34	\$58.10	\$41.83	\$46.65	\$37.68	\$25.49	\$93.61	\$66.05	\$47.55	\$4.46	\$3.72	\$3.15
2050	\$86.29	\$60.89	\$43.83	\$48.76	\$39.38	\$26.64	\$97.52	\$68.81	\$49.54	\$4.54	\$3.79	\$3.21
2051	\$90.43	\$63.81	\$45.93	\$50.96	\$41.16	\$27.84	\$101.59	\$71.69	\$51.61	\$4.62	\$3.86	\$3.26
2052	\$94.76	\$66.87	\$48.14	\$53.26	\$43.02	\$29.10	\$105.84	\$74.69	\$53.77	\$4.70	\$3.92	\$3.32
2053	\$99.31	\$70.08	\$50.45	\$55.67	\$44.97	\$30.41	\$110.27	\$77.81	\$56.02	\$4.78	\$3.99	\$3.38
2054	\$104.08	\$73.44	\$52.87	\$58.19	\$47.00	\$31.79	\$114.89	\$81.07	\$58.36	\$4.87	\$4.06	\$3.44
2055	\$109.08	\$76.97	\$55.41	\$60.82	\$49.13	\$33.23	\$119.70	\$84.47	\$60.81	\$4.95	\$4.14	\$3.50
2056	\$114.33	\$80.67	\$58.08	\$63.57	\$51.35	\$34.73	\$124.72	\$88.01	\$63.36	\$5.04	\$4.21	\$3.56
2057	\$119.82	\$84.55	\$60.87	\$66.45	\$53.68	\$36.30	\$129.95	\$91.70	\$66.01	\$5.13	\$4.28	\$3.62
2058	\$125.59	\$88.62	\$63.80	\$69.45	\$56.11	\$37.95	\$135.40	\$95.54	\$68.78	\$5.22	\$4.36	\$3.69
2059	\$131.63	\$92.88	\$66.87	\$72.60	\$58.65	\$39.68	\$141.09	\$99.55	\$71.67	\$5.31	\$4.43	\$3.75
2060	\$137.97	\$97.35	\$70.08	\$75.89	\$61.30	\$41.46	\$147.01	\$103.73	\$74.68	\$5.40	\$4.51	\$3.82

B. Updated Information : Capital Cost of Combined Cycle Generation Option

Greenfield 3x1G 2014\$

Generator Capital	\$1,083,256,925
Transmission Capital	\$123,510,069
Total AFUDC	\$140,350,044
Total Cost	\$1,347,117,038

B. Updated information : Projected Economic Values: Cost of Debt and Discount Rate

Cost of Debt:	6.60%
Discount Rate:	8.35%

C. Revised Analysis Results

**Economic Analysis Results: Total Costs and Total Cost Differentials
for All Fuel and Environmental Compliance Cost Scenarios**

(millions, CPVRR, 2007\$, 2008 - 2060)

(1)	(2)	(3)	(4)	(5)	(6)
		Total Costs for Plans		Total Cost Difference Plan with Nuclear minus Plan without Nuclear - CC	Breakeven Nuclear Capital Costs (\$/kw in 2007\$)
Fuel Cost Forecast	Environmental Compliance Cost Forecast	Plan with Nuclear	Plan without Nuclear - CC		
High Gas Cost	Env I	231,324	245,814	(14,290)	7,156
High Gas Cost	Env II	245,097	260,302	(15,205)	7,615
High Gas Cost	Env III	265,624	282,257	(16,633)	8,330
High Gas Cost	Env IV	276,218	293,859	(17,641)	8,835
Medium Gas Cost	Env I	196,496	208,464	(11,968)	5,994
Medium Gas Cost	Env II	210,049	222,932	(12,883)	6,452
Medium Gas Cost	Env III	230,540	244,860	(14,320)	7,171
Medium Gas Cost	Env IV	240,700	256,052	(15,352)	7,688
Low Gas Cost	Env I	150,052	158,853	(8,801)	4,408

Note: A negative value in Column (5) indicates that the Plan with Nuclear is less expensive than the Plan without Nuclear. Conversely, a positive value in Column 5 indicates that the Plan with Nuclear is more expensive than the Plan without Nuclear.

D. Conclusions

The breakeven costs for Turkey Point 6 & 7 units are higher than the range of non-binding capital cost estimates of \$3,108/kw to \$4,540/kw in 2007\$ in 8 of 9 scenarios of fuel cost and environmental compliance cost forecasts and within the range in the remaining scenario. These results support the feasibility of continuing the Turkey Point 6 & 7 project.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Estimate Rate Impact

Schedule P-10 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

For the Year Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

FLORIDA POWER & LIGHT COMPANY
 CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
 PROPOSED JANUARY 2009 THROUGH DECEMBER 2009

Rate Schedule	(1) AVG 12CP Load Factor at Meter (%)	(2) Projected Sales at Meter (kwh)	(3) Projected AVG 12 CP at Meter (kW)	(4) Demand Lost Expansion Factor	(5) Energy Lost Expansion Factor	(6) Projected Sales at Generation (kwh)	(7) Projected AVG 12 CP at Generation (kW)	(8) Percentage of Sales at Generation (%)	(9) Percentage of Demand at Generation (%)
RS1/RST1	64.061%	58,804,147.081	10,478,766	1.09370109	1.07349429	63,125,916,120	11,460,638	52.68401%	57.06444%
GS1/GST1	65.694%	6,619,341.251	1,150,231	1.09370109	1.07349429	7,105,625,036	1,258,009	5.93042%	6.26384%
GSD1/GSDT1/HLFT1 (21-499 kW)	74.508%	25,774,860.665	3,949,020	1.09361402	1.07343073	27,667,527,500	4,318,704	23.09093%	21.50355%
QS2	57.663%	19,993,143	3,958	1.05919630	1.04702619	20,933,344	4,132	0.01747%	0.02087%
GSLD1/GSLDT1/CS1/CST1/HLFT2 (500-1,999 kW)	77.165%	11,789,652,172	1,744,121	1.05222289	1.07237880	12,642,973,049	1,904,969	10.55165%	9.48516%
GSLD2/GSLDT2/CS2/CST2/HLFT3(2,000+ kW)	90.280%	2,169,713,444	274,351	1.06471538	1.06646905	2,313,932,235	297,583	1.93118%	1.48177%
GSLD3/GSLDT3/CS3/CST3	83.044%	258,589,835	33,151	1.03077723	1.02508821	266,077,391	34,171	0.22123%	0.17014%
ISST1D	84.918%	0	0	1.05919630	1.04702619	0	0	0.00000%	0.00000%
ISST1T	131.296%	0	0	1.03077723	1.02508821	0	0	0.00000%	0.00000%
SST1T	131.296%	162,838,087	14,158	1.03077723	1.02508821	166,923,403	14,594	0.13931%	0.07267%
SST1D1/SST1D2/SST1D3	84.918%	8,479,038	1,140	1.05919630	1.04702619	8,877,775	1,207	0.00741%	0.00601%
CILC D/CILC G	89.894%	3,701,861,702	470,095	1.08178491	1.06440541	3,940,281,623	508,542	3.28850%	2.53212%
CILC T	90.295%	1,676,506,768	211,952	1.03077723	1.02508821	1,718,567,321	218,475	1.43429%	1.08782%
MET	66.435%	101,103,804	17,373	1.05919630	1.04702619	105,658,331	18,401	0.08835%	0.09162%
OL1/SL1/PL1	210.146%	601,242,889	32,661	1.09370109	1.07349429	645,430,808	35,721	0.53867%	0.17786%
SL2, GSCU1	126.155%	85,476,122	7,735	1.09370109	1.07349429	91,758,129	8,460	0.07656%	0.04212%
TOTAL		111,773,806,000	18,388,712			119,819,892,065	20,083,676	100.00%	100.00%

- (1) AVG 12 CP load factor based on actual calendar data.
 (2) Projected kwh sales for the period January 2008 through December 2008.
 (3) Calculated: Col(2)/(8760 hours * Col(1))
 (4) Based on 2006 demand losses.
 (5) Based on 2006 energy losses.
 (6) Col(2) * Col(5).
 (7) Col(3) * Col(4).
 (8) Col(6) / total for Col(6)
 (9) Col(7) / total for Col(7)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Projection Filing: Estimate Rate Impact

Schedule P-10 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Rate Schedule	(1) Percentage of Sales at Generation (%)	(2) Percentage of Demand at Generation (%)	(3) Energy Related Cost (\$)	(4) Demand Related Cost (\$)	(5) Total Capacity Costs (\$)	(6) Projected Sales at Meter (kwh)	(7) Billing KW Load Factor (%)	(8) Projected Billed KW at Meter (kw)	(9) Capacity Recovery Factor (\$/kw)	(10) Capacity Recovery Factor (\$/kwh)
RS1/RST1	52.68401%	57.06444%	\$9,355,343	\$121,598,369	\$130,953,712	58,804,147,081	-	-	-	0.00223
GS1/GST1/WIES1	5.93042%	6.26384%	\$1,053,093	\$13,347,585	\$14,400,678	6,619,341,251	-	-	-	0.00218
GSD1/GSDT1/HLFT1 (21-499 kw)	23.09093%	21.50355%	\$4,100,364	\$45,821,826	\$49,922,190	25,774,860,665	45.94990%	75,203,628	0.66	-
OS2	0.01747%	0.02087%	\$3,102	\$44,477	\$47,579	19,993,143	-	-	-	0.00238
GSLD1/GSLDT1/CS1/CST1/HLFT2 (500-1,999 kw)	10.55165%	9.48516%	\$1,873,705	\$20,211,887	\$22,085,592	11,769,652,172	61.11976%	26,423,874	0.84	-
GSLD2/GSLDT2/CS2/CST2/HLFT3 (2,000+ kw)	1.93118%	1.48177%	\$342,928	\$3,157,488	\$3,500,416	2,169,713,444	68.57238%	4,334,413	0.81	-
GSLD3/GSLDT3/CS3/CST3	0.22123%	0.17014%	\$39,285	\$362,557	\$401,842	258,589,835	66.95647%	529,049	0.76	-
ISST1D	0.00000%	0.00000%	\$0	\$0	\$0	0	63.96565%	0	**	-
ISST1T	0.00000%	0.00000%	\$0	\$0	\$0	0	19.18899%	0	**	-
SST1T	0.13931%	0.07257%	\$24,738	\$154,844	\$179,582	162,838,087	19.18899%	1,162,468	**	-
SST1D1/SST1D2/SST1D3	0.00741%	0.00601%	\$1,316	\$12,806	\$14,122	8,479,038	63.96565%	18,158	**	-
CILC D/CILC G	3.28850%	2.53212%	\$583,955	\$5,395,675	\$5,979,630	3,701,861,702	74.34374%	6,821,077	0.88	-
CILC T	1.43429%	1.08782%	\$254,694	\$2,318,039	\$2,572,733	1,676,506,768	74.83860%	3,069,717	0.84	-
MET	0.08835%	0.09162%	\$15,688	\$195,236	\$210,924	101,103,804	58.38177%	237,229	0.89	-
DL1/SL1/PL1	0.53867%	0.17786%	\$95,654	\$379,003	\$474,657	601,242,889	-	-	-	0.00079
SL2/GSCU1	0.07658%	0.04212%	\$13,599	\$89,761	\$103,360	85,476,122	-	-	-	0.00121
TOTAL			\$17,757,464	\$213,089,554	\$230,847,018	111,773,806,000		117,798,613		

Note: There are currently no customers taking service on Schedules ISST1(D) and ISST1(T). Should any customer begin taking service on these schedules during the period, they will be billed using the applicable SST1 factor.

- (1) Obtained from Page 2, Col(8)
- (2) Obtained from Page 2, Col(9)
- (3) (Total Capacity Costs/13) * Col (1)
- (4) (Total Capacity Costs/13 * 12) * Col (2)
- (5) Col (3) + Col (4)
- (6) Projected kwh sales for the period January 2008 through December 2008
- (7) (kWh sales / 8760 hours)/((avg customer NCP)(8760 hours))
- (8) Col (6) / ((7) *730)
- (9) Col (5) / (8)
- (10) Col (5) / (6)

Totals may not add due to rounding.

CAPACITY RECOVERY FACTORS FOR STANDBY RATES

Demand *	(Total col 5)/(Doe 2, Total col 7)/(10) (Doe 2, col 4)	
Charge (RDC)	12 months	
Sum of Daily		
Demand *	(Total col 5)/(Doe 2, Total col 7)/(21 on peak days) (Doe 2, col 4)	
Charge (DDC)	12 months	
CAPACITY RECOVERY FACTOR		
	RDC	SDD
	** (\$/kw)	** (\$/kw)
ISST1D	\$0.10	\$0.05
ISST1T	\$0.10	\$0.05
SST1T	\$0.10	\$0.05
SST1D/SST1D2/SST1D3	\$0.10	\$0.05

TRUE-UP TO ORIGINAL

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule TOR-1 (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the actual to date and projected total retail revenue requirement for the duration of the project.
Information provided is the best available at the time of filing.

For the Period Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Actual 2007	(B) Actual/Projected 2008	(C) Projected 2009	(D) Project Total
Jurisdictional Dollars					
1.	Pre-Construction Revenue Requirements (Schedule TOR-2, line 5)	\$2,543,248	\$108,425,905	\$115,377,524	\$226,346,677
2.	Construction Carrying Cost Revenue Requirements (Schedule TOR-3, line 7)	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule TOR-4, line 24)	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule TOR-3A, line 8)	(\$8)	\$15,608	\$4,318,651	\$4,334,251
5.	Other Adjustments	\$0	\$0	\$0	\$0
3.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$2,543,239</u>	<u>\$108,441,513</u>	<u>\$119,696,175</u>	<u>\$230,680,928</u>
7.	Total Revenue Requirements from Original Projection	\$0	\$0	\$230,680,928	\$230,680,928
8.	Difference (Line 6 - Line 7)	<u>\$2,543,239</u>	<u>\$108,441,513</u>	<u>(\$110,984,753)</u>	<u>\$0</u>
9.	Variance Percentage				0%

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Projection of Pre-Construction Costs

[Section (5)(c)1.c.]

Schedule TOR-2 (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the actual to date and projected
 Pre-Construction costs for the duration of the project.

COMPANY: FLORIDA POWER & LIGHT COMPANY

Information provided is the best available at the time of filing. For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual 2007	(C) Actual/Projected 2008	(D) Projected 2009	(E) Project Total
Jurisdictional Dollars					
1. a. Nuclear CWIP Additions	\$0	\$2,522,692	\$104,561,783	\$109,540,915	\$216,625,390
b. Nuclear CWIP Additions for the calculation of carrying charges		\$1,952,300	\$103,210,113	\$109,540,915	
2. Average Net CWIP Base eligible for return		n/a	n/a	n/a	
3. Return on CWIP Eligible for Return					
a. Equity Component (a)		\$10,716	\$2,014,497	\$3,042,820	
b. Equity Comp. grossed up for taxes (b) (c)		\$17,446	\$3,279,604	\$4,953,716	
c. Debt Component (c)		\$3,109	\$584,519	\$882,893	
4. Total Return Requirements on pre-construction costs (Line 3b + 3c)		\$20,555	\$3,864,123	\$5,836,609	\$9,721,287
5. Total Costs to be recovered		\$2,543,248	\$108,425,905	\$115,377,524	\$226,346,677
6. Pre-Construction Revenue Requirements from Original Projection		\$0	\$0	\$226,346,677	\$226,346,677
7. Difference (Line 5 - Line 6)		\$2,543,248	\$108,425,905	(\$110,969,153)	\$0
8. Variance Percentage					0%

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Effective With the filing of our need petition on October 16, 2007 pre-construction began.

Page 1 of 1

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance [Section (5)(c)1.c.]
Schedule TOR-3 (True-Up to Original) True-up to Original: Projection of Construction Costs

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION: Provide the calculation of the actual to date and projected carrying costs on construction balances for the duration of the project. For the Period Ended 12/31/2009
Information provided is the best available at the time of filing. Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual 2007	(C) Actual/Projected 2008	(D) Projected 2009	(E) Project Total
Jurisdictional Dollars					
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP additions		n/a	n/a	n/a	n/a
6. Return on Average Net CWIP Additions					
a. Equity Component (a)		\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (c)		\$0	\$0	\$0	\$0
c. Debt Component (c)		\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)		\$0	\$0	\$0	\$0
8. Total Return Requirements from Original Projections		\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)		\$0	\$0	\$0	\$0
10. Variance Percentage					

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Schedule TOR-3A (True-Up to Original)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual to
date and projected deferred tax Carrying
Costs for the duration of the project.
Information provided is the best available at the time of filing.

For the Period Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Kim Ousdahl

DOCKET NO.: 080009-EI

Line No.	(A) Beginning of Period	(B) Actual 2007	(C) Actual/Projected 2008	(D) Projected 2009	(E) Project Total
Jurisdictional Dollars					
1. Construction Period Interest (Schedule TOR-3B, Line 7)		\$0	\$2,046,144	\$9,101,344	\$11,147,488
2. Recovered Costs Excluding AFUDC (Schedule TOR-2 Line 1)		\$0	\$0	\$216,625,390	\$216,625,390
3. Other Adjustments (d)		(\$3,109)	(\$584,519)	\$587,628	\$0
4. Tax Basis Less Book Basis (Prior Yr Balance + Line 1 + 2 + 3)		<u>(\$3,109)</u>	<u>\$1,458,516</u>	<u>\$227,772,878</u>	
5. Deferred Tax Asset DTA(DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate) 38.575%		<u>\$0</u>	<u>\$562,623</u>	<u>\$87,863,388</u>	
6. Average Accumulated DTA(DTL)		n/a	n/a	n/a	
7. Carrying Cost on DTA(DTL)					
a. Equity Component (a)		(\$4)	\$8,137	\$2,251,458	\$2,259,591
b. Equity Comp. grossed up for taxes (b) (c)		(\$7)	\$13,247	\$3,865,377	\$3,878,617
c. Debt Component (c)		(\$1)	\$2,361	\$653,274	\$655,634
8. Total Return Requirements (Line 7b + 7c)		<u>(\$8)</u>	<u>\$15,608</u>	<u>\$4,318,651</u>	<u>\$4,334,251</u>
9. Total Return Requirements from Original Projections		\$0	\$0	\$4,334,251	\$4,334,251
10. Difference (Line 8 - Line 9)		<u>(\$8)</u>	<u>\$15,608</u>	<u>(\$15,600)</u>	<u>\$0</u>
11. Variance Percentage					0%

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-3A for 2007 & 2008. In 2009 other adjustments represent the turn around of the book tax expense deduction related to the debt component of the carrying charge.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Construction Period Interest

[Section (5)(c)1.c.]

Schedule TOR-3B (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual to date
and projected Construction Period Interest for
the duration of the project.
Information provided is the best available at the time of filing.

For the Period Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual 2007	(C) Actual/Projected 2008	(D) Projected 2009	(E) Project Total
Jurisdictional Dollars					
1. Beginning Balance		\$0	\$2,536,977	\$109,183,518	
2. Additions Pre-Construction		\$2,522,692	\$104,561,783	\$109,540,915	\$216,625,390
3. Additions Construction		\$0	\$0	\$0	\$0
4. Other Adjustments (b)		\$14,284	\$38,614	\$0	\$52,898
5. Average Balance Eligible for CPI		n/a	n/a	n/a	
6. CPI Rate (see 2007 & 2008 AE-3B - 2009 P-3B)					
7. Construction Period Interest for Tax (CPI) (a)		\$0	\$2,046,144	\$9,101,344	\$11,147,488
8. Ending Balance	\$0	\$2,536,977	\$109,183,518	\$227,825,776	\$227,825,776

(a) CPI calculation for Pre-Construction costs started in February 2008 for 2007 costs.

(b) Other Adjustments include Pension & Welfare Benefit Credit, & Business Meals.

Schedule TOR-4 (True-Up to Original)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Recoverable O&M Annual Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M actual to date and projected annual expenditures by function for the duration of the project. Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scribner

Line No.	Description	(A) Actual 2007	(B) Actual/Projected 2008	(C) Projected 2009	(D) Projected	(E) Projected	(F) Project Total
1	Legal						0
2	Accounting						0
3	Corporate Communication						0
4	Corporate Services						0
5	IT & Telecom						0
6	Regulatory						0
7	Human Resources						0
8	Public Policy						0
9	Community Relations						0
10	Corporate Communications						0
11	Subtotal A&G	0	0	0	0	0	0
12	Energy Delivery Florida						0
13	Nuclear Generation						0
14	Transmission						0
15	Total O&M Costs	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)						
17	Jurisdictional Factor (Distribution)						
18	Jurisdictional Factor (Nuclear - Production - Base)						
19	Jurisdictional Factor (Transmission)						
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection						
26	Difference (Line 24 - 25)	0	0	0	0	0	0
27	Variance Percentage						

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule TOR-5 (True-Up to Original)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-Up to Original: Other Recoverable O&M Annual Expenditures

{Section (5)(c)1.c.]
 {Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other Recoverable O&M actual to date and projected
 annual expenditures by function for the duration of the project.
 Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scrogg

Line No.	Description	(A) Actual 2007	(B) Actual/Projected 2008	(C) Projected 2009	(D) Projected	(E) Projected	(F) Project Total
1	Legal						0
2	Accounting						0
3	Corporate Communication						0
4	Corporate Services						0
5	IT & Telecom						0
6	Regulatory						0
7	Human Resources						0
8	Public Policy						0
9	Community Relations						0
10	Corporate Communications						0
11	Subtotal A&G	0	0	0	0	0	0
12	Energy Delivery Florida						
13	Nuclear Generation						
14	Transmission						
15	Total O&M Costs	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)						
17	Jurisdictional Factor (Distribution)						
18	Jurisdictional Factor (Nuclear - Production - Base)						
19	Jurisdictional Factor (Transmission)						
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection						
26	Difference (Line 24 - 25)	0	0	0	0	0	0
27	Variance Percentage						

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
 FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Annual Expenditures

[Section (5)(c)1.b.]
[Section (8)(d)]

Schedule TOR-6 (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

Provide the actual to date and projected monthly expenditures by major tasks performed within Pre-Construction categories for the duration of the project. All Site Selection costs also included in Pre-Construction costs must be identified.

For the Period Ended 12/31/2009
Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual 2007	(B) Actual/Projected 2008	(C) Projected 2009	(D)	(E)	(F)	(G) Project Total
1	Pre-Construction:							
2	Generation:							
3	Licensing	2,017,181	46,022,594	26,668,968				74,708,743
4	Permitting	516,084	2,317,865	2,422,095				5,256,044
5	Engineering and Design	0	7,910,661	10,121,791				18,032,452
6	Long lead procurement advanced payments	0	45,860,960	-				45,860,960
7	Power Block Engineering and Procurement	0	2,887,920	70,787,145				73,675,065
8	Total Generation costs	2,533,265	105,000,000	110,000,000				217,533,265
9	Jurisdictional Factor	0.9958265	0.9958265	0.9958265				0.9958265
10	Total FPL Jurisdictional Generation Costs	2,522,692	104,561,783	109,540,915				216,625,390
11	Less Adjustments							
12	Non-Cash Accruals	587,128	1,402,002	-				1,989,130
13	Other Adjustment (b)	(14,344)	(44,669)	-				(59,013)
14	Total Adjustments	572,783	1,357,334	-				1,938,117
15	Jurisdictional Factor	0.9958265	0.9958265	0.9958265				0.9958265
16	Total Jurisdictional Adjustments	570,393	1,351,669	-				1,922,062
17								
18	Total Jurisdictional Generation Costs Net of Adjustments	1,952,300	103,210,113	109,540,915				214,703,328
19								
20	Transmission:							
21	Line Engineering	-	-	-				-
22	Substation Engineering	-	-	-				-
23	Clearing	-	-	-				-
24	Other	-	-	-				-
25	Total Transmission Costs	-	-	-				-
26	Jurisdictional Factor	-	-	-				-
27	Total Jurisdictional Transmission Costs	-	-	-				-
28	Less Adjustments							
29	Non-Cash Accruals	-	-	-				-
30	Other Adjustments (b)	-	-	-				-
31	Total Adjustments	-	-	-				-
32	Jurisdictional Factor	-	-	-				-
33	Total Jurisdictional Adjustments	-	-	-				-
34								
35	Total Jurisdictional Transmission Costs Net of Adjustments	-	-	-				-
36								
37	Total Jurisdictional Pre-Construction Costs Net of Adjustments	1,952,300	103,210,113	109,540,915				214,703,328
38								
39	Construction:							

N/A - At this stage, construction has not commenced in the project.

(a) Effective With the filing of our need petition on October 16, 2007 pre-construction began.
(b) Other Adjustments include Pension & Welfare Benefit Credit.

Schedule TOR-6A (True-Up to Original)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Annual Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION: Provide a description of the major tasks performed within Site Selection, Pre-Construction and Construction categories for the duration of the project.

For the Period Ended 12/31/2009

Witness: Steven D. Scroggs

Line No.	Major Task	Description - Includes, but not limited to:
----------	------------	---

- | | | |
|----|---|--|
| 1 | Pre-Construction period: | |
| 2 | Generation: | |
| 3 | 1 License Application | |
| 4 | a. Preparation of NRC Combined License submittal | |
| 5 | b. Preparation of FDEP Site Certification Application | |
| 6 | c. Transmission facilities studies, stability analysis, FRCC studies | |
| 7 | d. Studies required as Conditions of Approval for local zoning | |
| 8 | 2 Engineering and Design | |
| 9 | a. Site specific civil, mechanical and structural requirements to support design | |
| 10 | b. Water supply design | |
| 11 | c. Construction logistical and support planning | |
| 12 | d. Long lead procurement advanced payments | |
| 13 | e. Power Block Engineering and Procurement | |
| 14 | 3 Permitting | |
| 15 | a. Communications outreach | |
| 16 | b. Legal and application fees | |
| 17 | 4 Clearing, Grading and Excavation | |
| 18 | a. Site access roads | |
| 19 | b. Site clearing | |
| 20 | c. Site fill to grade for construction | |
| 21 | 5 On-Site Construction Facilities | |
| 22 | a. Warehousing, laydown areas and parking | |
| 23 | b. Administrative facilities | |
| 24 | c. Underground Infrastructure | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | Transmission: | |
| 29 | 1 Line / Substation Engineering | |
| 30 | Transmission Interconnection design | |
| 31 | Transmission integration design | |
| 32 | | |
| 33 | Construction period: | |
| 34 | Generation: | |
| 35 | 1 Real Estate Acquisitions - self-explanatory | |
| 36 | 2 Project Management - FPL and Contractor staff required to oversee/manage project | |
| 37 | 3 Permanent Staff/Training - Employees of the operational facility hired in advance to assist with system turnover from constructor and obtain training in advance of operations. | |
| 38 | 4 Site Preparation - preparation costs not expensed within Pre-Construction period. | |
| 39 | 5 On-Site Construction Facilities - construction of non-power block facilities. | |
| 40 | 6 Power Block Engineering, Procurement, etc. - Nuclear Steam Safety System, Long lead procurement advanced payments. | |
| 41 | 7 Non-Power Block Engineering, Procurement, etc. - Supporting balance of plant facilities (cooling towers, etc.). | |
| 42 | | |
| 43 | Transmission : | |
| 44 | 1 Line Engineering - self-explanatory | |
| 45 | 2 Substation Engineering - self-explanatory | |
| 46 | 3 Real Estate Acquisition - self-explanatory | |
| 47 | 4 Line Construction - self-explanatory | |
| 48 | 5 Substation Construction - self-explanatory | |
| 49 | 6 Other - permitting and condition of approval compliance. | |

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
True-up to Original: Budgeted and Actual Power Plant In-Service Costs

Schedule TOR-7 (True-Up to Original)

[Section (8)(f)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Report the budgeted and actual costs as compared to the estimated in-service costs of the proposed power plant as provided in the petition for need determination or revised estimate as necessary.

COMPANY:

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

	Actual Costs as of December 31, 2007	Remaind Budget Costs to Complete Plant		Total Estimated In-Service Cost		Estimated Cost Provided in the Petition for Need determination	
		Low Range	High Range	Low Range	High Range	Low Range	High Range
Site Selection	\$6,551,650	(\$127,529)	(\$127,529)	\$6,424,120	\$6,424,120	\$8,000,000	\$8,000,000
Pre-Construction	\$2,533,265	\$464,042,614	\$464,042,614	\$466,575,879	\$466,575,879	\$465,000,000	\$465,000,000
Construction	\$0	\$8,149,000,000	\$12,124,000,000	\$8,149,000,000	\$12,124,000,000	\$8,149,000,000	\$12,124,000,000
AFUDC	\$113,074	\$3,460,886,926	\$5,159,886,926	\$3,461,000,000	\$5,160,000,000	\$3,461,000,000	\$5,160,000,000
Total	<u>\$9,197,989</u>	<u>\$12,073,802,011</u>	<u>\$17,747,802,011</u>	<u>\$12,083,000,000</u>	<u>\$17,757,000,000</u>	<u>\$12,083,000,000</u>	<u>\$17,757,000,000</u>

Estimated costs based on FPL's need determination filing. Total project cost estimate has not been developed at this time.
 AFUDC is actual cost through December 31, 2007. Remaining budgeted and total estimated AFUDC is an estimated value.
 Adjustment in remaining budgeted costs in site selection is for payroll. This adjustment is recorded in 2007 on the AE schedules.

SDS-2
Docket No. 080009-EI
Pages 1-105
May 1, 2008

Appendix III
Nuclear Cost Recovery
Turkey Point 6, 7 Site Selection
Nuclear Filing Requirements (NFR's)
AE-Schedules (Actual/Estimate)
P-Schedules (Projections)
TOR-Schedules (True-up to Original)
January 2006 - December 2009

SITE SELECTION

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 23

COMPANY FP&L Co. (Direct)

WITNESS K. Ousdahl, S.D. Seay & SR. Sim (SDS-2)

DATE 09/11-12/08

Appendix III
Nuclear Cost Recovery
Turkey Point 6, 7 Site Selection
Nuclear Filing Requirements (NFR's)
AE-Schedules (Actual/Estimate)
P-Schedules (Projections)
TOR-Schedules (True-up to Original)
January 2006 - December 2009

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9-10	AE-3	2006	True-Up of Carrying Costs	K. Ousdahl
11-12	AE-3A	2006	Deferred Tax Carrying Costs	K. Ousdahl
13-14	AE-3B	2006	Construction Period Interest	K. Ousdahl
15	AE-4	2006	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
16	AE-5	2006	Other Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
17	AE-6	2006	Monthly Expenditures	K. Ousdahl & S. Scroggs
18	AE-6A	2006	Monthly Expenditures - Descriptions	S. Scroggs
19	AE-6B	2006	Variance Explanations	S. Scroggs
20	AE-7	2006	Technology Selected	S. Scroggs
21	AE-8	2006	Contracts Executed > \$1 million	S. Scroggs
22	AE-8A	2006	Contracts Executed > \$1 million, detail by contract	S. Scroggs
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28-29	AE-1	2007	Retail Revenue Requirements Summary	K. Ousdahl
30-31	AE-2	2007	True-Up of Preconstruction Costs	K. Ousdahl
32-33	AE-3	2007	True-Up of Carrying Costs	K. Ousdahl
34-35	AE-3A	2007	Deferred Tax Carrying Costs	K. Ousdahl
36-37	AE-3B	2007	Construction Period Interest	K. Ousdahl
38	AE-4	2007	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
39	AE-5	2007	Other Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
40	AE-6	2007	Monthly Expenditures	K. Ousdahl & S. Scroggs
41	AE-6A	2007	Monthly Expenditures - Descriptions	S. Scroggs
42	AE-6B	2007	Variance Explanations	S. Scroggs
43	AE-7	2007	Technology Selected	S. Scroggs
44	AE-8	2007	Contracts Executed > \$1 million	S. Scroggs
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48-49	AE-10	2007	Calculation of the Net Interest True-up Amount for the Period	K. Ousdahl
51-52	AE-1	2008	Retail Revenue Requirements Summary	K. Ousdahl
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55-56	AE-3	2008	True-Up of Carrying Costs	K. Ousdahl
57-58	AE-3A	2008	Deferred Tax Carrying Costs	K. Ousdahl
59-60	AE-3B	2008	Construction Period Interest	K. Ousdahl
61	AE-4	2008	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
62	AE-5	2008	Other Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
63	AE-6	2008	Monthly Expenditures	K. Ousdahl & S. Scroggs
64	AE-6A	2008	Monthly Expenditures - Descriptions	S. Scroggs
65	AE-6B	2008	Variance Explanations	S. Scroggs

Appendix III
Nuclear Cost Recovery
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Nuclear Filing Requirements (NFR's)
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84	P-4	2009	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
85	P-5	2009	Other Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
86	P-6	2009	Monthly Expenditures	K. Ousdahl & S. Scroggs
87	P-6A	2009	Monthly Expenditures - Descriptions	S. Scroggs
88	P-7	2009	Technology Selected	S. Scroggs
89	P-8	2009	Contracts Executed > \$1 million	S. Scroggs
90	P-8A	2009	Contracts Executed > \$1 million, detail by contract	S. Scroggs
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92-93	P-10	2009	Estimate Rate Impact	S. Scroggs
95	TOR-1	2006-9	Retail Revenue Requirements Summary	K. Ousdahl
96	TOR-2	2006-9	Projection of Pre-Construction Costs	K. Ousdahl
97	TOR-3	2006-9	Projection of Carrying Costs	K. Ousdahl
98	TOR-3A	2006-9	Deferred Tax Carrying Costs	K. Ousdahl
99	TOR-3B	2006-9	Construction Period Interest	K. Ousdahl
100	TOR-4	2006-9	CCRC Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
101	TOR-5	2006-9	Other Recoverable O&M Monthly Expenditures	K. Ousdahl & S. Scroggs
102	TOR-6	2006-9	Monthly Expenditures	K. Ousdahl & S. Scroggs
103	TOR-6A	2006-9	Monthly Expenditures - Descriptions	S. Scroggs
104	TOR-7	2006-9	Budgeted & Actual power plant in-service costs	S. Scroggs
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2006

Schedule AE-1 (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdaht

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule AE-2, line 7) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The costs associated with site selection costs for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Schedule AE-1 (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule AE-2, line 7) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The costs associated with site selection costs for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Turkey Point Units 6&7		Site Selection Costs and Carrying Costs on Site Selection Cost Balance		[Section (5)(c)1.b.]
Schedule AE-2 (Actual/Estimated)		Actual & Estimated Filing: Site Selection Costs		
FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION:	Provide the calculation of the actual/estimated true-up of Site Selection costs based on actual/estimated Site Selection expenditures for the current year and the previously filed expenditures for such current year.		For the Year Ended 12/31/2006
COMPANY: FLORIDA POWER & LIGHT COMPANY				Witness: Kim Ousdahl
DOCKET NO.: 080009-EI				

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Nuclear CWIP Additions (d)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line b* .61425) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered (Includes Prior Month ending balance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 163, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Site Selection Costs

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Site Selection costs based on actual/estimated Site Selection expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. Nuclear CWIP Additions (d)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line b* .61425) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Costs to be Recovered (Includes Prior Month ending balance)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Turkey Point Units 6&7
Construction Costs and Carrying Costs on Site Selection Costs
Actual & Estimated Filling: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions (d)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6 * .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Page 1 of 2

Turkey Point Units 6&7
Construction Costs and Carrying Costs on Site Selection Costs
Actual & Estimated Filling: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions (d)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Page 2 of 2

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual/Estimated
deferred tax Carrying Costs for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars									
1.	Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$0	\$0	\$0	\$0	\$0	\$0	n/a
6.	Average Accumulated DTA		\$0	\$0	\$0	\$0	\$0	\$0	
7.	Carrying Cost on DTA								
a.	Equity Component (Line b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Equity Comp. grossed up for taxes (Line 6 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c.	Debt Component (Line 6 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Total Return Requirements (Prior month + Line 7b + 7c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Cumulative Return		\$0	\$0	\$0	\$0	\$0	\$0	
10.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
11.	Difference (Line 8 - Line 10)		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

Schedule AE-3A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$0	\$0	\$0	\$0	\$0	\$0	n/a
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate) 38.575%		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Average Accumulated DTA		\$0	\$0	\$0	\$0	\$0	\$0	
7. Carrying Cost on DTA								
a. Equity Component (Line b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 6 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 6 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements (Prior month + Line 7b + 7c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Cumulative Return		\$0	\$0	\$0	\$0	\$0	\$0	
10. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
11. Difference (Line 8 - Line 10)		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	
2.	Additions Site Selection (Schedule AE-6) (b)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction (Schedule AE-6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	\$0	\$0	\$0	\$0	\$0	\$0	
6.	CPI Rate	0.000000% 0.000000% 0.000000% 0.000000% 0.000000% 0.000000% 0.000000%						
7.	Construction Period Interest for Tax (CPI)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The costs associated with site selection costs for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.
(b) CPI calculation for Site Selection costs started in Oct 2007.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$0	\$0	\$0	\$0	\$0	\$0	
2.	Additions Site Selection (Schedule AE-6) (b)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction (Schedule AE-6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	\$0	\$0	\$0	\$0	\$0	\$0	
6.	CPI Rate	0.000000% 0.000000% 0.000000% 0.000000% 0.000000% 0.000000%						
7.	Construction Period Interest for Tax (CPI)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The costs associated with site selection costs for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

(b) CPI calculation for Site Selection costs started in Oct 2007.

Page 2 of 2

Turkey Point Units 6&7

Site Selection Costs and Carrying Costs on Site Selection Cost Balance

[Section (5)(c)1.b.]

[Section (8)(e)]

Schedule AE-4 (Actual/Estimated)

Actual & Estimated Filing: Recoverable O&M Monthly Expenditures

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated CCRC Recoverable O&M Actual monthly expenditures by function for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													
13	Nuclear Generation													
14	Transmission													
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24-26)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Page 1 of 1

Turkey Point Units 6&7

[Section (5)(c)1.b.]

Site Selection Costs and Carrying Costs on Site Selection Cost Balance

[Section (8)(e)]

Schedule AE-5 (Actual/Estimated)

Actual & Estimated Filing: Other Recoverable O&M Monthly Expenditures

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated Other Recoverable O&M Actual monthly expenditures by function for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCCR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7													[Section (5)(c)1.b.]	
Site Selection Costs and Carrying Costs on Site Selection Cost Balance													[Section (8)(d)]	
Actual & Estimated Filing: Monthly Expenditures														
Schedule AE-6 (Actual/Estimated)			EXPLANATION:			Provide the actual/estimated monthly expenditures by major tasks performed within Site Selection categories for the current year.							For the Year Ended 12/31/2006	
FLORIDA PUBLIC SERVICE COMMISSION						All Site Selection costs also included in Pre-Construction costs must be identified.							Witness: Kim Cusdahl and Steven D. Scroggs	
COMPANY: FLORIDA POWER & LIGHT COMPANY														
DOCKET NO.: 080009-EI														
Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
<u>Preliminary Survey & Investigation Charges (Account 183)</u>														
1	Site Selection:				4,039	11,900	34,032	33,635	60,521	88,680	81,219	99,774	59,877	442,676
2	Project Staffing					15,571	80,247	220,993	214,840	217,425	589,676	481,857	276,947	2,077,555
3	Engineering								40	40		89,086	24,307	113,473
4	Environmental Services								7,030		3,970	11,907	(425)	22,482
5	Legal Services				4,039	27,471	114,279	254,527	282,431	306,145	674,864	831,824	360,706	2,656,196
6	Total Site Selection Costs:	-	-	-	4,039	27,471	114,279	254,527	282,431	306,145	674,864	831,824	360,706	2,656,196
7	Jurisdictional Factor	-	-	-	0.0958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099
8	Total Jurisdictional Site Selection Costs	-	-	-	4,022	27,355	113,800	253,561	281,248	304,862	672,036	828,977	359,195	2,645,058

(a) The costs associated with site selection costs for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107.

Schedule AE-6A (Actual/Estimated)	Turkey Point Units 6&7 Site Selection Costs and Carrying Costs on Site Selection Cost Balance Actual & Estimated Filing: Monthly Expenditures	[Section (5)(c)1.a.] [Section (6)(d)]
FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY DOCKET NO.: 080009-EI	EXPLANATION: Provide a description of the major tasks performed within Site Selection, Preconstruction and Construction categories for the current year.	For the Year Ended 12/31/2006 Witness: Steven D. Scroggs

Line No.	Major Task Description - Includes, but is not limited to:
1	<u>Site Selection Period:</u>
2	1 Request for Information (RFI) from design vendors
3	2 Engineering review of technology alternatives
4	3 Site identification activities
5	4 Site Selection Analysis
6	5 Fatal flaw geotechnical analyses at candidate site(s)
7	6 Transmission integration studies
8	7 Project planning, industry fees
9	8 Local zoning approvals
10	9 Preparation of need filing

Turkey Point Units 6&7

**Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Variance Explanations**

[Section (B)(d)]

Schedule AE-6B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual/estimated expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-E1

Witness: Steven D. Scroggs

Line No.		(A) Total Actual/Estimated	(B) Total Actual	(C) Total Variance	(D) Explanation
1	Site Selection:				
2	Project Staffing	442,676			
3	Engineering	2,077,555			
4	Environmental Services	113,473			
5	Legal Services	22,482			
6	Total Site Selection Costs:	<u>2,656,186</u>		(a)	
7					
8					
9					
10					
11					
12					
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14					
15					
16					
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35					
36					
37					
38					

(a) Since this is the initial filing of Site Selection costs there is no variance. See AE-6.

Turkey Point Units 6&7

Site Selection Costs and Carrying Costs on Site Selection Cost Balance

[Section (8)(b)]

Schedule AE-7 (Actual/Estimated)

Actual & Estimated Filing: Technology Selected

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Technology selection is noted on Pre-Construction AE-7 for the year ended 12/31/08.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
1	P.O. 4500350496	Awarded Dec. 21, 2006	Dec. 31, 2009	Dec. 31, 2009	\$309,986	0	\$ 309,986	\$ 1,084,947	Comensura Inc. (Later Guidant)	Single Source Justification	Corporate supplier of contract personnel
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											

21

Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

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Turkey Point Units 687
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Contracts Executed

Schedule AE-BA (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.
For the Year Ended 12/31/2008
Witness: Steven D. Scroggs

Contract No.: P.O. 4500350496

Major Task or Tasks Associated With: Corporate supplier of contract personnel

Vendor Identity: Comensura Inc. (Later Guldant)

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Single Source

Number of Bids Received: Single Source

Brief Description of Selection Process: Single Source Justified

Dollar Value: \$1,084,947

Contract Status: Active

Term Begin: Dec. 21, 2006

Term End: Dec. 31, 2009

Nature and Scope of Work: Operate and manage the Managed Service Provider Program for FPL Human Resources Department

Describe work and scope details

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

25

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2006

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

2007

Schedule AE-1 (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule AE-2, Line 7) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, all costs were transferred to Construction Work In Progress, Account 107, and site selection costs ceased.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule AE-1 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdaht

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule AE-2, Line 7) (a)	\$0	\$0	\$0	\$6,408,290	\$73,778	\$57,192	\$6,539,261
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	\$0	\$0	\$0	\$18	\$73	\$146	\$237
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$6,408,308	\$73,851	\$57,339	\$6,539,498
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$6,408,308	\$73,851	\$57,339	\$6,539,498

(a)The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, all costs were transferred to Construction Work in Progress, Account 107, and site selection costs ceased.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Site Selection Costs

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Site Selection costs based on actual/estimated Site Selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. a. Nuclear CWIP Additions (Schedule AE-6 Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 13) (d) (e)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)	\$0	\$0	\$0	\$0	\$0	\$0	
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$0	\$0	
c. Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$0	\$0	
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$0	\$0	\$0	
7. Total Costs to be Recovered	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, all costs were transferred to Construction Work in Progress, Account 107, and site selection costs ceased.

(e) Additions to Site Selection for November represent October charges after business closing. Additions to Site Selection for December represent a year to date stores adjustment for 2007.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Site Selection Costs

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Site Selection costs based on actual/estimated Site Selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Actual July	(J) Actual August	(K) Actual September	(L) Actual October	(M) Actual November	(N) Actual December	(O) 12 Month Total
Jurisdictional Dollars							
1. a. Nuclear CWIP Additions (Schedule AE-6 Line 8)	\$0	\$0	\$0	\$6,380,145	\$17,163	\$2	\$6,397,310
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 13) (d) (e)	\$0	\$0	\$0	\$6,422,273	\$17,917	\$2	\$6,440,192
2. Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$6,450,419	\$6,524,951	
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$0	\$0	\$0	\$3,211,137	\$6,459,377	\$6,524,952	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)	\$0	\$0	\$0	\$14,673	\$29,516	\$29,815	\$74,004
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$23,888	\$48,052	\$48,539	\$120,479
c. Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$4,257	\$8,564	\$8,651	\$21,473
6. Total Return Requirements (Line 5b + 5c)	\$0	\$0	\$0	\$28,145	\$56,616	\$57,190	\$141,951
7. Total Costs to be Recovered	\$0	\$0	\$0	\$6,408,290	\$73,778	\$57,192	\$6,539,261
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	\$0	\$0	\$0	\$6,408,290	\$73,778	\$57,192	\$6,539,261

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, all costs were transferred to Construction Work in Progress, Account 107, and site selection costs ceased.

(e) Additions to Site Selection for November represent October charges after business closing. Additions to Site Selection for December represent a year to date stores adjustment for 2007.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Nuclear CWIP Additions (d)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Transfers to Plant in Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	CWIP Base Eligible for Return (Line 1 - 2 + 3)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
5.	Average Net CWIP Additions	\$0	\$0	\$0	\$0	\$0	\$0	n/a
6.	Return on Average Net CWIP Additions							
a.	Equity Component (Line 6b * .61425) (a)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c.	Debt Component (Line 4 x 0.001325847) (c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Return Requirements (Line 6b + 6c)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
8.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Difference (Line 7 - Line 8)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, all costs were transferred to Construction Work in Progress, Account 107, Page 1 of 2 and site selection costs ceased.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Costs

[Section (5)(c)1.b.]

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions (d)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant In Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b * .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, all costs were transferred to Construction Work in Progress, Account 107, Page 2 of 2 and site selection costs ceased.

Turkey Point Units 6&7

**Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs**

[Section (5)(c)1.b.]

Schedule AE-3A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars									
1.	Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments (d)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	a. Average Accumulated DTA		\$0	\$0	\$0	\$0	\$0	\$0	
	b. Prior months cumulative Return on DTA		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	c. Average DTA including prior period return subtotal		\$0	\$0	\$0	\$0	\$0	\$0	
7.	Carrying Cost on DTA								
	a. Equity Component (Line 7b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
	c. Debt Component (Line 6c x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Total Return Requirements (Line 7b + 7c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10.	Difference (Line 8 - Line 9)		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

Schedule AE-3A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars									
1.	Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$14,882	\$30,282	\$30,143	\$75,307
2.	Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments (d)		\$0	\$0	\$0	(\$4,257)	(\$8,564)	(\$8,651)	(\$21,473)
4.	Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$0	\$0	\$0	\$10,624	\$32,342	\$53,834	\$53,834
5.	Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$0	\$0	\$0	\$4,098	\$12,476	\$20,767	\$20,767
6.	a. Average Accumulated DTA		\$0	\$0	\$0	\$2,049	\$8,287	\$16,621	
	b. Prior months cumulative Return on DTA		\$0	\$0	\$0	\$0	\$18	\$91	\$237
	c. Average DTA including prior period return subtotal		\$0	\$0	\$0	\$2,049	\$8,305	\$16,712	
7.	Carrying Cost on DTA								
	a. Equity Component (Line 7b* .61425) (a)		\$0	\$0	\$0	\$9	\$38	\$76	\$124
	b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$15	\$62	\$124	\$201
	c. Debt Component (Line 6c x 0.001325847) (c)		\$0	\$0	\$0	\$3	\$11	\$22	\$36
8.	Total Return Requirements (Line 7b + 7c)		\$0	\$0	\$0	\$18	\$73	\$146	\$237
9.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10.	Difference (Line 8 - Line 9)		\$0	\$0	\$0	\$18	\$73	\$146	\$237

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated Construction Period Interest for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) 6 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$0	\$0	\$0	\$0	\$0	\$0	
2. Additions Site Selection (Schedule AE-6) (b)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Other Adjustments (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. CPI Rate		0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	
7. Construction Period Interest for Tax (CPI)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Ending Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) CPI calculation for Site Selection costs started in October 2007, effective with the transfer of the Site Selection costs to Account 107, Construction Work in Progress.

(b) Additions to Site Selection for November represent October charges after business closing. Additions to Site Selection for December represent a year to date stores adjustment for 2007.

(c) Other Adjustments include Pension & Welfare Benefit credit, & Business Meals.

Page 1 of 2

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated Construction Period Interest for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$0	\$0	\$0	\$0	\$6,437,155	\$6,479,141	
2.	Additions Site Selection (Schedule AE-6 notes (e)) (b)	\$0	\$0	\$0	\$6,380,145	\$17,163	\$2	\$6,397,310
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments (c)	\$0	\$0	\$0	\$42,128	(\$5,459)	(\$6,214)	\$30,455
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	\$0	\$0	\$0	\$3,211,137	\$6,443,007	\$6,476,035	
6.	CPI Rate	0.000000%	0.000000%	0.000000%	0.463440%	0.470000%	0.465460%	
7.	Construction Period Interest for Tax (CPI)	\$0	\$0	\$0	\$14,882	\$30,282	\$30,143	\$75,307
8.	Ending Balance	\$0	\$0	\$0	\$6,437,155	\$6,479,141	\$6,503,072	\$6,503,072

(a) CPI calculation for Site Selection costs started in October 2007, effective with the transfer of the Site Selection costs to Account 107, Construction Work in Progress.

(b) Additions to Site Selection for November represent October charges after business closing. Additions to Site Selection for December represent a year to date stores adjustment for 2007.

(c) Other Adjustments include Pension & Welfare Benefit credit, & Business Meals for the calculation of CPI.

	October	November	December	Total
Pension & Welfare Benefit credit	\$ 42,128	754	0	\$ 42,883
Business Meals	0	(6,214)	(6,214)	\$ (12,427)
	\$ 42,128	(5,459)	(6,214)	30,455

Page 2 of 2

Schedule AE-4 (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]
 [Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY

EXPLANATION:

Provide the Actual/Estimated CCRC Recoverable O&M projected
 monthly expenditures by function for the current year.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl and Steven D. Scroggs

DOCKET NO.: 080008-EI

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													
13	Nuclear Generation													
14	Transmission													
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nuclear - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24-25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRF of any expensed costs related to work performed for the project at this time.
 FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Page 1 of 1.

Turkey Point Units 6&7

Site Selection Costs and Carrying Costs on Site Selection Cost Balance

[Section (5)(c)1.b.]

[Section (8)(e)]

Schedule AE-5 (Actual/Estimated)

Actual & Estimated Filing: Other Recoverable O&M Monthly Expenditures

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated Other Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.b.]
[Section (8)(d)]

Schedule AE-6 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual/estimated monthly expenditures by major tasks performed within Site Selection categories for the current year.
All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO: 080006-EI

Witness: Kim Ousdahl and Steven D. Soroggs

Line No.	Description	(A) Actual 2006	(B) Actual January	(C) Actual February	(D) Actual March	(E) Actual April	(F) Actual May	(G) Actual June	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual PTD-Int to CWIP	(L) Project to date October	(M) Actual November	(N) Actual December	(O) Project To Date Total
1	Preliminary Survey & Investigation Charges (Account 183)															
2	Site Selection:															
3	Project Staffing	442,876	66,695	56,856	138,828	54,224	43,462	40,007	79,886	46,591	52,519	(1,193,974)	1,066,444	2,412	2	\$ 1,098,856
4	Engineering	2,077,555	117,475	109,939	194,279	90,924	97,186	285,326	154,401	77,049	102,827	(3,336,919)	3,336,919	14,823	2	\$ 3,351,744
5	Environmental Services	113,473	12,299	90,990	3,407	71,129	46,294	724,130	48,010	35,075	57,698	(1,220,290)	1,220,290			\$ 1,220,290
6	Legal Services	72,482	2,383	30,790	84,613	3,138	11,578	147,185	13,897	65,509	253,040	(783,231)	783,231			\$ 783,231
7	Total Site Selection Costs:	2,650,180	196,832	288,574	401,126	219,415	198,520	1,197,147	296,174	224,323	468,382	(6,534,413)	6,406,884	17,235	2	\$ 6,424,121
8	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265		0.9958265	0.9958265	0.9958265	0.9958265
9	Total Jurisdictionalized Site Selection Costs:	2,645,056	196,003	287,369	399,452	218,499	197,691	1,192,151	294,938	223,387	464,436		6,380,145	17,163	2	\$ 6,397,310
10	Less Adjustments:															
11	Other Adjustments(c)												(42,305)	(758)	0	\$ (43,063)
12	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265		0.9958265	0.9958265	0.9958265	0.9958265
13	Total Jurisdictionalized Adjustments												(42,128)	(754)		\$ (42,883)
	Total Jurisdictionalized Site Selection net of adjustments	\$ 2,645,056	\$ 196,003	\$ 287,369	\$ 399,452	\$ 218,499	\$ 197,691	\$ 1,192,151	\$ 294,938	\$ 223,387	\$ 464,436	\$	\$ 6,422,273	\$ 17,917	\$ 2	\$ 6,440,192

(a) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, all costs were transferred to Construction Work in Progress, Account 107, and site selection costs ceased.

(b) Project to Date total in October was calculated using 2007 Jurisdictional Factor.

(c) Other Adjustments include Pension & Welfare Benefit credit.

(d) Site Selection Additions/Adjustments Jurisdictional Computation:

	October	November	December	Total
Site Selection	\$ 6,406,884	\$ 17,235	\$ 2	\$ 6,424,121
Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265
	\$ 6,380,145	\$ 17,163	\$ 2	\$ 6,397,310

	October	November	December	Total
Other Adjustments	\$ (42,305)	\$ (758)	\$ -	\$ (43,063)
Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265
	\$ (42,128)	\$ (754)	\$ -	\$ (42,883)

(e) October's costs includes a credit adjustment of \$127,529.37 which represents a total project payroll correction, incorrectly charged to the project.

(f) October 2007 CWIP calculation:

PTD 2006	2,656,186
Jan-Sept 2007	3,490,494
10/1/2007 - costs charged directly to work order	387,734
Payroll adj-note (e)	(127,529)
	6,406,884

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

Schedule AE-6A (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed
within Site Selection categories for the current year.

For the Year Ended 12/31/2007

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Steven D. Scroggs

DOCKET NO.: 080009-EI

Line
No. Major Task Description - includes, but is not limited to:

- 1 Site Selection Period:
- 2 1 Request for Information (RFI) from design vendors
- 3 2 Engineering review of technology alternatives
- 4 3 Site identification activities
- 5 4 Site Selection Analysis
- 6 5 Fatal flaw geotechnical analyses at candidate site(s)
- 7 6 Transmission integration studies
- 8 7 Project planning, industry fees
- 9 8 Local zoning approvals
- 10 9 Preparation of need filing

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Variance Explanations

[Section (B)(d)]

Schedule AE-6B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual/estimated expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Line No.	(A) Total Actual	(B) Total Projected	(C) Total Variance	(D) Explanation
1	<u>Preliminary Survey & Investigation Charges (Account 183)</u>			
2	Site Selection:			
3	Project Staffing	1,068,856		
4	Engineering	3,351,744		
5	Environmental Services	1,220,290		
6	Legal Services	<u>783,231</u>		
7	Total Site Selection Costs:	<u>6,424,121</u>	(a)	
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				

(a) Actual/Estimated amount represents a Project To Date total (2006-2007). Since this is the initial filing of Site Selection costs there is no variance. See AE-6.

Turkey Point Units 6&7		
Schedule AE-7 (Actual/Estimated)	Site Selection Costs and Carrying Costs on Site Selection Cost Balance Actual & Estimated Filing: Technology Selected	[Section (8)(b)]
FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.	
COMPANY: FLORIDA POWER & LIGHT COMPANY		For the Year Ended 12/31/2007
DOCKET NO.: 080009-EI		Witness: Steven D. Scroggs
Technology selection is noted on Pre-Construction AE-7 for the year ended 12/31/08.		

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Contracts Executed

[Section (8)(c)]

Schedule AE-8 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

For the Year Ended 12/31/2007

Witness: Steven D. Scroggs

Line No.	(A) Contract No.	(B) Status of Contract	(C) Original Term of Contract	(D) Current Term of Contract	(E) Original Amount	(F) Actual Expended as of Prior Year End	(G) Estimate of amount to be Expended in Current Year	(H) Estimate of Final Contract Amount	(I) Name of Contractor (and Affiliation if any)	(J) Method of Selection	(K) Work Description
1	P.O. 4500350496	Awarded Dec. 21, 2006	Dec. 31, 2009	Dec. 31, 2009	\$1,084,947	\$309,986	\$774,961	\$1,084,947	Comensura, Inc. (Later Guidant)	Single Source Justification	Corporate supplier of contract personnel
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											

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Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

Turkey Point Units 6&7
 Site Selection Costs and Carrying Costs on Site Selection Cost Balance

Schedule AE-8A (Actual/Estimated) Actual & Estimated Filing: Contracts Executed

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract. For the Year Ended 12/31/2007

COMPANY: FLORIDA POWER & LIGHT COMPANY Witness: Steven D. Scroggs

DOCKET NO.: 090009-EI

Contract No.: 4500350496

Major Task or Tasks Associated With: Corporate supplier of contract personnel

Vendor Identity: Comensura Inc.
(Later Guidant)

Vendor Affiliation (specify 'direct' or 'indirect'): Direct

Number of Vendors Solicited: Single Source

Number of Bids Received: Single Source

Brief Description of Selection Process: Single Source
Justified

Dollar Value: \$1,084,947

Contract Status: Active

Term Begin: Dec. 21, 2006

Term End: Dec. 31, 2009

Nature and Scope of Work: Operate and manage the Managed Service Provider Program for FPL Human Resources Department

Describe work and scope details

Phase 2: All work activities from submittal of the COLA to the NRC through issuance of the COL.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

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Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

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Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-E1

Witness: Kim Ousdahl

Line No.	Description	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

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2008

Schedule AE-1 (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2008

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Site Selection Revenue Requirements (Schedule AE-2, line 7)	\$57,316	\$57,818	\$58,325	\$58,836	\$59,352	\$59,872	\$351,519
2.	Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule AE-3A, line 8)	\$218	\$290	\$363	\$439	\$515	\$592	\$2,416
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$57,534</u>	<u>\$58,108</u>	<u>\$58,688</u>	<u>\$59,275</u>	<u>\$59,867</u>	<u>\$60,464</u>	<u>\$353,935</u>
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	<u>\$57,534</u>	<u>\$58,108</u>	<u>\$58,688</u>	<u>\$59,275</u>	<u>\$59,867</u>	<u>\$60,464</u>	<u>\$353,935</u>

Turkey Point Units 6&7		
Schedule AE-1 (Actual/Estimated)	Site Selection Costs and Carrying Costs on Site Selection Cost Balance Actual & Estimated Filing: Retail Revenue Requirements Summary	[Section (5)(c)1.b.]
FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.	
COMPANY: FLORIDA POWER & LIGHT COMPANY		For the Year Ended 12/31/2008
DOCKET NO.: 080009-EI		Witness: Kim Ousdahl

Line No.		(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Site Selection Revenue Requirements (Schedule AE-2, line 7)	\$60,397	\$60,926	\$61,460	\$61,999	\$62,542	\$63,091	\$721,934
2.	Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule AE-3A, line 8)	\$669	\$748	\$827	\$908	\$989	\$1,071	\$7,629
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$61,066</u>	<u>\$61,674</u>	<u>\$62,288</u>	<u>\$62,907</u>	<u>\$63,532</u>	<u>\$64,162</u>	<u>\$729,564</u>
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	<u>\$61,066</u>	<u>\$61,674</u>	<u>\$62,288</u>	<u>\$62,907</u>	<u>\$63,532</u>	<u>\$64,162</u>	<u>\$729,564</u>

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Site Selection Costs

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Site Selection costs based on actual/estimated Site Selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars								
1.	a. Nuclear CWIP Additions (Schedule AE-6 Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 13) (d) (e)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Unamortized CWIP Base Eligible for Return	\$6,539,261	\$6,596,577	\$6,654,395	\$6,712,720	\$6,771,556	\$6,830,908	\$6,830,908
3.	Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Average Net Unamortized CWIP Base Eligible for Return	\$6,539,261	\$6,596,577	\$6,654,395	\$6,712,720	\$6,771,556	\$6,830,908	
5.	Return on Average Net Unamortized CWIP Eligible for Return							
	a. Equity Component (Line 5b * .61425) (a)	\$29,881	\$30,143	\$30,407	\$30,673	\$30,942	\$31,213	\$183,259
	b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$48,646	\$49,072	\$49,502	\$49,936	\$50,374	\$50,815	\$298,346
	c. Debt Component (Line 4 x 0.001325847) (c)	\$8,670	\$8,746	\$8,823	\$8,900	\$8,978	\$9,057	\$53,174
6.	Total Return Requirements (Line 5b + 5c)	<u>\$57,316</u>	<u>\$57,818</u>	<u>\$58,325</u>	<u>\$58,836</u>	<u>\$59,352</u>	<u>\$59,872</u>	<u>\$351,519</u>
7.	Total Costs to be Recovered	<u>\$57,316</u>	<u>\$57,818</u>	<u>\$58,325</u>	<u>\$58,836</u>	<u>\$59,352</u>	<u>\$59,872</u>	<u>\$351,519</u>
8.	CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	(Over) / Under Recovery (Line 7 - Line 8)	<u>\$57,316</u>	<u>\$57,818</u>	<u>\$58,325</u>	<u>\$58,836</u>	<u>\$59,352</u>	<u>\$59,872</u>	<u>\$351,519</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Site Selection Costs

[Section (5)(c)1.b.]

Schedule AE-2 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of Site Selection costs based on actual/estimated Site Selection expenditures for the current year and the previously filed expenditures for such current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars							
1. a. Nuclear CWIP Additions (Schedule AE-6 Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule AE-6 Line 13) (d) (e)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$6,890,780	\$6,951,177	\$7,012,103	\$7,073,564	\$7,135,563	\$7,198,105	\$7,261,195
3. Amortization of CWIP Base Eligible for Return	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Average Net Unamortized CWIP Base Eligible for Return	\$6,890,780	\$6,951,177	\$7,012,103	\$7,073,564	\$7,135,563	\$7,198,105	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b* .61425) (a)	\$31,487	\$31,763	\$32,041	\$32,322	\$32,605	\$32,891	\$376,369
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$51,261	\$51,710	\$52,163	\$52,620	\$53,082	\$53,547	\$612,729
c. Debt Component (Line 4 x 0.001325847) (c)	\$9,136	\$9,216	\$9,297	\$9,378	\$9,461	\$9,544	\$109,206
6. Total Return Requirements (Line 5b + 5c)	<u>\$60,397</u>	<u>\$60,926</u>	<u>\$61,460</u>	<u>\$61,999</u>	<u>\$62,542</u>	<u>\$63,091</u>	<u>\$721,934</u>
7. Total Costs to be Recovered	<u>\$60,397</u>	<u>\$60,926</u>	<u>\$61,460</u>	<u>\$61,999</u>	<u>\$62,542</u>	<u>\$63,091</u>	<u>\$721,934</u>
8. CWIP Additions, Amortization & Return from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. (Over) / Under Recovery (Line 7 - Line 8)	<u>\$60,397</u>	<u>\$60,926</u>	<u>\$61,460</u>	<u>\$61,999</u>	<u>\$62,542</u>	<u>\$63,091</u>	<u>\$721,934</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Costs

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

For the Year Ended 12/31/2008

Witness: Kim Ousdahl

Line No.		(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars									
1.	Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	CWIP Base Eligible for Return (Line 1 - 2 + 3)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
5.	Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6.	Return on Average Net CWIP Additions								
a.	Equity Component (Line 6b * .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b.	Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c.	Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Return Requirements (Line 6b + 6c)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
8.	Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
9.	Difference (Line 7 - Line 8)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Costs

Schedule AE-3 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual/estimated true-up of carrying costs on construction expenditures, based on actual/estimated carrying costs on construction expenditures for the current year and the previously filed estimated carrying costs.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

Schedule AE-3A (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated deferred tax Carrying Costs for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 7)		\$28,933	\$29,492	\$30,202	\$30,210	\$30,348	\$30,487	\$179,672
2. Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		(\$8,670)	(\$8,746)	(\$8,823)	(\$8,900)	(\$8,978)	(\$9,057)	(\$53,174)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	53,834	74,097	94,843	116,222	137,532	158,902	180,333	180,333
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$20,767	\$28,583	\$36,586	\$44,833	\$53,053	\$61,297	\$69,563
6. a. Average Accumulated DTA		\$24,675	\$32,584	\$40,709	\$48,943	\$57,175	\$65,430	
b. Prior months cumulative Return on DTA		\$237	\$456	\$745	\$1,109	\$1,547	\$2,062	\$2,653
c. Average DTA including prior period return subtotal		\$24,912	\$33,040	\$41,454	\$50,051	\$58,722	\$67,492	
7. Carrying Cost on DTA								
a. Equity Component (Line 7b* .61425) (a)		\$114	\$151	\$189	\$229	\$268	\$308	\$1,260
b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		\$185	\$246	\$308	\$372	\$437	\$502	\$2,051
c. Debt Component (Line 6c x 0.001325847) (c)		\$33	\$44	\$55	\$66	\$78	\$89	\$366
8. Total Return Requirements (Line 7b + 7c)		\$218	\$290	\$363	\$439	\$515	\$592	\$2,416
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)		\$218	\$290	\$363	\$439	\$515	\$592	\$2,416

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Schedule AE-3A (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
deferred tax Carrying Costs for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-E1

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 7)		\$30,627	\$30,767	\$30,908	\$31,050	\$31,192	\$31,335	\$365,552
2. Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		(\$9,136)	(\$9,216)	(\$9,297)	(\$9,378)	(\$9,461)	(\$9,544)	(\$109,206)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		<u>\$180,333</u>	<u>\$201,824</u>	<u>\$223,375</u>	<u>\$244,986</u>	<u>\$266,658</u>	<u>\$288,390</u>	<u>\$310,181</u>
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	<u>\$69,563</u>	<u>\$77,853</u>	<u>\$86,167</u>	<u>\$94,503</u>	<u>\$102,863</u>	<u>\$111,246</u>	<u>\$119,652</u>
6. a. Average Accumulated DTA		\$73,708	\$82,010	\$90,335	\$98,683	\$107,055	\$115,449	
b. Prior months cumulative Return on DTA		\$2,653	\$3,323	\$4,071	\$4,898	\$5,806	\$6,795	\$7,867
c. Average DTA including prior period return subtotal		\$76,362	\$85,333	\$94,406	\$103,582	\$112,861	\$122,245	
7. Carrying Cost on DTA								
a. Equity Component (Line 7b * .61425) (a)		\$349	\$390	\$431	\$473	\$516	\$559	\$3,977
b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		\$568	\$635	\$702	\$771	\$840	\$909	\$6,475
c. Debt Component (Line 6c x 0.001325847) (c)		\$101	\$113	\$125	\$137	\$150	\$162	\$1,154
8. Total Return Requirements (Line 7b + 7c)		<u>\$669</u>	<u>\$748</u>	<u>\$827</u>	<u>\$908</u>	<u>\$989</u>	<u>\$1,071</u>	<u>\$7,629</u>
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8- Line 9)		<u>\$669</u>	<u>\$748</u>	<u>\$827</u>	<u>\$908</u>	<u>\$989</u>	<u>\$1,071</u>	<u>\$7,629</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustments represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

For the Year Ended 12/31/2008

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Beginning Balance		\$6,503,072	\$6,532,005	\$6,561,497	\$6,591,699	\$6,621,909	\$6,652,257	
2. Additions Site Selection (Schedule AE-6)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Additions Construction		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)		<u>\$6,503,072</u>	<u>\$6,532,005</u>	<u>\$6,561,497</u>	<u>\$6,591,699</u>	<u>\$6,621,909</u>	<u>\$6,652,257</u>	
6. CPI Rate		0.444910%	0.451500%	0.460290%	0.458300%	0.458300%	0.458300%	
7. Construction Period Interest for Tax (CPI)		\$28,933	\$29,492	\$30,202	\$30,210	\$30,348	\$30,487	\$179,672
8. Ending Balance		<u>\$6,503,072</u>	<u>\$6,532,005</u>	<u>\$6,561,497</u>	<u>\$6,591,699</u>	<u>\$6,621,909</u>	<u>\$6,652,257</u>	<u>\$6,682,744</u>

(a) CPI calculation for Site Selection costs started in October 2007, effective with the transfer of the Site Selection costs to Account 107, construction work in progress.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Construction Period Interest

[Section (5)(c)1.b.]

Schedule AE-3B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
Construction Period Interest for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$6,682,744	\$6,713,371	\$6,744,139	\$6,775,047	\$6,806,097	\$6,837,289	
2.	Additions Site Selection (Schedule AE-6)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	<u>\$6,682,744</u>	<u>\$6,713,371</u>	<u>\$6,744,139</u>	<u>\$6,775,047</u>	<u>\$6,806,097</u>	<u>\$6,837,289</u>	
6.	CPI Rate	0.458300%	0.458300%	0.458300%	0.458300%	0.458300%	0.458300%	
7.	Construction Period Interest for Tax (CPI) (a)	\$30,627	\$30,767	\$30,908	\$31,050	\$31,192	\$31,335	\$365,552
8.	Ending Balance	<u>\$6,682,744</u>	<u>\$6,713,371</u>	<u>\$6,744,139</u>	<u>\$6,775,047</u>	<u>\$6,806,097</u>	<u>\$6,837,289</u>	<u>\$6,868,625</u>

(a) CPI calculation for Site Selection costs started in October 2007, effective with the transfer of the Site Selection costs to Account 107, construction work in progress.

Page 2 of 2

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.b.]
[Section (8)(e)]

Schedule AE-4 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated CCRC Recoverable O&M projected monthly expenditures by function for the current year. All Site Selection costs also included in Pre-Construction costs must be identified.

For the Year Ended 12/31/2008

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													
13	Nuclear Generation													
14	Transmission													
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24:25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7

Site Selection Costs and Carrying Costs on Site Selection Cost Balance

{Section (5)(c)1.b.}

{Section (8)(e)}

Schedule AE-5 (Actual/Estimated)

Actual & Estimated Filing: Other Recoverable O&M Monthly Expenditures

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Actual/Estimated Other Recoverable O&M projected monthly expenditures by function for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection													
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule AE-6 (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.b.]
 [Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual/estimated monthly expenditures by major tasks performed
 within Site Selection categories for the current year.
 All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) PTD 2006 + 2007	(B) Actual January	(C) Actual February	(D) Actual March	(E) Projected April	(F) Projected May	(G) Projected June	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total	(O) PTD Total
1	Site Selection Costs															
2	Project Staffing	1,068,856														1,068,856
3	Engineering	3,351,744														3,351,744
4	Environmental Services	1,220,280														1,220,280
5	Legal Services	783,231														783,231
6	Total Site Selection Costs:	\$ 6,424,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,424,121
7	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
8	Total Jurisdictional Site Selection Costs:	\$ 6,397,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,397,310
9	Less Adjustment															
10	Other Adjustments (b)	\$ (43,063)														\$ (43,063)
11	Jurisdictional Factor	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
12	Total Jurisdictionalized Adjustments	\$ (42,863)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (42,863)
13																
14	Total Jurisdictional Site Selection Costs net of Adj	\$ 6,440,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,440,192

(a) The costs associated with site selection costs for the Turkey Point Units 6&7 project were included in Account 153, Preliminary Survey and Investigation Charges for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress Account 107 and site selection costs ceased.

(b) Other Adjustments include Pension & Welfare Benefit Credit.

Schedule AE-6A (Actual/Estimated)	Turkey Point Units 6&7 Site Selection Costs and Carrying Costs on Site Selection Cost Balance Actual & Estimated Filing: Monthly Expenditures	[Section (5)(c)1 a.] [Section (8)(d)]
<hr/>		
FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY DOCKET NO.: 080009-EI	EXPLANATION: Provide a description of the major tasks performed within Site Selection categories for the current year.	For the Year Ended 12/31/2008 Witness: Steven D. Scroggs

Line		
No.	Major Task	Description - Includes, but is not limited to:
<hr/>		
1	<u>Site Selection Period:</u>	
2	1	Request for Information (RFI) from design vendors
3	2	Engineering review of technology alternatives
4	3	Site identification activities
5	4	Site Selection Analysis
6	5	Fatal flaw geotechnical analyses at candidate site(s)
7	6	Transmission integration studies
8	7	Project planning, industry fees
9	8	Local zoning approvals
10	9	Preparation of need filing

Turkey Point Units 6&7

Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Variance Explanations

[Section (8)(d)]

Schedule AE-6B (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide annual variance explanations comparing the actual/estimated expenditures to the most recent projections for the current period filed with the Commission.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Line No.	(A) Total Actual/Estimated	(B) Total Projected	(C) Total Variance	(D) Explanation
1	Preliminary Survey & Investigation Charges (Account 183)			
2	Project Staffing	1,068,856		
3	Engineering	3,351,744		
4	Environmental Services	1,220,290		
5	Legal Services	<u>783,231</u>		
6	Total Site Selection Costs:	<u>6,424,121</u>	(a)	
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
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37				
38				

(a) Actual/Estimated amount represents a Project To Date total (2006-2008). Since this is the initial filing of Site Selection costs there is no variance.

Turkey Point Units 6&7

Site Selection Costs and Carrying Costs on Site Selection Cost Balance

[Section (8)(b)]

Schedule AE-7 (Actual/Estimated)

Actual & Estimated Filing: Technology Selected

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Technology selection is noted on Pre-Construction AE-7 for the year ended 12/31/08.

Turkey Point Units 6&7

Site Selection Costs and Carrying Costs on Site Selection Cost Balance

[Section (8)(c)]

Schedule AE-8 (Actual/Estimated)

Actual & Estimated Filing: Contracts Executed

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
							Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
Line No.	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End					
1											
2	NONE										
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											

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Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Estimated True-up Amount for the Period

Schedule AE-9 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	NFR Revenues (net of Revenue Taxes)							
2	True-Up Provision							
3	NFR Revenues Applicable to Period (Lines 1 + 2)							
4	Jurisdictional NFR Costs							
5	Over/Under Recovery true-up provision (Line 3 - Line 4c)							
6	Interest Provision							
7	Beginning Balance True-up & Interest Provision							
a	Deferred True-up							
8	True-Up Collected (Refunded) (See Line 2)							
9	End of Period True-up							

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Calculation of the Net Interest True-up Amount for the Period

Schedule AE-10 (Actual/Estimated)

[section (5)(c)4.]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Calculate the estimated net true-up balance, including revenue and interest.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2008

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	Description	(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
1	Beginning Monthly Balance							
2	Ending Monthly Balance							
3	Average Monthly Balance							
4	Beginning of Month interest							
5	Ending of Month Interest							
6	Average Interest							
7	Average Monthly Interest							
8	Monthly Interest Amount							

2009

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule P-1 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Site Selection Revenue Requirements (Schedule P-2, line 7)	\$61,058	\$55,748	\$50,439	\$45,130	\$39,820	\$34,511	\$286,706
2.	Construction Carrying Cost Revenue Requirements (Schedule P-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule P-3A, line 8)	\$2,023	\$3,973	\$5,923	\$7,874	\$9,825	\$11,777	\$41,396
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$63,081</u>	<u>\$59,722</u>	<u>\$56,362</u>	<u>\$53,004</u>	<u>\$49,646</u>	<u>\$46,288</u>	<u>\$328,102</u>

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.c.]

Schedule P-1 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the projected total retail revenue requirement for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(H) Projected July	(I) Projected August	(J) Projected September	(K) Projected October	(L) Projected November	(M) Projected December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Site Selection Revenue Requirements (Schedule P-2, line 7)	\$29,202	\$23,892	\$18,583	\$13,273	\$7,964	\$2,655	\$382,275
2.	Construction Carrying Cost Revenue Requirements (Schedule P-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule P-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule P-3A, line 8)	\$13,729	\$15,682	\$17,636	\$19,590	\$21,544	\$23,499	\$153,076
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$42,931</u>	<u>\$39,574</u>	<u>\$36,218</u>	<u>\$32,863</u>	<u>\$29,508</u>	<u>\$26,154</u>	<u>\$535,351</u>

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Site Selection Costs

[Section (5)(c)1.c.]

Schedule P-2 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the projected
Site Selection costs for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. a. Nuclear CWIP Additions (Schedule P-6 Line 8)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule P-6 Line 13) (d) (e)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return (d)	\$7,269,062	\$6,663,307	\$6,057,552	\$5,451,797	\$4,846,041	\$4,240,286	\$3,634,531	
3. Amortization of CWIP Base Eligible for Return		\$605,755	\$605,755	\$605,755	\$605,755	\$605,755	\$605,755	\$3,634,531
4. Average Net Unamortized CWIP Base Eligible for Return ((Prior month line 2 + line 2)/2)		\$6,966,185	\$6,360,429	\$5,754,674	\$5,148,919	\$4,543,164	\$3,937,409	
5. Return on Average Net Unamortized CWIP Eligible for Return								
a. Equity Component (Line 5b * .61425) (a)		\$31,831	\$29,064	\$26,296	\$23,528	\$20,760	\$17,992	\$149,470
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$51,822	\$47,315	\$42,809	\$38,303	\$33,797	\$29,291	\$243,337
c. Debt Component (Line 4 x 0.001325847) (c)		\$9,236	\$8,433	\$7,630	\$6,827	\$6,024	\$5,220	\$43,369
6. Total Return Requirements (Line 5b + 5c)		<u>\$61,058</u>	<u>\$55,748</u>	<u>\$50,439</u>	<u>\$45,130</u>	<u>\$39,820</u>	<u>\$34,511</u>	<u>\$286,706</u>
7. Total Costs to be Recovered		<u>\$61,058</u>	<u>\$55,748</u>	<u>\$50,439</u>	<u>\$45,130</u>	<u>\$39,820</u>	<u>\$34,511</u>	<u>\$286,706</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%

(d) Line 2-A includes:

2007 Site selection + Carrying costs	6,539,261
2007 DTA Carrying cost	237
2008 Carrying Costs	721,934
2008 DTA Carrying cost	<u>7,629</u>
	<u>7,269,062</u>

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Site Selection Costs

[Section (5)(c)1.c.]

Schedule P-2 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the projected
Site Selection costs for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total
Jurisdictional Dollars							
1. a. Nuclear CWIP Additions (Schedule P-6 Line 8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Nuclear CWIP Additions for the calculation of carrying charges (Schedule P-6 Line 13) (d) (e)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Unamortized CWIP Base Eligible for Return	\$3,028,776	\$2,423,021	\$1,817,266	\$1,211,510	\$605,755	\$0	
3. Amortization of CWIP Base Eligible for Return	\$605,755	\$605,755	\$605,755	\$605,755	\$605,755	\$605,755	\$7,269,062
4. Average Net Unamortized CWIP Base Eligible for Return [(Prior month line 2 + line 2)/2]	\$3,331,653	\$2,725,898	\$2,120,143	\$1,514,388	\$908,633	\$302,878	
5. Return on Average Net Unamortized CWIP Eligible for Return							
a. Equity Component (Line 5b * .61425) (a)	\$15,224	\$12,456	\$9,688	\$6,920	\$4,152	\$1,384	\$199,293
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)	\$24,784	\$20,278	\$15,772	\$11,266	\$6,759	\$2,253	\$324,449
c. Debt Component (Line 4 x 0.001325847) (c)	\$4,417	\$3,614	\$2,811	\$2,008	\$1,205	\$402	\$57,826
6. Total Return Requirements (Line 5b + 5c)	<u>\$29,202</u>	<u>\$23,892</u>	<u>\$18,583</u>	<u>\$13,273</u>	<u>\$7,964</u>	<u>\$2,655</u>	<u>\$382,275</u>
7. Total Costs to be Recovered	<u>\$29,202</u>	<u>\$23,892</u>	<u>\$18,583</u>	<u>\$13,273</u>	<u>\$7,964</u>	<u>\$2,655</u>	<u>\$382,275</u>

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Construction costs

[Section (5)(c)1.c.]

Schedule P-3 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected carrying costs on projected construction balances for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b* .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Construction costs

[Section (5)(c)1.c.]

Schedule P-3 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected carrying costs on projected construction balances for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Nuclear CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	n/a
5. Average Net CWIP Additions		\$0	\$0	\$0	\$0	\$0	\$0	n/a
6. Return on Average Net CWIP Additions								
a. Equity Component (Line 6b * .61425) (a)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (Line 4 * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Debt Component (Line 4 x 0.001325847) (c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)		\$0	\$0	\$0	\$0	\$0	\$0	\$0

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c) f.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
deferred tax Carrying Costs
for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 7)		\$32,569	\$32,723	\$32,879	\$33,034	\$33,191	\$33,348	\$197,745
2. a. Recovered Costs Excluding AFUDC (Schedule AE-2 2007-2008, Line 1) (e)		\$533,109	\$533,109	\$533,109	\$533,109	\$533,109	\$533,109	\$3,198,655
b. Recovered Costs Excluding AFUDC (Schedule P-2 2009, Line 1)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		\$10,890	\$10,890	\$10,890	\$10,890	\$10,890	\$10,890	\$65,339
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	310,181	886,749	1,463,472	2,040,349	2,617,383	3,194,573	3,771,920	3,771,920
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$119,652	\$342,064	\$564,534	\$787,065	\$1,009,655	\$1,232,306	\$1,455,018
6. Average Accumulated DTA		\$230,858	\$453,299	\$675,799	\$898,360	\$1,120,981	\$1,343,662	
7. Carrying Cost on DTA								
a. Equity Component (Line 7b* .61425) (a)		\$1,055	\$2,071	\$3,088	\$4,105	\$5,122	\$6,140	\$21,581
b. Equity Comp. grossed up for taxes (Line 6 * 0.007439034) (a) (b) (c)		\$1,717	\$3,372	\$5,027	\$6,683	\$8,339	\$9,996	\$35,134
c. Debt Component (Line 6 x 0.001325847) (c)		\$306	\$601	\$896	\$1,191	\$1,486	\$1,781	\$6,262
8. Total Return Requirements (Line 7b + 7c)		\$2,023	\$3,973	\$5,923	\$7,874	\$9,825	\$11,777	\$41,396

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

(d) Other Adjustments represents the turn around of the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2 2007& 2008.

2007 Other Adjustments AE-2, Line 5c

21,473

2008 Other Adjustments AE-2, Line 5c

109,206

130,678

(e) Recovered Costs Excluding AFUDC (Line 2a) amortized over a 12 month period, calculated as follows:

2007 Nuclear CWIP Additions AE-2, Line 1

6,397,310

2008 Nuclear CWIP Additions AE-2, Line 1

-

6,397,310

Schedule P-3A (Projection)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
deferred tax Carrying Costs
for the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule P-3B, Line 7)		\$33,507	\$33,665	\$33,825	\$33,986	\$34,147	\$34,309	\$401,183
2. a. Recovered Costs Excluding AFUDC (Schedule AE-2 2007-2008, Line 1) (e)		\$533,109	\$533,109	\$533,109	\$533,109	\$533,109	\$533,109	\$6,397,310
b. Recovered Costs Excluding AFUDC (Schedule P-2 2009, Line 1)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		\$10,890	\$10,890	\$10,890	\$10,890	\$10,890	\$10,890	\$130,678
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	<u>\$3,771,920</u>	<u>\$4,349,426</u>	<u>\$4,927,090</u>	<u>\$5,504,914</u>	<u>\$6,082,899</u>	<u>\$6,661,045</u>	<u>\$7,239,352</u>	<u>7,239,352</u>
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575% <u>\$1,455,018</u>	<u>\$1,877,791</u>	<u>\$1,900,625</u>	<u>\$2,123,521</u>	<u>\$2,346,478</u>	<u>\$2,569,498</u>	<u>\$2,792,580</u>	<u>\$2,792,580</u>
6. Average Accumulated DTA		\$1,566,405	\$1,789,208	\$2,012,073	\$2,234,999	\$2,457,988	\$2,681,039	
7. Carrying Cost on DTA								
a. Equity Component (Line 7b * .61425) (a)		\$7,158	\$8,176	\$9,194	\$10,213	\$11,232	\$12,251	\$79,804
b. Equity Comp. grossed up for taxes (Line 6 * 0.007439034) (a) (b) (c)		\$11,653	\$13,310	\$14,968	\$16,626	\$18,285	\$19,944	\$129,920
c. Debt Component (Line 6 x 0.001325847) (c)		\$2,077	\$2,372	\$2,668	\$2,963	\$3,259	\$3,555	\$23,155
8. Total Return Requirements (Line 7b + 7c)		<u>\$13,729</u>	<u>\$15,682</u>	<u>\$17,636</u>	<u>\$19,590</u>	<u>\$21,544</u>	<u>\$23,499</u>	<u>\$153,076</u>

(a) For carrying charge purposes the monthly equity component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% & 5.5% for state income taxes.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), which results in the annual pre-tax rate of 11.04%.

(d) Other Adjustments represents the turn around of the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2 2007 & 2008.

2007 Other Adjustments AE-2, Line 5c

21,473

2008 Other Adjustments AE-2, Line 5c

109,206

130,678

(e) Recovered Costs Excluding AFUDC (Line 2a) amortized over a 12 month period, calculated as follows:

2007 Nuclear CWIP Additions AE-2, Line 1

6,397,310

2008 Nuclear CWIP Additions AE-2, Line 1

-

6,397,310

Page 2 of 2

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Projected January	(C) Projected February	(D) Projected March	(E) Projected April	(F) Projected May	(G) Projected June	(H) 6 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$6,868,625	\$6,901,194	\$6,933,917	\$6,966,796	\$6,999,830	\$7,033,021	
2.	Additions Site Selection (Schedule P-6 line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	<u>\$6,868,625</u>	<u>\$6,901,194</u>	<u>\$6,933,917</u>	<u>\$6,966,796</u>	<u>\$6,999,830</u>	<u>\$7,033,021</u>	
6.	CPI Rate	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	
7.	Construction Period Interest for Tax (CPI)	\$32,569	\$32,723	\$32,879	\$33,034	\$33,191	\$33,348	\$197,745
8.	Ending Balance	<u>\$6,868,625</u>	<u>\$6,901,194</u>	<u>\$6,933,917</u>	<u>\$6,966,796</u>	<u>\$6,999,830</u>	<u>\$7,033,021</u>	<u>\$7,066,370</u>

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Construction Period Interest

[Section (5)(c)1.c.]

Schedule P-3B (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the projected
Construction Period Interest for
the subsequent year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Projected July	(K) Projected August	(L) Projected September	(M) Projected October	(N) Projected November	(O) Projected December	(P) 12 Month Total
Jurisdictional Dollars								
1.	Beginning Balance	\$7,066,370	\$7,099,876	\$7,133,542	\$7,167,367	\$7,201,352	\$7,235,499	
2.	Additions Site Selection (Schedule P-6 line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Additions Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	
5.	Average Balance Eligible for CPI (Beg bal + [Line 2+3+4]/2)	<u>\$7,066,370</u>	<u>\$7,099,876</u>	<u>\$7,133,542</u>	<u>\$7,167,367</u>	<u>\$7,201,352</u>	<u>\$7,235,499</u>	
6.	CPI Rate	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	0.474170%	
7.	Construction Period Interest for Tax (CPI)	\$33,507	\$33,665	\$33,825	\$33,986	\$34,147	\$34,309	\$401,183
8.	Ending Balance	<u>\$7,066,370</u>	<u>\$7,099,876</u>	<u>\$7,133,542</u>	<u>\$7,167,367</u>	<u>\$7,201,352</u>	<u>\$7,235,499</u>	<u>\$7,269,808</u>

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

Schedule P-4 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY

EXPLANATION: Provide the CCRC Recoverable O&M projected monthly expenditures by function for the subsequent year.

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdaht and Steven D. Scroggs

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													
13	Nuclear Generation													
14	Transmission													
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (NucI - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Other Recoverable O&M Monthly Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

Schedule P-5 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION: Provide the Other Recoverable O&M projected monthly expenditures by function for the subsequent year.

For the Year Ended 12/31/2009

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Projected January	(B) Projected February	(C) Projected March	(D) Projected April	(E) Projected May	(F) Projected June	(G) Projected July	(H) Projected August	(I) Projected September	(J) Projected October	(K) Projected November	(L) Projected December	(M) 12 Month Total
1	Legal													0
2	Accounting													0
3	Corporate Communication													0
4	Corporate Services													0
5	IT & Telecom													0
6	Regulatory													0
7	Human Resources													0
8	Public Policy													0
9	Community Relations													0
10	Corporate Communications													0
11	Subtotal A&G	0	0	0	0	0	0	0	0	0	0	0	0	0
12	Energy Delivery Florida													0
13	Nuclear Generation													0
14	Transmission													0
15	Total O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
16	Jurisdictional Factor (A&G)													
17	Jurisdictional Factor (Distribution)													
18	Jurisdictional Factor (Nuclear - Production - Base)													
19	Jurisdictional Factor (Transmission)													
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time.
FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule P-6 (Projection)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Monthly Expenditures

(Section (5)(c)1.b.)
(Section (8)(d))

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the projected monthly expenditures by major tasks performed
within Site Selection categories for the current year.
All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahi and Steven D. Scroggs

Line No.	Description	(A) PTD 2009-2007	(B) Actual/Estimated 2008	(C) Projected January	(D) Projected February	(E) Projected March	(F) Projected April	(G) Projected May	(H) Projected June	(I) Projected July	(J) Projected August	(K) Projected September	(L) Projected October	(M) Projected November	(N) Projected December	(O) 12 Month Total	(P) PTD Total
1	Site Selection:																
2	Project Staffing	1,068,858															1,068,858
3	Engineering	3,351,744															3,351,744
4	Environmental Services	1,220,280															1,220,280
5	Legal Services	783,231															783,231
6	Total Site Selection Costs:	\$ 6,424,121	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 6,424,121
7	Jurisdictional Factor	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285
8	Total Jurisdictional Site Selection Costs:	\$ 6,397,310	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,397,310
9	Less Adjustment:																
10	Other Adjustments(d)	\$ (43,063)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (43,063)
11	Jurisdictional Factor	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285	\$ 0.9958285
12	Total Jurisdictionalized Adjustments:	\$ (42,883)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (42,883)
13	Total Jurisdictionalized Site Selection net of adjustm	\$ 6,440,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,440,192

- (a) The costs associated with site selection costs for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 187.
- (b) Effective With the filing of our need petition on October 18, 2007 site selection costs ceased and pre-construction began.
- (c) Project to Date total in October was calculated using 2007 Jurisdictional factor.
- (d) Other Adjustments include Pension & Welfare Benefit Credit.

Schedule P-6A (Projection)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Monthly Expenditures

{Section (5)(c)1.a.]
{Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a description of the major tasks performed
within Site Selection categories for the current year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Line No.	Major Task	Description - Includes, but is not limited to:
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1	Site Selection Period:	
2	1 Request for Information (RFI) from design vendors	
3	2 Engineering review of technology alternatives	
4	3 Site identification activities	
5	4 Site Selection Analysis	
6	5 Fatal flaw geotechnical analyses at candidate site(s)	
7	6 Transmission integration studies	
8	7 Project planning, industry fees	
9	8 Local zoning approvals	
10	9 Preparation of need filing	
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Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Technology Selected

[Section (8)(b)]

Schedule P-7 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a description of the nuclear technology selected that includes, but is not limited to, a review of the technology and the factors leading to its selection.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Technology selection is noted on Pre-Construction AE-7 for the year ended 12/31/08.

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Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Contracts Executed

[Section (8)(c)]

Schedule P-8 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 080009-EI

EXPLANATION:

Provide a list of contracts executed in excess of \$1 million including, a description of the work, the dollar value and term of the contract, the method of vendor selection, the identity and affiliation of the vendor, and current status of the contract.

For the Year Ended 12/31/2009

Witness: Steven D. Scroggs

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
	Contract No.	Status of Contract	Original Term of Contract	Current Term of Contract	Original Amount	Actual Expended as of Prior Year End	Estimate of amount to be Expended in Current Year	Estimate of Final Contract Amount	Name of Contractor (and Affiliation if any)	Method of Selection	Work Description
Line No.											
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											

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Note 1: Method of Selection column should specify: (1) Lease, Buy or Make Considerations for goods (or) In house or external for resources.

Note 2: Method of Selection column should also specify: (2) RFP or Sole Source.

Note 3: Method of Selection column should specify (3) Lowest Cost Bidder Accepted/Not Accepted.

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION: Provide additional details of contracts executed in excess of \$1 million including, the nature and scope of the work, the nature of any affiliation with selected vendor, the method of vendor selection, brief description of vendor selection process, and current status of the contract.

For the Year Ended 12/31/2009
Witness: Steven D. Scroggs

Contract No.:

Major Task or Tasks Associated With:

Vendor Identity:

Vendor Affiliation (specify 'direct' or 'indirect'):

Number of Vendors Solicited:

Number of Bids Received:

Brief Description of Selection Process:

Dollar Value:

Contract Status:

Term Begin:

Term End:

Nature and Scope of Work:

Describe work and scope details

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Feasibility of Completing the plant

[Section (5)(c)5.]

Schedule P-9 (Projection)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a detail analysis of the long-term feasibility
of completing the plant.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven R. Sim

Not applical

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Estimate Rate Impact

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

For the Year Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Steven D. Scroggs

DOCKET NO.: 080009-EI

FLORIDA POWER & LIGHT COMPANY
 CALCULATION OF ENERGY & DEMAND ALLOCATION % BY RATE CLASS
 PROPOSED JANUARY 2009 THROUGH DECEMBER 2009

Line No.	Rate Schedule	(1) AVG 12CP Load Factor at Meter (%)	(2) Projected Sales at Meter (kwh)	(3) Projected AVG 12 CP at Meter (kW)	(4) Demand Loss Expansion Factor	(5) Energy Loss Expansion Factor	(6) Projected Sales at Generation (kwh)	(7) Projected AVG 12 CP at Generation (kW)	(8) Percentage of Sales at Generation (%)	(9) Percentage of Demand at Generation (%)
	RS1/RS11	64.061%	58,804,147.081	10,478,766	1.09370109	1.07349429	63,125,916.120	11,460.638	52.68401%	57.06444%
	GS1/GST1	65.694%	6,619,341.251	1,150,231	1.09370109	1.07349429	7,105,825.036	1,258.009	5.93042%	6.26384%
	GSD1/GSDT1/HFLT1 (21-499 kW)	74.508%	25,774,860.665	3,849,020	1.09361402	1.07343073	27,667,527.500	4,318.704	23.09093%	21.50355%
	QS2	57.663%	19,993,143	3,959	1.06919630	1.04702619	20,933,344	4,192	0.01747%	0.02067%
	GSLD1/GSLDT1/CS1/CST1/HFLT2 (500-1,999 kW)	77.165%	11,789,652.172	1,744,121	1.09222289	1.07237890	12,642,973.049	1,904.969	10.55165%	9.48516%
	GSLD2/GSLDT2/CS2/CST2/HFLT3(2,000+ kW)	90.280%	2,169,713.444	274,351	1.08471538	1.06646905	2,313,932.235	297.593	1.93118%	1.48177%
	GSLD3/GSLDT3/CS3/CST3	89.044%	258,569.835	33,151	1.03077723	1.02508821	285,077.391	34,171	0.22123%	0.17014%
	ISST1D	84.918%	0	0	1.05919630	1.04702619	0	0	0.00000%	0.00000%
	ISST1T	131.296%	0	0	1.03077723	1.02508821	0	0	0.00000%	0.00000%
	SST1T	131.296%	162,838.087	14,158	1.03077723	1.02508821	166,923.403	14,594	0.13831%	0.07267%
	SST1D1/SST1D2/SST1D3	84.918%	8,479.038	1,140	1.05919630	1.04702619	8,877.775	1,207	0.00741%	0.00601%
	CILC D/CILC G	89.894%	3,701,861.702	470,095	1.08178491	1.06440541	3,940,281.623	508.542	3.28850%	2.53212%
	CILC T	90.295%	1,676,506.768	211,952	1.03077723	1.02508821	1,718,567.321	218.475	1.43423%	1.06782%
	MET	66.435%	101,103.804	17,373	1.05919630	1.04702619	105,858.331	18,401	0.08835%	0.09162%
	DL1/SL1/PL1	210.146%	601,242.889	32,661	1.09370109	1.07349429	645,430.888	35,721	0.53867%	0.17786%
	SL2, GSCU1	126.155%	65,476.122	7,735	1.09370109	1.07349429	91,758.123	8,460	0.07658%	0.04212%
	TOTAL		111,773,806,000	18,388,712			119,819,882,065	20,083,676	100.00%	100.00%

- (1) AVG 12 CP load factor based on actual calendar data.
 (2) Projected kwh sales for the period January 2008 through December 2008.
 (3) Calculated: Col(2)/(8760 hours * Col(1))
 (4) Based on 2006 demand losses.
 (5) Based on 2006 energy losses.
 (6) Col(2) * Col(5)
 (7) Col(3) * Col(4)
 (8) Col(6) / total for Col(6)
 (9) Col(7) / total for Col(7)

Schedule P-10 (Projection)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Projection Filing: Estimate Rate Impact

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Using the billing determinants and allocation factors used in the previous year's cost recovery filings, provide an estimate of the rate impact by class of the costs requested for recovery. Current billing determinants and allocation factors may be used, if available.

For the Year Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

Witness: Steven D. Scroggs

DOCKET NO.: 080009-EI

FLORIDA POWER & LIGHT COMPANY
 CALCULATION OF CAPACITY PAYMENT RECOVERY FACTOR
 PROPOSED JANUARY 2009 THROUGH DECEMBER 2009

Rate Schedule	(1) Percentage of Sales at Generation (%)	(2) Percentage of Demand at Generation (%)	(3) Energy Related Cost (\$)	(4) Demand Related Cost (\$)	(5) Total Capacity Costs (\$)	(6) Projected Sales at Meter (kwh)	(7) Billing Kw Load Factor (%)	(8) Projected Billed Kw at Meter (kw)	(9) Capacity Recovery Factor (\$/kw)	(10) Capacity Recovery Factor (\$/kwh)
RS1/RS11	52.69401%	57.06444%	\$316,511	\$4,113,924	\$4,430,435	58,804,147,091	-	-	-	0.00008
GS1/GST1A/WIES1	5.93042%	6.26394%	\$35,628	\$451,576	\$487,204	6,619,341,251	-	-	-	0.00007
GSD1/GSDT1/HFLT1 (21-499 kw)	23.09093%	21.50355%	\$139,724	\$1,550,247	\$1,690,971	25,774,850,665	46.94990%	75,203,628	0.02	-
DS2	0.01747%	0.02087%	\$105	\$1,505	\$1,610	19,993,143	-	-	-	0.00008
GSLD1/GSLDT1/CS1/CST1/HFLT2 (500-1,999 kw)	10.59165%	9.48515%	\$63,391	\$683,810	\$747,201	11,789,652,172	61.11976%	26,423,874	0.03	-
GSLD2/GSLDT2/CS2/CST2/HFLT3 (2,000+ kw)	1.93118%	1.48177%	\$11,602	\$106,824	\$118,426	2,169,713,444	68.57238%	4,334,413	0.03	-
GSLD3/GSLDT3/CS3/CST3	0.22123%	0.17014%	\$1,329	\$12,266	\$13,595	258,589,635	66.95647%	529,045	0.03	-
ISST1D	0.00000%	0.00000%	\$0	\$0	\$0	0	63.96553%	0	-	-
ISST1T	0.00000%	0.00000%	\$0	\$0	\$0	0	19.18899%	0	-	-
SST1T	0.13931%	0.07267%	\$837	\$5,239	\$6,076	162,838,087	19.18899%	1,162,469	-	-
SST1D1/SST1D2/SST1D3	0.00741%	0.00601%	\$45	\$433	\$478	8,479,039	63.96553%	18,158	-	-
CILC D/CILC G	3.28950%	2.53212%	\$19,756	\$182,647	\$202,303	3,701,861,702	74.34374%	6,821,077	0.03	-
CILC T	1.43425%	1.08782%	\$8,617	\$78,424	\$87,041	1,676,506,768	74.83860%	3,068,717	0.03	-
MET	0.08635%	0.09162%	\$531	\$6,605	\$7,136	101,103,804	58.38177%	237,229	0.03	-
OL1/SL1/PL1	0.53867%	0.17785%	\$3,236	\$12,822	\$16,058	601,242,889	-	-	-	0.00003
SL2/GSCU1	0.07658%	0.04212%	\$460	\$3,037	\$3,497	85,476,122	-	-	-	0.00004
TOTAL			\$600,772	\$7,209,258	\$7,810,031	111,773,806,000		117,798,613		

Note: There are currently no customers taking service on Schedules ISST1(D) and ISST1(T). Should any customer begin taking service on these schedules during the period, they will be billed using the applicable SST1 factor.

- (1) Obtained from Page 2, Col(8)
 (2) Obtained from Page 2, Col(9)
 (3) (Total Capacity Costs/13) * Col (1)
 (4) (Total Capacity Costs/13 * 12) * Col (2)
 (5) Col (3) + Col (4)
 (6) Projected kwh sales for the period January 2008 through December 2008
 (7) (kwh sales / 8760 hours)/((avg customer NCP)(8760 hours))
 (8) Col (6) / ((7) * 730)
 (9) Col (5) / (1 (8))
 (10) Col (5) / (5)

Totals may not add due to rounding.

CAPACITY RECOVERY FACTORS FOR STANDBY RATES

Demand *	(Total.col.5)/(Doc.2 - Total.col.7)/(10) (Doc.2.col.4)	
Charge (RDC)	12 months	
Sum of Daily	(Total.col.5)/(Doc.2 - Total.col.7)/(21 onpeak days) (Doc.2.col.5)	
Demand *	12 months	
Charge (DOC)		
CAPACITY RECOVERY FACTOR		
	RDC	DOC
	“(\$/kW)”	“(\$/kW)”
ISST1D	\$0.00	\$0.00
ISST1T	\$0.00	\$0.00
SST1T	\$0.00	\$0.00
SST1D1/SST1D2/SST1D3	\$0.00	\$0.00

Note: 2009 Rate impact calculated using 2008 Capacity Clause projected sales and allocation factors.

TRUE-UP TO ORIGINAL

Turkey Point Units 6&7

**Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up to Original: Retail Revenue Requirements Summary**

[Section (5)(c)1.c.]

Schedule TOR-1 (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide a summary of the actual to date and projected total retail revenue requirement for the duration of the project.
Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.		(A) Actual 2006	(B) Actual 2007	(C) Actual/Estimated 2008	(D) Projected 2009	(E) Project Total recovered in 2009
Jurisdictional Dollars						
1.	Site Selection Revenue Requirements (Schedule TOR-2, line 5)	\$0	\$6,539,261	\$721,934	\$382,275	\$7,643,470
2.	Construction Carrying Cost Revenue Requirements (Schedule TOR-3, line 7)	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule TOR-4, line 24)	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule TOR-3A, line 8)	\$0	\$237	\$7,629	\$153,076	\$160,942
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$6,539,498	\$729,564	\$535,351	\$7,804,413
7.	Total Revenue Requirements from Original Projection (b)	\$0	\$0	\$0	\$7,804,413	\$7,804,413
8.	Difference (Line 6 - Line 7)	\$0	\$6,539,498	\$729,564	(\$7,269,062)	\$0
9.	Variance Percentage					0%

(a) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, pre-construction began. As such, all costs were transferred to Construction Work in Progress, Account 107 and Site Selection costs ceased.

(b) Total Revenue Requirements includes:

2007 Site Selection + Carrying Costs (TOR-2 line 5)	\$6,539,261
2007 DTA Carrying Costs (TOR-3A, line 8)	\$237
2008 Site Selection Carrying Costs (TOR-2 line 5)	\$721,934
2008 DTA Carrying Costs (TOR-3A, line 8)	\$7,629
2009 Site Selection Carrying Costs (TOR-2 line 5)	\$382,275
2009 DTA Carrying Costs (TOR-3A, line 8)	\$153,076
	<u>\$7,804,413</u>

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up to Original: Projection of Site Selection Costs

[Section (5)(c)1.c.]

Schedule TOR-2 (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide a summary of the actual to date and projected site selection costs for the duration of the project. Information provided is the best available at the time of filing.

For the Period Ended 12/31/2009

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual 2006	(C) Actual 2007	(D) Actual/Estimated 2008	(E) Projected 2009	(F) Project Total
Jurisdictional Dollars						
1. a. Nuclear CWIP Additions	\$0	\$0	\$6,397,310	\$0	\$0	\$6,397,310
b. Nuclear CWIP Additions for the calculation of carrying charges			\$6,440,192	\$0	\$0	
3. Return on CWIP Eligible for Return						
a. Equity Component (a)		\$0	\$74,004	\$376,369	\$199,293	
b. Equity Comp. grossed up for taxes (b) (c)		\$0	\$120,479	\$612,729	\$324,449	
c. Debt Component (c)		\$0	\$21,473	\$109,206	\$57,826	
4. Total Return Requirements on site selection costs (Line 3b + 3c)			\$141,951	\$721,934	\$382,275	\$1,246,161
5. Total Costs to be recovered			\$6,539,261	\$721,934	\$382,275	\$7,643,470
6. Revenue Requirements from Original Projection		\$0	\$0	\$0	\$7,643,470	\$7,643,470
7. Difference (Line 5 - Line 6)		\$0	\$6,539,261	\$721,934	(\$7,261,195)	\$0
8. Variance Percentage						0%

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, pre-construction began. As such, all costs were transferred to Construction Work in Progress, Account 107 and Site Selection costs ceased.

Turkey Point Units 6&7		[Section (5)(c)1.c.]	
Schedule TOR-3 (True-Up to Original)		Site Selection Costs and Carrying Costs on Site Selection Cost Balance	
		True-up to Original: Projection of Construction Costs	
FLORIDA PUBLIC SERVICE COMMISSION	EXPLANATION:	Provide the calculation of the actual to date and projected carrying costs on construction balances for the duration of the project.	
COMPANY: FLORIDA POWER & LIGHT COMPANY		Information provided is the best available at the time of filing.	
DOCKET NO.: 080009-EI		For the Period Ended 12/31/2009 Witness: Kim Ousdahl	

Line No.	(A) Beginning of Period	(B) Actual 2006	(C) Actual 2007	(D) Actual/Estimated 2008	(E) Projected 2009	(F) Project Total
Jurisdictional Dollars						
1. Nuclear CWIP Additions (a)		\$0	\$0	\$0	\$0	\$0
2. Transfers to Plant in Service		\$0	\$0	\$0	\$0	\$0
3. Other Adjustments		\$0	\$0	\$0	\$0	\$0
4. CWIP Base Eligible for Return (Line 1 - 2 + 3)		\$0	\$0	\$0	\$0	\$0
5. Average Net CWIP additions		n/a	n/a	n/a	n/a	n/a
6. Return on Average Net CWIP Additions						
a. Equity Component (a)			\$0	\$0	\$0	\$0
b. Equity Comp. grossed up for taxes (c)		\$0	\$0	\$0	\$0	\$0
c. Debt Component (c)		\$0	\$0	\$0	\$0	\$0
7. Total Return Requirements (Line 6b + 6c)		\$0	\$0	\$0	\$0	\$0
8. Total Return Requirements from Original Projections		\$0	\$0	\$0	\$0	\$0
9. Difference (Line 7 - Line 8)		\$0	\$0	\$0	\$0	\$0
10. Variance Percentage						

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, pre-construction began. As such, all costs were transferred to Construction Work in Progress, Account 107 and Site Selection costs ceased.

Schedule TOR-3A (True-Up to Original)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up to Original: Deferred Tax Carrying Costs

[Section (5)(c)1.c.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual to date and projected deferred tax Carrying Costs for the duration of the project. Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual 2008	(C) Actual 2007	(D) Actual/Estimated 2008	(E) Projected 2009	(F) Project Total
Jurisdictional Dollars						
1. Construction Period Interest (Schedule TOR-3B, Line 7)		\$0	\$75,307	\$365,552	\$401,183	\$842,042
2. Recovered Costs Excluding AFUDC (Schedule TOR-2 Line 1)		\$0	\$0	\$0	\$6,397,310	\$6,397,310
3. Other Adjustments (d)		\$0	(\$21,473)	(\$109,206)	\$130,678	\$0
4. Tax Basis Less Book Basis	0	\$0	\$53,834	\$310,181	\$7,239,352	
5. Deferred Tax Asset (DTA) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	38.575%	\$0	\$0	\$20,767	\$119,652	\$2,792,580
6. Average Accumulated DTA		n/a	n/a	n/a	n/a	
7. Carrying Cost on DTA						
a. Equity Component (a)		\$0	\$124	\$3,977	\$79,804	\$83,905
b. Equity Comp. grossed up for taxes (b) (c)		\$0	\$201	\$6,475	\$129,920	\$136,597
c. Debt Component (c)		\$0	\$36	\$1,154	\$23,155	\$24,345
8. Total Return Requirements (Line 7b + 7c)		\$0	\$237	\$7,629	\$153,076	\$160,942
9. Total Return Requirements from Original Projections		\$0	\$0	\$0	\$160,942	\$160,942
10. Difference (Line 8 - Line 9)		\$0	\$237	\$7,629	(\$7,887)	\$0
11. Variance Percentage						0%

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state Income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True_up to Original: Construction Period Interest

[Section (5)(c)1.c.]

Schedule TOR-3B (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the actual to date
and projected Construction Period Interest for
the duration of the project.
Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(A) Beginning of Period	(B) Actual 2006	(C) Actual 2007	(D) Actual/Estimated 2008	(E) Projected 2009	(F) Project Total
Jurisdictional Dollars						
1.	Beginning Balance (a)	\$0	\$0	\$6,503,072	\$6,868,625	
2.	Additions Site Selection	\$0	\$6,397,310	\$0	\$0	\$6,397,310
3.	Additions Construction	\$0	\$0	\$0	\$0	
4.	Other Adjustments (b)	\$0	\$30,455	\$0	\$0	\$30,455
5.	Average Balance Eligible for CPI	n/a	n/a	n/a	n/a	
6.	CPI Rate					
7.	Construction Period Interest for Tax (CPI)	\$0	\$75,307	\$365,552	\$401,183	\$842,042
8.	Ending Balance	\$0	\$0	\$6,503,072	\$6,868,625	\$7,269,808

(a) Line 1, Column C, CPI calculation for site selection costs started in October 2007 for 2006 & 2007 site selection costs. Effective with the transfer of the Site Selection costs to Account 107, Construction Work in Progress.

(b) Other Adjustments include Pension & Welfare Benefit credit, & Business Meals.

Schedule TOR-4 (True-Up to Original)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up to Original: Recoverable O&M Annual Expenditures

[Section (5)(c)1.c.]

[Section (8)(e)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the CCRC Recoverable O&M actual to date and projected annual expenditures by function for the duration of the project. Information provided is the best available at the time of filing.

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual 2006	(B) Actual 2007	(C) Actual/Estimated 2008	(D) Projected 2009	(E) Projected 2010	(F) Projected 2011	(G) Project Total
1	Legal							0
2	Accounting							0
3	Corporate Communication							0
4	Corporate Services							0
5	IT & Telecom							0
6	Regulatory							0
7	Human Resources							0
8	Public Policy							0
9	Community Relations							0
10	Corporate Communications							0
11	Subtotal A&G	0	0	0	0	0	0	0
12	Energy Delivery Florida							0
13	Nuclear Generation							0
14	Transmission							0
15	Total O&M Costs	0	0		0	0	0	0
16	Jurisdictional Factor (A&G)							
17	Jurisdictional Factor (Distribution)							
18	Jurisdictional Factor (Nuclear - Production - Base)							
19	Jurisdictional Factor (Transmission)							
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection							
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0
27	Variance Percentage							

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Page 1 of 1

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-Up to Original: Other Recoverable O&M Annual Expenditures

[Section (5)(c)1.c.]
[Section (8)(e)]

Schedule TOR-5 (True-Up to Original)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the Other Recoverable O&M actual to date and projected annual expenditures by function for the duration of the project. Information provided is the best available at the time of filing.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scrogg

Line No.	Description	(A) Actual 2006	(B) Actual 2007	(C) Actual/Estimated 2008	(D) Projected 2009	(E) Projected 2010	(F) Projected 2011	(G) Project Total
1	Legal							0
2	Accounting							0
3	Corporate Communication							0
4	Corporate Services							0
5	IT & Telecom							0
6	Regulatory							0
7	Human Resources							0
8	Public Policy							0
9	Community Relations							0
10	Corporate Communications							0
11	Subtotal A&G	0	0	0	0	0	0	0
12	Energy Delivery Florida							
13	Nuclear Generation							
14	Transmission							
15	Total O&M Costs	0	0		0	0	0	0
16	Jurisdictional Factor (A&G)							
17	Jurisdictional Factor (Distribution)							
18	Jurisdictional Factor (Nuclear - Production - Base)							
19	Jurisdictional Factor (Transmission)							
20	Jurisdictional Recoverable Costs (A&G) (Line 11 X Line 16)	0	0	0	0	0	0	0
21	Jurisdictional Recoverable Costs (Distribution) (Line 12 X Line 17)	0	0	0	0	0	0	0
22	Jurisdictional Recoverable Costs (Nucl - Production - Base) (Line 13 X Line 18)	0	0	0	0	0	0	0
23	Jurisdictional Recoverable Costs (Transmission) (Line 14 X Line 19)	0	0	0	0	0	0	0
24	Total Jurisdictional Recoverable O&M Costs	0	0	0	0	0	0	0
25	Total Jurisdictional O&M Costs From Most Recent Projection							
26	Difference (Line 24 - 25)	0	0	0	0	0	0	0
27	Variance Percentage							

Note 1: The Company is neither tracking nor requesting recovery through the NCRR of any expensed costs related to work performed for the project at this time. FPL will not use this schedule unless and until it seeks recovery of expensed costs for the project.

Schedule TOR-6 (True-Up to Original)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up to Original: Annual Expenditures

[Section (5)(c)1.b.]
 [Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the actual to date and projected monthly expenditures by major tasks performed within Site Selection categories for the duration of the project. All Site Selection costs also included in Pre-Construction costs must be identified.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual 2006-2007	(B) Actual/Estimated 2008	(C) Projected 2009	(D)	(E)	(F)	(G) Project Total
1	Site Selection:							
2	Project Staffing	1,068,856	-	-				1,068,856
3	Engineering	3,351,744	-	-				3,351,744
4	Environmental Services	1,220,290	-	-				1,220,290
5	Legal Services	783,231	-	-				783,231
6	Total Site Selection Costs:	6,424,121	-	-				6,424,121
7	Jurisdictional Factor	0.9958265	0.9958265	0.9958265				
8	Total Jurisdictionalized Site Selection Costs:	6,397,310	-	-	-	-	-	6,397,310
9	Less Adjustment							
10	Other Adjustments(c)	(43,063)	0	0				(43,063)
11	Jurisdictional Factor	0.9958265	0.9958265	0.9958265				0.9958265
12	Total Jurisdictionalized Adjustments:	(42,883)	-	-	-	-	-	(42,883)
13	Total Jurisdictionalized Site Selection net of adjustments	6,440,192	-	-	-	-	-	6,440,192
14								
15	Total Jurisdictional Construction Costs Original Projection	0	0	0				0
16								
17	Difference	\$ 6,440,192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,440,192
18								
19	Variance Percentage							

(a) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, pre-construction began. As such, all costs were transferred to Construction Work in Progress, Account 107 and Site Selection costs ceased.

(b) Effective With the filing of our need petition on October 16, 2007 site selection costs ceased and pre-construction began.

(c) Project to Date total in October was calculated using 2007 jurisdictional factor.

(d) Other Adjustments include Pension & Welfare Benefit credit.

(e) October 2006 costs includes a credit adjustment of \$127,529.37 which represents a total project payroll correction, incorrectly charged to the project.

Schedule TOR-6A (True-Up to Original)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up to Original: Annual Expenditures

[Section (5)(c)1.a.]
[Section (8)(d)]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide a description of the major tasks performed
within Site Selection categories for the duration of the project.
Information provided is the best available at the time of filing.

For the Period Ended 12/31/2009

Witness: Steven D. Scroggs

Line

No. Major Task

Description - Includes, but not limited to:

- 1 Site Selection Period:
- 2 1 Request for Information (RFI) from design vendors
- 3 2 Engineering review of technology alternatives
- 4 3 Site identification activities
- 5 4 Site Selection Analysis
- 6 5 Fatal flaw geotechnical analyses at candidate site(s)
- 7 6 Transmission integration studies
- 8 7 Project planning, industry fees
- 9 8 Local zoning approvals
- 10 9 Preparation of need filing

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up to Original: Budgeted and Actual Power Plant In-Service Costs

Schedule TOR-7 (True-Up to Original)

[Section (B)(f)]

FLORIDA PUBLIC SERVICE COMMISSION EXPLANATION: Report the budgeted and actual costs as compared to the estimated in-service costs of the proposed power plant as provided in the petition for need determination or revised estimate as necessary.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080008-EI

Witness: Steven D. Scroggs

	Actual Costs as of December 31, 2007	Remaining Budget Costs to Complete Plant		Total Estimated In-Service Cost		Estimated Cost Provided in the Petition for Need determination	
		Low Range	High Range	Low Range	High Range	Low Range	High Range
Site Selection	\$6,551,650	(\$127,529)	(\$127,529)	\$6,424,120	\$6,424,120	\$8,000,000	\$8,000,000
Pre-Construction	\$2,533,265	\$464,042,614	\$464,042,614	\$466,575,879	\$466,575,879	\$465,000,000	\$465,000,000
Construction	\$0	\$8,149,000,000	\$12,124,000,000	\$8,149,000,000	\$12,124,000,000	\$8,149,000,000	\$12,124,000,000
AFUDC	\$113,074	\$3,460,886,926	\$5,159,886,926	\$3,461,000,000	\$5,160,000,000	\$3,461,000,000	\$5,160,000,000
Total	<u>\$9,197,989</u>	<u>\$12,073,802,011</u>	<u>\$17,747,802,011</u>	<u>\$12,083,000,000</u>	<u>\$17,757,000,000</u>	<u>\$12,083,000,000</u>	<u>\$17,757,000,000</u>

Estimated costs based on FPL's need determination filing. Total project cost estimate has not been developed at this time.
 AFUDC is actual cost through December 31, 2007. Remaining budgeted and total estimated AFUDC is an estimated value.
 Adjustment in remaining budgeted costs in site selection is for payroll. This adjustment is recorded in 2007 on the AE schedules.

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up to Original: Power Plant Milestones

Schedule TOR-8 (True-Up to Original)

[Section (5)(c)(5.)]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide initial project milestones in terms of costs,
budget levels, initiation dates and completion dates.
Provide all revised milestones and reasons for each revision.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Period Ended 12/31/2009

DOCKET NO.: 080009-EI

Witness: Steven D. Scroggs

Information is provided on Pre-Construction TOR-8.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-ET EXHIBIT 24

COMPANY FP&L Co. (Direct)

WITNESS Steven D. Scruggs (SDS-3)

DATE 09/11-12/08



April 17, 2008

Mr. Mitchell S. Ross
Vice President & Associate General Counsel
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408

Subject: Task 1 Review - Nuclear Technology Selection Process

Dear Mr. Ross:

Florida Power & Light Company (FPL) has notified the U.S. NRC of its intent to file a Combined Construction and Operating License Application (COLA) for a potential new nuclear power plant by March 2009. As part of that project, FPL has initiated a technology selection process to evaluate the candidate nuclear technologies.

FPL has requested MPR Associates, Inc. (MPR) to perform an independent review of FPL's approach for evaluating and selecting the nuclear technology for a COLA for a new nuclear power plant. The FPL evaluation of new nuclear power generation technologies is provided in Revision 0 of FPL report "Current Technology Options for New Nuclear Power Generation", dated April 15, 2008. The FPL evaluation considered five candidate technologies and is based primarily on the input received from four Nuclear Steam System Suppliers (NSSS), General Electric Company, Westinghouse Electric Company, Mitsubishi Heavy Industries and Areva in response to a June 22, 2006 Request For Information (RFI) from FPL. The FPL evaluation concludes that:

- All five technologies are technically acceptable.
- Two technologies (ABWR, AP1000) have NRC approved Design Certifications and appear to have the least regulatory risk to developing a COLA by 2009. Further, FPL, through NuStart participation, has had access to the model COLA development process.
- Each technology has technical issues and first of a kind concerns which could affect the desirability of each option.

MPR has performed a review of the FPL RFI, the RFI responses from the vendors, the FPL evaluation, and other FPL and vendor documentation developed during the technology evaluation process. MPR considers that the FPL evaluation develops an objective, graded

Mr. Mitchell S. Ross

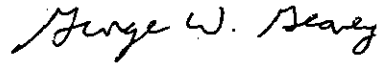
- 2 -

April 17, 2008

approach to evaluating the available technologies, and identifies and assesses important considerations. The methods and depth of the evaluation are considered to be reasonable for the stated purpose of the evaluation and to support the overall conclusions. Should FPL decide to proceed with construction of a new nuclear power plant, we understand that the final decision on the technology will be based on further FPL evaluation of the economics and overall project risk associated with each design. We concur with that approach.

If MPR can be of any further assistance, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script, reading "George W. Geaney".

George W. Geaney



April 15, 2008

Mr. Mitchell S. Ross
Vice President & Associate General Counsel
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408

Subject: Task 2 Report – Nuclear Technology Selection Additional Considerations

Dear Mr. Ross:

Enclosed for your review is the Task 2 final report to support Florida Power & Light Company (FPL) selection of a nuclear technology for Turkey Point Units 6 and 7.

FPL has requested MPR to perform an independent review of FPL's approach for evaluating and selecting the nuclear technology for a Combined Construction and Operating License Application (COLA) for a new nuclear power plant. In Task 1, MPR performed an evaluation of new nuclear power generation technologies documented in FPL Engineering Evaluation PTN-NNP-SEMS-07-002, Revision D.

Task 2, which is the subject of this enclosed summary report, provides MPR comments on other important considerations associated with selecting the nuclear technology for the COLA. Overall, we agree that the FPL assessments and considerations are appropriate and support the decisions to date.

If you have any questions or if we can be of further assistance please do not hesitate to call me at (860) 691-8950.

Sincerely,

A handwritten signature in black ink that reads 'George W. Geaney'. The signature is written in a cursive, flowing style.

George W. Geaney

Enclosure



Enclosure to
MPR Letter Dated
April 15, 2008

Task #2 Report - Nuclear Technology Selection Additional Considerations

1. Introduction

Florida Power & Light Company (FPL) has notified the U.S. NRC of its intent to file a Combined Construction and Operating License Application (COLA) for a potential new nuclear power plant by March 2009. As part of that project, FPL has initiated a technology selection process to evaluate the candidate nuclear technologies.

FPL has requested MPR Associates, Inc. (MPR) to perform an independent review of FPL's approach for evaluating and selecting the nuclear technology for a COLA for a new nuclear power plant. In Task 1, MPR performed an evaluation of new nuclear power generation technologies provided in FPL Engineering Evaluation PTN-NNP-SEMS-07-002, Revision D.

Task 2, which is the subject of this summary report, provides MPR comments on other important considerations associated with selecting the nuclear technology for the COLA. Specifically this summary report is based on a review of FPL documents and testimony available on the Florida Public Service Commission website and transmission integration information provided by FPL in a November 5, 2007 e-mail from Scroggs to Geaney. This summary report considers the following important items:

- PWR vs. BWR considerations with FPL's existing infrastructure
- Initial capital costs
- O&M estimated costs including staffing
- Vendor readiness
 - Design completion
 - Major open issues
 - Potential start-up/maintenance challenges
 - Modularization considerations

- Supply chain experience
- Labor force availability
- FPL position in vendor queue
- Schedule
- Forgings commitments
- NSSS/AE/Constructor team
- FPL vs. vendor project risk/liability assumptions

Also, at the request of FPL, transmission integration challenges are also addressed.

Finally, this report considers the AP1000 PWR technology developed by Westinghouse and the ESBWR BWR technology developed by GE-Hitachi. These two technologies are under consideration by FPL based on the results of the Engineering Evaluation prepared by FPL.

2. Summary and Conclusions

This summary report addresses a number of non-technical and some transmission integration considerations related to selection of a nuclear technology. In terms of the areas evaluated, the AP1000 has the advantage when compared to ESBWR. MPR agrees with FPL preference for the AP1000 based on the relative risks between AP1000 and the ESBWR and the transmission integration considerations. However, it is important to recognize that the technology risk considerations are dynamic in nature and will change as Westinghouse and GE continue with the design development, licensing, and initial construction of their technology.

The MPR opinions expressed herein are based on our involvement with the U.S. nuclear industry; multiple discussions with utilities, nuclear steam supply system vendors, and the Nuclear Regulatory Commission; and reviews of publicly available information. A summary of the considerations discussed in Section 3 is provided in Table 2-1 below.

Table 2-1 Summary of Considerations

Report Section	Consideration	Technology Advantage	Comments
3.1	PWR vs. BWR considerations with FPL's existing infrastructure	AP1000	Based on Westinghouse PWR technology at Turkey Point Units 3 and 4, Point Beach 1&2 and Seabrook.
3.2	Initial capital costs	Cannot be determined at this time	No publicly available binding information available
3.3	O&M estimated costs including staffing	Cannot be determined at this time	Detailed estimate has not been developed
3.4	Vendor readiness		
3.4.1	Design completion	AP1000	Based on status of NRC reviews and approvals
3.4.2	Major open issues	AP1000	Revision 16 of AP1000 DCD is intended to close major open issues
3.4.3	Potential start-up/maintenance challenges	AP1000	Both designs have significant potential challenges, but none believed to be fatal
3.4.4	Modularization considerations	Cannot be determined at this time	Both plan to use modular construction techniques
3.4.5	Supply chain experience	ESBWR	GE overseas experience provides the current advantage, although opportunities for Westinghouse experience development may be realized
3.4.6	Labor force availability	Neither	Likely more an industry resource issue than a technology specific issue
3.5	FPL position in vendor queue	AP1000	Based on expressed utility interests, but no binding commitments
3.6	Schedule	AP1000	AP1000 will likely have more actual construction experience than ESBWR for Turkey Point 6 and 7
3.7	Forgings commitments	Cannot be determined at this time	Both technologies will rely on the same supplier in Japan
3.8	NSSS/AE/Constructor team	Cannot be determined at this time	Neither team is comprised of the most qualified and experienced industry companies
3.9	FPL vs. vendor project risk/liability assumptions	Cannot be determined at this time	Will depend upon contractual negotiation
3.10	Transmission Integration	AP1000	Smaller size of each AP1000 provides the advantage

3. Non-Technical Considerations Related to Technology Selection

3.1. PWR vs. BWR Considerations with FPL's Existing Infrastructure

The principal and defining difference between a BWR and a PWR is the state of the light-water working fluid in the reactor core. In a BWR, the water in the reactor core boils, and the steam generated is passed directly to the turbine generator for use in power generation. In a PWR, the water in the reactor core is a slightly subcooled liquid that is heated and passed to a steam-generating heat exchanger where it generates steam for the turbine-generator set in a separate, lower-pressure water cycle.

Both reactor concepts are widely used in commercial power production. World-wide, most of the operating commercial power reactors are light-water reactors (LWRs), and in the U.S., all are LWRs. PWRs are the more common, making up about two-thirds of the world's LWRs and about 60% of the U. S. LWRs. Most of the BWRs operating in the world are in the U.S. and Japan, with a handful in Europe.

Turkey Point Units 3 and 4 are both Westinghouse (693 MWe) PWRs. Therefore, the AP1000 technology would seem to offer some operating synergies with the two Westinghouse PWRs at Turkey Point (although we note that the existing units are from an earlier generation design and have some key design differences with the AP1000). Further, FPL currently owns and operates Westinghouse PWRs at Point Beach (two units in Wisconsin) and Seabrook (one unit in New Hampshire), as well as two Combustion Engineering PWRs at St. Lucie (in central/south Florida). It is noted that the current FPL fleet of operating units also includes the GE BWR technology at the Duane Arnold plant in Iowa. Therefore, FPL has some fleet experience with operating GE BWRs.

3.2. Initial Capital Costs

Neither the AP1000 or ESBWR detail designs are complete, nor are the details of the Turkey Point site specific aspects of the design complete. Since the plant designs are not complete, vendors and other sub-suppliers to Westinghouse and GE have not developed their cost figures for all equipment items. Further, since the costs for labor and materials will be incurred over a relatively long construction period, market risk including labor force availability, commodity pricing, and other factors will have a significant influence on the price of a new plant. Also the project market risk that is contracted onto the vendor will affect the price. Therefore, it is recognized that binding vendor pricing is probably not available at this time.

In order to develop the cost estimate for Turkey Point 6 and 7, FPL used an existing study conducted by an industry consortium, led by the Tennessee Valley Authority (TVA) in coordination with the U.S. Department of Energy, and published in August of 2005 (the TVA Study). This study provided a detailed cost evaluation for the construction of a General Electric ABWR design reactor unit at TVA's Bellefonte Site. The TVA Study provides a relatively current evaluation of new nuclear generation construction in the United States under expected regulatory, design, logistic and labor conditions. The study provides a detailed and well-

researched basis for new nuclear construction costs for the General Electric ESBWR and Westinghouse AP1000 because the construction methods, materials and schedules are similar. Additionally, FPL discussed design specific construction schedules with General Electric and Westinghouse to confirm that the assumptions used in the TVA Study would be generally consistent with construction of a GE ESBWR or Westinghouse AP1000 design unit. The study provided the information that allowed FPL to develop an overnight cost estimate range on a dollars-per-installed-kilowatt (\$/kW) basis of \$3,108 to \$4,540 for two AP1000s in Florida. The same cost on a dollars-per-installed-kilowatt (\$/kW) basis for two ESBWRs was assumed. This estimate considers power plant, owner, and transmission integration costs. At the time of this cost estimate development, the FPL estimated costs were admittedly conservatively higher than others in the industry were estimating.

Since the development of the FPL cost estimate, Westinghouse has further advanced the design of the AP1000 and has provided cost estimates to some utilities. Progress Energy recently reported an estimated overnight cost of about \$4,229/kW, which is within the range estimated by FPL. MPR is not aware of any GE provided public cost information for the ESBWR which has a basis more rigorous than the FPL estimate.

As both the AP1000 and ESBWR designs mature and utilities commit to these designs, the estimated overnight costs will become better defined. Escalation of commodity prices and cost of labor over the construction period, length of construction, and the cost of money will have a significant impact on the total cost. In the meantime, MPR considers the FPL cost estimates to be reasonable. FPL should continuously update the project economics and the cost model based on developing information on new plant costs.

It has been MPR's experience with the new plant technologies that the quoted vendor costs are heavily influenced by a number of factors, two of which are the amount of risk that the utility desires to place on the vendor, and the vendor's desire to establish itself as an early supplier of this next generation nuclear capacity in the U.S. As any particular technology supplier consummates these contracts and available capacity in his supply chain diminishes, the cost of that technology will increase. However, there is also the potential to benefit from cost advantages due to economies of scale, particularly with AP1000. If, in fact, a number of utilities enter into binding agreements with Westinghouse, economies of scale from multiple unit fabrication/construction with both Westinghouse and their suppliers have the potential to provide reduced costs to the utility. Currently, there is no apparent cost advantage between the AP1000 and the ESBWR.

3.3. O&M Estimated Costs and Staffing

FPL has stated that based on the limited information available at this time, there is no significant difference in the fixed and variable operating costs of the GE or Westinghouse units. In general, it is presumed that the larger units may provide some benefit from scale economics. Similarly, economies may also be available through industry consortiums, such as owners groups, to share common costs for either technology.

The most significant contributors to the O&M costs are those for the fuel and for an existing site, the incremental staff for the new plant. For the nuclear fuel, although the primary driver is the cost of uranium, vendor fabrication costs will also contribute to the utility cost for fuel. At this point in time, the unit price for nuclear fuel is not expected to be significantly different between the AP1000 and ESBWR. As the number of plants that use the same fuel increase, the overhead fabrication costs can be allocated across more projects, thereby reducing fuel costs in the future, providing a potential future advantage for AP1000. It is expected that, the overall plant efficiency may be slightly better for the ESBWR compared to AP1000. Therefore, the ESBWR is judged have a slight advantage in the initial fuel cost component of the total electric production cost. However, any initial ESBWR fuel cost advantage could be minimized or even overcome in the future if more AP1000s are built and larger fuel quantities are needed.

Relative to staffing, a number of factors will influence the number of personnel required for new plants including contractor/employee mix and ability to share resources with other existing site departments such as security and training. Although initial staffing estimates have been provided by GE and Westinghouse, these are vendor estimates without consideration of Turkey Point existing resources and other site specifics. Detailed evaluations to identify the optimum integration of new plant staffing with existing site resources has not been performed. Since Turkey Point 3 and 4 employ the PWR technology, there are likely to be some inherent benefits should the AP1000 be selected as the Turkey Point 6 and 7 technology.

Overall, at this time, MPR agrees that a differentiation in the estimated O&M costs for Turkey Point Units 6 and 7 between the AP1000 and ESBWR technologies cannot be determined with confidence, and this consideration should not be a major differentiator between the two technologies at this time.

3.4. Vendor Readiness

3.4.1. Design Completion

In March 2006, the NRC provided a revised Final Design Approval for the AP1000 based on Revision 15 of the Design Control Document. In order to address COLA open items, design changes and modifications requested by several utilities, and continued detailed design development by Westinghouse, a revision to the AP1000 Design Certification has been submitted by Westinghouse. It is anticipated that the NRC will issue a safety evaluation report for this amendment in March 2010. The COLA for Bellefonte, which is the reference COLA for AP1000, was submitted to the NRC in October 2007. Over 120 technical reports have been submitted for NRC approval as part of the Bellefonte pre-application phase and will be generically applicable to subsequent COLAs. COLAs for AP1000s at Shearon Harris Units 2 and 3, William Lee Units 1 and 2, Virgil C. Summer Units 2 and 3, and Vogtle Units 3 and 4 (i.e. the AP1000 Wave 1 utilities) have also been submitted to the NRC.

In September 2007, GE submitted Revision 4 of the ESBWR Design Control Document for design certification. NRC review of the ESBWR DCD was subsequently put on hold to allow GE to address a significant number of NRC Requests for Additional Information. Revision 5 of

the DCD is now being prepared by GE for NRC submittal. This revision is intended to address all NRC questions and allow the NRC to restart the ESBWR reviews. COLAs for North Anna Unit 3 and Grand Gulf Unit 3 have been submitted to the NRC.

At this time, the AP1000 design, as evidenced by the number of NRC reviews and approvals, is more complete than the ESBWR design.

3.4.2. Major Open Issues

Westinghouse has prepared and submitted for NRC approval Revision 16 of the AP1000 DCD. The purpose of the revision is to address COLA open items related to the AP1000 design and to address design changes or modifications resulting from customer interaction or the Westinghouse detail design process. This revision of the certified design also includes I&C systems detail design. Thus, upon NRC approval of Revision 16, major open items should be minimal. Conversely, GE is presently preparing a revision of the ESBWR DCD to address many open items and questions from the NRC initial review of the DCD. Thus, although GE continues to make progress in the regulatory arena, at present the advantage for closure of major open issues resides with the AP1000.

3.4.3. Potential Start-Up/Maintenance Challenges

ESBWR

1. GE has limited experience with high-power natural-circulation BWRs. The natural circulation concept has evolved from the original concept for the 670 MWe Simplified BWR. Using natural circulation rather than forced circulation allows the elimination of several systems, such as the recirculation pump. The natural circulation concept of the ESBWR is roughly a 30-fold extrapolation in core power from GE's two successful prototype natural-circulation reactors, Humboldt Bay and Dodewaard. Start-up and initial operational challenges for the early fleet plants should be expected as well as potential backfits and/or operational limitations. This has the potential to increase the time to commercial operation on the early units if backfits are required, with associated increases in project interest and construction costs. This also has the potential to require regulatory approvals which could lead to further delays in commercial operation.
2. In traditional forced-circulation BWRs, core power is mainly controlled by varying the recirculation flow rate to the reactor. The recirculation pump flow is varied by either pump speed control or discharge throttling of the pumps. This makes control-rod adjustment less frequent, improves control feedback and maneuverability, and it allows for spectral shift fuel management which improves fuel economics and end-of-cycle capacity factors. With a natural circulation design like ESBWR, reactor power control is achieved solely with rods, and the ability to vary core water content for fuel management is very limited. The impact of natural circulation on reactor power maneuverability, fuel management, control-rod and drive wear, and fuel reliability may present challenges that initially result in less reliable operation and availability for power production.

3. Fuel is removed and replaced from the ESBWR reactor by use of a robotic refueling machine. The refueling machine will take advantage of improved control systems and dual robotic arms to move two fuel bundles simultaneously. This new design includes a positioning system that uses object and character recognition techniques (termed "machine vision") to allow for faster automated refueling. Although robotics are used in other industries, the development of the robotic refueling machine includes FOAKE because it is a new application of an existing technology. Any unanticipated challenges with this FOAKE have the potential to impact refueling outage time, and therefore plant availability for power production.
4. The forced circulation design of operating BWRs allows core flow to be established before bringing the reactor critical and beginning power ascension. In a natural circulation design like ESBWR, core residual heat and/or fission heat must be used to establish core flow unless an externally heated flow is injected to facilitate natural circulation flow. The early transition from single-phase to two-phase flow on start-up is likely to be less than smooth and continuous. There is a potential that flashing will start high in the flow path in or near the steam separators. As flashing begins, the core flow will accelerate due to the buoyancy of the low-pressure steam. This increase in flow will reduce core outlet temperature and suppress flashing with some time delay due to the mass of warmer water. This cyclic flow and its attendant flashing and void collapse are likely to continue until core power is raised sufficient to establish continuous boiling. This has the potential to increase the time to commercial operation on the early units if procedural, operational, or other backfits are required, with associated increases in project interest and construction costs.
5. An issue relating to operational reliability and availability for continued power production is the ability of plant operators to recover the plant from the early stages of an event in which passive safety systems are actuated but subsequent operator actions make non-safety active systems available to avoid a long-term passive cooling event. It would be undesirable if a passive actuation once initiated could not be terminated early without a long-term passive cooldown. The conditions under which a passive safety-system actuation cannot be interrupted and the procedures for recovery of the plant and restoration of normal operation after a passive safety actuation should be carefully reviewed to ensure that both safety and operational flexibility are maintained.

AP1000

1. Westinghouse has eliminated the piping between the steam generators and the suctions of the reactor coolant pumps by mounting the reactor coolant pumps (RCPs) on the steam-generator heads. This eliminates the separate structural supports for the RCPs and eliminates the suction cross-over piping that makes reflooding of the core after a postulated design basis accident difficult in current plant designs. These benefits come at the expense of very close coupling of the RCPs, increased potential for RCP/SG interactions, and potential difficulty in doing simultaneous RCP and SG maintenance work due to proximity along with the associated increase the maintenance time and costs.
2. All operating Westinghouse nuclear power plants use shaft-seal reactor coolant pumps. AP1000 will use seal-less, canned-motor reactor coolant pump design. Westinghouse has

Navy experience with similar, but likely smaller, pumps, and an early commercial prototype plant also had canned-motor pumps. The AP1000 reactor coolant pump design represents a significant departure from existing Westinghouse commercial practice. The seal-less design of the pump, which is a desirable feature from the point of view of safety and maintenance, introduces some unique features. The AP1000 pump design has dual internal flywheels to meet RCS flow coastdown requirements. The flywheels are inside the RCS pressure boundary because all of the rotating parts of the pump and motor are inside the RCS pressure boundary. This will make inspection of the flywheels very difficult without removal and disassembly of the pump which could have potential impact on total RCP inspection and repair costs.

3. The AP1000 reactor coolant pumps operate at variable speed. During plant start ups and shutdowns, the pumps will be operated at reduced speed. Once the reactor coolant system is up to temperature, the pumps will be operated at full speed. The variable speed feature is included to avoid sizing the pump motors for the full-speed cold pumping power requirement, as is current commercial practice. (The constant-speed pump power requirement at cold conditions is about 1/3 greater than that at normal RCS operating temperature.) The net result of the AP1000's hot rating approach is that the motors will normally operate at a much higher fraction of their design rating than is now typical in commercial service. This reduced operating margin has the potential to adversely impact the long-term reliability of the motor and their O&M costs should motor replacements be required in the future.
4. An issue relating to operational reliability and availability for continued power production is the ability of plant operators to recover the plant from such events as an improper actuation of the passive core cooling (PXS)/automatic depressurization system (ADS) or the early stages of an event in which passive safety systems are actuated but subsequent operator actions make non-safety active systems available to avoid a long-term passive cooling event. It would be undesirable if a passive actuation once initiated could not be terminated early without a long-term passive cooldown. The conditions under which a passive safety-system actuation cannot be interrupted and the procedures for recovery of the plant and restoration of normal operation after a passive safety actuation should be carefully reviewed to ensure that both safety and operational flexibility are considered.

It is apparent that both AP1000 and ESBWR face potential challenges during start-up and operation. At this point, MPR considers that the ESBWR risks may be more significant than AP1000. However, the utility that uses a technology that has already undergone these start-up and initial operation evolutions by others will benefit from that operating experience. At this time, although there seems to be more utility interest in the AP1000 (COLAs submitted for 10 plants at five sites) than the ESBWR (COLAs submitted for two plants at two sites), it is not apparent which U.S. utility will actually build the first AP1000 or ESBWR.

3.4.4. Modularization Considerations

Modularization promises to reduce construction schedule durations. Of all the improvements that have been made in construction techniques, modularization appears to play the largest role in reducing each of the construction schedules.

The use of modularization is closely related to two other aspects of new plant construction: the use of open-top construction techniques and a requirement for a large crane on-site during construction. The transportation methods available at the construction site can also affect the module design. For maximum benefit, the site should have good access to water, rail, and roads to make the most effective use of modularization.

The use of modularization in the shortening of the construction schedule is accomplished by:

- Creating parallel construction activities
- Increasing worker productivity by increasing the amount of activity in controlled shop environments as opposed to construction sites
- Reducing work-site congestion so that on-site craft are more productive
- Allowing construction of modules at grade and in easy-to-reach positions
- Reducing the effects of weather at the construction site (if module assembly occurs at indoor facilities)
- Reducing commissioning time of some equipment since some testing may be conducted in the shop.

However, modularization does introduce challenges to project schedules, including:

- Detailed engineering design schedules may be accelerated because of additional up-front work
- There is no prior experience in the U.S. with constructing a commercial nuclear power plant using modularization
- The number of domestic shops capable of performing module construction appears to be limited
- The actual benefits of modularization may not apply to first-of-a-kind (FOAK) plants and may not be realized until Nth-of-a-kind (NOAK) plants are constructed
- Construction of temporary transportation infrastructure and laydown areas will be required during the site preparation phase to stage and move large modules once delivered onsite
- Late delivery of modules can result in schedule delays and setbacks
- Installation of modules must be highly structured and prioritized so connections can be made expeditiously
- Damage to modules during shipment to the site has the potential to cause delays

Since both Westinghouse and GE are aligned with a shipyard that has modular construction experience in building nuclear ships, neither technology appears to have a distinct advantage.

3.4.5. Supply Chain Experience

Although nuclear power plants have been regularly built overseas for the past twenty years, nuclear power plants have not been constructed in the U.S. for almost a generation. The U.S. vendors, both NSSS vendors and key suppliers of plant equipment, initially played large roles in many of the overseas projects. However, their role has diminished over time as local capability was developed in those countries. The result of this dormancy has been a marked decrease in the

readiness of the U.S. nuclear industry to construct nuclear power plants. This readiness problem is seen at all levels, from the NSSS vendors and the primary constructors, through their supply chains and many of the lower tier equipment suppliers.

Each of the NSSS vendors and the major A/E/Constructors is at a different stage in supply chain development. The on-going nuclear projects in Finland and Taiwan, the four nuclear units under construction in China, and the nuclear Waste Processing Facility under construction in Hanford collectively represent the present day experience with equipment supply and capacity constraints. GE has maintained a role in supplying equipment to ABWRs in Japan and Taiwan. Those projects have provided a foundation to build on for new plants in the U.S. Westinghouse does not have similar recent overseas experience, so Westinghouse is trying to catch-up with their competitors. Their effort to develop the proposal for the AP1000 units in China has helped accelerate the development of the Westinghouse supply chain. In addition, the recent acquisition of Westinghouse by Toshiba and their supply chain experience should benefit the Westinghouse supply chain capabilities.

Although both NSSS vendors acknowledge they need to continue to strengthen their supply chain organizations, they are each confident and do not foresee problems with their supply chains for their first one or two plant orders. However, they both acknowledge that the cumulative impact of multiple projects throughout the U.S. and world could cause significant problems with projects that start after the initial units. Although both vendors are working to strengthen their supply chains so they will be able to support all of their expected new plant projects, neither of their supply chain organizations are at the maturity level needed for actual recent plant construction. At present, GE is believed to be ahead of Westinghouse because of their overseas experience and be in a better position to avoid potential pinch points. However, should multiple AP1000 plants be contracted in the U.S., this will necessitate improvements in this area by Westinghouse.

3.4.6. Labor Force Availability

It has been MPR's experience that the vendor construction schedules assume sufficient labor will be available to complete the required activities without causing delays. The schedules recognize that some personnel will require training and there will be some challenges to availability of qualified personnel. However, the vendors assume the resulting impact on schedule will be minimal.

This is a key assumption regarding the overall construction schedule. The amount of labor available to be dedicated to a site will impact the rate at which a plant will be constructed. This is especially true for skilled and nuclear certified labor. General construction and maintenance workers most likely will be available from other industries for new nuclear construction and will not require extensive training. However, recruiting for some nuclear specialties (e.g., health physicists, radiation protection technicians, nuclear QA engineers/technicians, welders with nuclear certification, etc.) may be more difficult due to the limited number of qualified people within these fields. These difficulties may affect construction schedules depending on how many qualified workers can be recruited and the availability of these workers for scheduled activities.

This shortage of skilled workers in certain nuclear specialties may prove to be burdensome, especially if orders for new nuclear plants increase at the present rapid pace. Due to the lack of new nuclear construction over the last 25 years, the population with nuclear expertise and training is dwindling and not replacing itself with new workers. Both technically skilled and craft organizations may require time to "catch up" with the industry and train an adequate number of personnel. Additionally, in order to have a sufficient number of workers on-site, the construction firm may need to investigate alternative labor options such as relocating skilled workers to a site for short durations to work around skilled labor shortages.

A major uncertainty regarding the availability of labor for the first few new nuclear power plants is the competing demand for qualified, skilled workers. There are likely to be other nuclear plant projects in the U.S. coincident with the FPL project, as well as major infrastructure construction projects. These projects will all be competing for the same resource pool.

Thus, although the vendors make similar assumptions regarding labor availability, there is considerable risk and uncertainty in this assumption and FPL will need to work closely with the selected vendor to monitor that risk. At this point, neither technology has a clear advantage on labor force availability.

3.5. FPL Position in Vendor Queue

The position in the vendor queue offers both advantages and disadvantages. Those in the front of the queue will have more influence with the vendor in negotiating the costs, terms and conditions of the contract, since the vendors are anxious to secure commitments for the first few plants. Being early in the queue will also provide the utility with more influence over the design of the plant. For example, with the AP1000, the five utilities that Westinghouse considers to be the wave one utilities are Duke Energy, South Carolina Electric & Gas, Southern Company, Progress Energy, and Tennessee Valley Authority. These utilities are engaged with Westinghouse in establishing many of the design details that will become the reference COLA for the AP1000. The wave two utilities will need to accept the design details that are established in the design certification in order to preclude a re-submittal of the design certification to the NRC. However, being part of the second wave provides the benefit of the lessons learned during start-up and initial operation of the first wave, and any associated design and licensing changes that may be required for successful continued operation.

At this point, a number of utilities have proceeded with the licensing aspect of a new technology in engaging the particular new technology and in developing a COLA for that technology. However, very few utilities that have made a significant financial contractual commitment to proceed with the construction of a new plant. Therefore, it is difficult to predict where FPL may be in the vendor queue if the FPL schedule is maintained and, appropriately, this has not been a focus of the technology selection process for FPL. However, since the AP1000 has more utility interest than ESBWR at this point, it is likely, but in no case certain, that selecting the AP1000 technology will advantageously place FPL further back in the vendor queue compared to ESBWR. This has the main advantage of providing increased schedule certainty in the licensing, construction and start-up of Turkey Point Units 6 and 7, and in proving the capability of the

vendor supply chain. However, no binding utility commitments to either technology have been made by a U.S. utility. In fact, the possibility of FPL becoming one of the first AP1000 projects to be constructed cannot be ruled out. Events that may provide some certainty in the FPL position in the AP1000 queue include announced financial commitments by the AP1000 Wave 1 utilities to proceed, and the approvals by the Wave 1 utility states for nuclear plant construction.

3.6. Schedule

In response to an initial FPL request for information (RFI) on June 22, 2006, Westinghouse identified a 36 month schedule from first concrete pour to fuel load. More recently in an October presentation to ACRS, for AP1000, Westinghouse estimates that the construction period, which is from first concrete pour to fuel load, will be 48 months, and another 6 months for acceptance testing and commissioning. The first unit will likely take longer as there will be some verification testing that will be required. Should Turkey Point Unit 6 be the third or fourth AP1000 constructed, lessons learned from the construction of the first units should benefit FPL. Also, the construction of Turkey Point Unit 7 should be shorter than Turkey Point Unit 6. Although considerable effort has been expended by Westinghouse in the development of the AP600 and AP1000 schedules, at this point, a fully integrated schedule has not been developed by Westinghouse. Therefore, confidence in the construction time, unless backed by meaningful contractual guarantees, should be guarded.

In response to this June 22, 2006 RFI, GE noted the construction schedule as 36 months. Although GE has some recent construction experience with an ABWR at Lungman, Taiwan, MPR considers the GE schedule estimate to have even less of a basis than the AP1000 schedule, primarily due to the completion status of the detail design.

3.7. Forging Commitments

The most significant manufacturing concern and construction schedule risk is the very limited capacity to manufacture nuclear-grade ultra-heavy (> 200 tons) large ring forgings required for the large nuclear safety related vessels. For the AP1000, large ring forgings will be required for the fabrication of the reactor vessels, pressurizer vessels, steam generators, containment vessels, and reactor coolant pump casings. Presently, these forgings are only available from one supplier, Japan Steel Works, Ltd. (JSW). The singular global manufacturing capability for heavy (< 200 tons) large forgings also constrains the manufacture of similar large vessels for other technology suppliers including GE, Areva, and Toshiba. If sufficient plant orders are made, this constraint will likely be removed by the addition of more capacity, but significant investment will be required. For example, Areva is considering developing an ultra-heavy forging capability at a facility in Europe. However, in the meantime, all U.S. new nuclear plants, foreign new nuclear plants, and other worldwide large equipment needs will be competing for a slot in the JSW production line. FPL is wise to contractually commit to an arrangement now, even in advance of technology commitment, which provides for schedule certainty in the delivery of these large forgings.

Since both the GE and Westinghouse technologies require large ring forgings from the same supplier, there is no inherent advantage of one of these technologies over the other relative to this

external constraint. Potential "wild cards" are the relationship between GE and Hitachi, and between Westinghouse and Toshiba. Our experience is that occasionally the major Japanese vendors can have influence with JSW. This may be a benefit associated with the recent acquisition of Westinghouse by Toshiba. However, we would not count on that benefit.

3.8. NSSS/AE/Constructor Team

The greatest risk to successful project completion is the readiness of NSSS/AE/Constructor Team to complete the detailed design, procure the required equipment, and construct the plant on the desired schedule (i.e., the maturity and health of the supply chain). No nuclear power plants have been constructed in the U.S. in almost 20 years and this long period of dormancy has led to a deterioration of the industry capabilities. Also, the standard engineering, procurement and construction model that is being proposed as typical is for the NSSS vendor to be the prime contractor, which will be significantly different than that in the past, with the NSSS vendor having significantly greater overall project responsibilities.

A focus of the selected team's efforts will need to be on the development and implementation of the supply chain, and will include international and domestic suppliers. The ability of this international supply chain to support U.S. projects is not proven.

The current nuclear industry infrastructure is believed to be able to support construction of the first few nuclear plants. However, this capacity will likely be quickly saturated and subsequent plant projects will have supply chain challenges as the needed equipment and materials are not available. We expect that the industry will make the investments in capacity and production to support the nuclear power plant demand in the long-term, but that may not help the plants constructed after the first few plants.

These risks with vendor readiness are expected to be reduced over the first few new plants for each technology supplier as they make progress in building the supply chain and developing detailed construction plans. For the current GE (GE/Washington Group/Black & Veatch/Zachary) and Westinghouse (Westinghouse/Shaw) teams it is not apparent that either team is comprised of the most nuclear qualified/construction capable members. Also, the GE team is comprised of several major companies. The division of roles and responsibilities on that team could be a challenge.

The best approach for mitigating these risks will be for FPL to negotiate with the NSSS supplier on the team members and roles that best fit FPL's needs, and then to provide active oversight to ensure the overall equipment/component/material sourcing plan is robust and will be reliable.

3.9. FPL vs. Vendor Project Risk/Liability Assumptions

Assumption of risk will be another critical consideration in the cost of new U.S. nuclear plants. For Turkey Point Units 6 and 7, FPL estimates the costs as high as \$17.8B for the AP1000 and \$24.3B for the ESBWR. These estimates include overnight costs, escalation, and interest on funds used during construction. Although overnight costs are largely under the control of the vendor, material and labor escalation through the planned 2020 Unit 7 date for commercial

operation and potential delays in commencement of commercial operation could have a significant impact on project economics. Considering that the total market capitalization of FPL is approximately \$25B, these new nuclear units pose substantial financial risk to the entire corporation. Contracting some of the total cost and schedule risk onto the prime contractor would be wise, but this will result in a potential loss of control over critical decisions. Since Westinghouse and GE are also inherently risk adverse, their assumption of any project risk will come at an additional cost. As Westinghouse has come closer to consummating commitments with utilities and utilities have attempted to transfer risk to Westinghouse, these utilities have seen the costs of the AP1000 increase, although recent increases in commodity prices and other factors have likely also been an influence in these cost increases. At this point, neither, Westinghouse or GE appears to offer an advantage in the assumption of project risk. However, as discussed elsewhere in this summary report, the inherent risks associated with AP1000 at present are less than those with the ESBWR because of the advantage associated with the relative completion of the licensing and detail design.

3.10. Transmission Integration

FPL's investigation of the transmission integration of the candidate sites indicates that the Turkey Point site provides the most flexible transmission integration option. The site has access to both 230 kV and 500 kV transmission facilities and requires no new right of way acquisitions. The Turkey Point site in conjunction with the AP1000 provides FPL with an approach that has the least risk and delivers power on an earlier schedule than with other site and technology combinations.

The costs of the transmission integration estimated by FPL seem reasonable and should be only a secondary consideration in choosing the plant location and technology. The major factors that determine the transmission integration cost are power, voltage and distance with right of way acquisition being the spoiler. These appear to have been appropriately considered in the estimates.

The use of the ESBWR technology also adds risk. As discussed earlier, the advantage of the AP1000 over the ESBWR is associated with the AP1000's state of completion of licensing and detail design. FPL has determined that choosing the ESBWR technology for any of the candidate sites would most likely add a minimum of two years to the overall process with the FRCC/SERC inter-regional planning and engineering being the most complicated and time consuming. There are also indications that installing a "larger sized" unit may negatively impact FPL's long term SERC transmission service allocation. Therefore, the AP1000 will be more advantageous for the Turkey Point site.

Further consideration of green field sites and technologies other than the AP1000 should be reserved for the future after the expansion of the Turkey Point site is underway.

Addendum - List of Acronyms

\$/kW	Dollars-per-installed-kilowatt
ABWR	Advanced Boiling Water Reactor
ACRS	Advisory Committee for Reactor Safeguards
ADS	Automatic Depressurization System
AE	Architect-Engineer
AP1000	Westinghouse Electric's Advances PWR
BWR	Boiling Water Reactor
COLA	Combined Construction and Operating License Application
DCD	Design Control Document
EPAct	Energy Policy Act
ESBWR	Economic Simplified Boiling Water Reactor
FOAK	First-of-a-Kind
FOAKE	First-of-a-Kind-Engineering
FPL	Florida Power & Light Company
FRCC	Florida Reliability Coordinating Council
GE	General Electric
I&C	Instrumentation and Controls
JSW	Japan Steel Works
LWR	Light Water Reactor
MPR	MPR Associates, Inc.
NOAK	Nth-of-a-Kind
NRC	Nuclear Regulatory Commission
NSSS	Nuclear Steam Supply System
O&M	Operations and Maintenance
PWR	Pressurized Water Reactor
PXS	Passive Core Cooling System
QA	Quality Assurance
RCP	Reactor Coolant Pumps
RCS	Reactor Coolant System
RFI	Request for Information
SERC	Southeastern Electric Reliability Council
SG	Steam Generator
TVA	Tennessee Valley Authority



Westinghouse Proprietary Class 2

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Our ref: FPL-08-24

March 28, 2008

FLORIDA POWER & LIGHT COMPANY
ST. LUCIE UNITS 1 AND 2
Extended Power Uprate NSSS Phase 1 Final Report

Dear Mr. Hoffman:

Attached to this letter is the Westinghouse Extended Power Uprate NSSS Phase 1 Final Report.
All FPL comments have been incorporated.

If you have any questions or comments regarding this transmittal please contact Mr. Ken Garner
at (412) 374-4551.

Sincerely,

WESTINGHOUSE ELECTRIC COMPANY LLC

Donald E. Peck
Customer Project Engineer

Attachment

cc:	Bill Labbe	- FPL
	Jay Kabadi	- FPL
	Claude Villard	- FPL
	Anthony Bechem	- FPL
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Our ref: FPL-08-24
March 28, 2008

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St. Lucie Units 1 and 2

Extended Power Uprate NSSS Phase 1 Report

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1. BACKGROUND

Florida Power and Light (FPL) contracted Westinghouse to begin engineering work on an extended power uprating (EPU) of St. Lucie Units 1 and 2. Westinghouse and FPL are working in concert to define the overall NSSS scope required for the associated uprate License Amendment Requests (LAR's).

Recognizing FPL's goal of uprate implementation at the Fall Outage of 2011 for Unit 1 and Spring 2012 outage for Unit 2, long lead NSSS activities have been initiated. Additionally, a review of the existing documents in key areas has been completed to confirm applicable methodologies and sources of margin.

As such, the project can be defined in two phases as follows:

- Phase 1 – Initial Long Lead activities and Methodology/margin Confirmation activities
- Phase 2 – Remainder of the overall uprate project including NRC support

This report documents the status of the Phase 1 activities as defined in Reference 1.

Reference:

1. Westinghouse Letter LTR-NEM-07-721, "Saint Lucie Nuclear Plants Units 1 & 2 – Power Uprate Methodology / Margin Confirmation Study and Initiation of Long-Lead Activities (Phase 1)," August 6, 2007.

2. NSSS DESIGN PERFORMANCE PARAMETERS STATUS

Westinghouse and FPL have agreed on the program design goals for the selected core power and associated thermal hydraulic conditions for the NSSS. FPL transmitted the input assumptions to Westinghouse to perform the NSSS design performance parameter development in Reference 1. Westinghouse is in the process of developing the NSSS design parameters required from the input assumptions for the program analysis work. This work is scheduled to be completed by February 29, 2008. The following deliverables will be provided.

- The NSSS Performance Capability Working Group (PCWG) Parameters approved and issued for use in the NSSS analyses. These parameters include reactor and NSSS power level, reactor coolant system temperatures, thermal design flow, and design steam conditions.
- The RCS best estimate flow value - issued for use in subsequent evaluations.

Reference:

1. "St. Lucie Units 1 & 2 Engineering Evaluation for Development of Extended Power Uprate Performance Capability Working Group (PCWG) Input Assumptions", PSL-ENG-SEMJ-07-058, Tracking Number 07166, Revision 0.

3. BEST ESTIMATE PERFORMANCE PARAMETERS STATUS

Westinghouse is developing best estimate steam generator outlet conditions at the conditions of the uprating for development of turbine heat balances. The SG conditions are being calculated based on plant calorimetric data from St Lucie Unit 1 and Unit 2 that were provided for use by References 1 and 2.

Reference2:

1. "St. Lucie Unit 1 Engineering Evaluation for Extended Power Uprate Plant Calorimetric Inputs to Westinghouse", PSL-ENG-SEMJ-07-059, Tracking Number 07168, Revision 0.
2. "St. Lucie Unit 2 Engineering Evaluation for Extended Power Uprate Plant Calorimetric Inputs to Westinghouse", PSL-ENG-SEMJ-08-004, Tracking Number 08013, Revision 0.

4. METHODOLOGY / MARGIN CONFIRMATION

4.1 Fuel Margin Assessment (Unit 2)

A detailed fuel margin assessment was performed by Westinghouse for the uprated conditions. This information was transmitted to FPL by separate correspondence.

4.2 Non-LOCA Evaluation (Unit 2)

4.2.1 Methodology

Westinghouse has been requested to provide input to support the St. Lucie Unit 2 Methodology Confirmation Activities for Non-LOCA Analyses. The methodology utilized to perform the UFSAR Chapter 15 Non-LOCA Safety Analyses for the St. Lucie Unit 2 EPU Program will be based on the RETRAN code, consistent with the current St. Lucie Unit 2 Licensing basis. These methods were developed during the 30% Steam Generator Tube Plugging (SGTP) and WCAP-9272 Methodology Transition program. Note that, several Non-LOCA analyses were not transitioned to the RETRAN methodology as part of the 30% SGTP program, they include the:

- Steam Generator Tube Rupture analysis
 - Methods and acceptance criteria consistent with the Analysis of Record other than use of the RETRAN code. The analysis will provide integrated steam generator tube rupture related mass releases and associated data for input to the downstream Dose Analysis.
- Loss of Feedwater / Loss of AC Power analysis
 - The Loss of Normal Feedwater (LONF) / Loss of Offsite Power (LOAC) event for St. Lucie Unit 2 is described in Section 15.2-6 of the UFSAR. UFSAR Section 15.2-6 states that the consequences of the LONF/LOAC event are bounded by other Non-LOCA events including evaluation of the Auxiliary Feedwater System as described in UFSAR Section 10.4.9. The methodology and acceptance criteria applied to the LONF/LOAC event will be consistent with Westinghouse methods and will demonstrate that:
 - The RCS coolant pressure remains within limits,

- The Departure from Nucleate Boiling Ratio (DNBR) criterion is satisfied, and
 - The pressurizer shall not become completely water-solid. (Meeting this criterion will demonstrate that the Auxiliary Feedwater (AFW) system capacity is acceptable, the peak Reactor Coolant System (RCS) pressure, and the DNBR criteria remain satisfied for the long term portion of the LONF/LOAC event). The limiting event for St. Lucie Unit 2 long term cooling AFW system evaluation analysis is feedline break with offsite power available. Design Basis as described in Chapter 10 allows the use of PORVs. This event should be analyzed early when possible to determine the adequacy of AFW at uprated power to identify need for any changes.]
- Letdown / Small Primary Line Break analysis
 - Methods and acceptance criteria consistent with the Analysis of Record other than use of the RETRAN code. The analysis will provide integrated letdown/small primary line break mass releases for input to the downstream Dose Analysis.
- Station Blackout analysis
 - The event will be evaluated as part of the Loss of Normal Feedwater analysis using the RETRAN code. The acceptance criteria applied will be consistent with the Analysis of Record and will demonstrate that:
 - Natural circulation and core cooling can be maintained,
 - The reactor core remains subcritical,
 - There is no fuel failure, and
 - The RCS coolant pressure remains within limits.

The analyses of record for the above transients are based on the CESEC transient analysis code; these transients will be transitioned to the RETRAN code as part of this St. Lucie Unit 2 EPU program. Although these analyses will be performed for St. Lucie Unit 2 with the RETRAN code for the first time; the RETRAN code has been successfully used to perform these same transient analyses for other plants. Therefore the use of the RETRAN code in support of these transient safety analyses does not represent a first time application or departure from Westinghouse methods.

4.2.2 Margin

Westinghouse has been requested to provide input to support the St. Lucie Unit 2 Margin Confirmation Activities for the following Non-LOCA safety analyses:

- Pre-Trip (Hot Full Power) Steamline Break
 - Loss of Offsite Power - This event needs to be evaluated separately for inside and outside containment to show that, with normal low flow trip uncertainty, outside containment case produces no fuel failures. This is needed from dose perspective.
 - Failure of the Fast Bus Transfer)
- Control Element Assembly Withdrawal
 - At Power
 - Subcritical
- Control Element Assembly Ejection
- Loss of Flow

- Complete Loss of Flow
- Locked Rotor
- Control Assembly Element Drop
- Loss of Condenser Vacuum
 - Primary Overpressure
 - Secondary Overpressure
 - Inoperable Main Steam Safety Valves
- Feedwater Line Break
 - Primary Overpressure – Small Break
 - Primary Overpressure – Large Break

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Table 4.2-1 provides the margin related input for the requested safety analyses and the corresponding safety analysis criteria necessary to support the margin assessment. The DNB results provided by Fuel Rod Thermal Hydraulic Design (FRTHD) are based on the current $F\Delta H$ of 1.70 and the use of the ABB-NV Critical Heat Flux Correlation.

The Chapter 15 safety analyses with the smallest margin to criteria are the Loss of Flow (LOF) event, the Pre-Trip (Hot Full Power) Steamline Break (SLB) event, the Loss of Condenser Vacuum (LOCV) event, the Feedwater Line Break (FLB) event, and the CEA Ejection (CEAJ) event. Preliminary scoping studies were performed for the LOF, LOCV, and CEAJ events at the predicted EPU conditions and indicated that margin to the design criteria existed for the LOCV and CEAJ events. The LOCV scoping study indicated that the peak primary and peak secondary pressure results at the projected operating conditions including modeling of the replacement steam generator (RSG) remain below the design limit pressure criteria of 2750 psia (primary) and 1100 psia (secondary). A scoping study was performed by FRTHD for the LOF event using the existing transient statepoints of the event and the projected operating conditions. It determined that insufficient margin exists when the current $F\Delta H$ Tech. Spec limit of 1.70 was modeled. FRTHD noted in the scoping analysis that in order to achieve an acceptable result with the current fuel design, the $F\Delta H$ limit of 1.70 required reduction to a value of approximately 1.60. The introduction of the NGF fuel product is believed to support the margin requirements of the LOF event at $F\Delta H$ values close to the current Tech. Spec limit. However, tradeoffs may be required to support the LOF margin needs during the transition cycle(s) incorporating the NGF fuel product. The SLB event was reviewed and it is thought that with the incorporation of the integral flow restrictor nozzles in the replacement steam generator design the maximum break size will be reduced by ~44%, thereby limiting the event and providing an overall benefit. It is believed that sufficient margin will exist for the SLB event. The FLB event peak pressure response has not been evaluated at the projected EPU plant conditions. (FLB results are presented in Table 4.2-1.)

Several analyses as noted in Table 4.2-1 incorporate an additional 0.25 second delay to the processing signal associated with the Reactor Coolant Flow which is used as input to the Low Reactor Coolant Flow Reactor trip. This additional delay was incorporated to reduce the flow sensor noise anticipated to occur during St. Lucie Unit 2 Cycle 16 operations with a Thermal Design Flow (TDF) of 335,000 gpm. The total delay time including the additional delay associated with the RCS low flow reactor trip is 0.90 second. Current predictions for the TDF value with the RSGs installed are well above the 335,000 gpm level and therefore it may be possible, with FPL's concurrence, to eliminate this additional 0.25 second delay. Removal of the additional 0.25 second sensor delay will reduce the associated low RCS flow trip delay time from 0.90 to 0.65 second, the same as prior to Cycle 16 and could provide for some level of margin recovery on the identified transients. (The primary path should be to maintain the 0.90 seconds delay time.)

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4.2.3 References:

1. CN-TA-05-99, Rev. 0, "St. Lucie Unit 2 (SL2) Evaluation of RCS Flow Signal Delay Analysis to Support 30% Tube Plugging."
2. CN-TAS-07-7, Rev. 0, "St. Lucie Unit 2 (SL2) Hot Full Power Steamline Break With FFBT Analysis in Support of the 30% SGTP Program."
3. CN-TA-03-119, Rev. 0, "St. Lucie Unit 2 Uncontrolled CEAWAP RETRAN Analysis to Support 30% SGTP and WCAP 9272 Implementation."
4. CN-TA-03-57, Rev. 0, "St. Lucie Unit 2 (SL2) Uncontrolled CEA Withdrawal from a Subcritical or Low Power Condition Analysis to Support 30% SGTP Program with WCAP-9272 Implementation."
5. CN-TA-03-106, Rev. 0, "St. Lucie Unit 2 Control Assembly Element (CEA) / Rod Cluster Control Assembly (RCCA) Drop Analysis To Support 30% SGTP and WCAP-9272 Implementation."
6. CN-TA-03-77, Rev. 0, "St. Lucie Unit 2 Loss of Condenser Vacuum for 30% SGTP and WCAP 9272 Transition."
7. CN-TA-04-169, Rev. 0, "St. Lucie Unit 2 - Documentation of Responses to NRC RAIs on Steamline Break, Locked Rotor and Feedline Break."
8. CN-TA-03-97, Rev. 0, "St. Lucie Unit 2 (STL2) Loss of Forced RCS Flow Analysis to Support 30% Tube Plugging with WCAP-9272 Implementation."
9. CN-TA-03-128, Rev. 0, "St. Lucie Unit 2 (SL2) Locked Rotor Analysis to Support 30% Tube Plugging With WCAP-9272 Implementation."
10. CN-TA-03-72, Rev. 0, "St. Lucie Unit 2 (SL2) CEA Ejection Analysis to Support 30% SGTP Program with WCAP-9272 Implementation."

Table 4.2-1

Safety Analysis Title	Ref. No.	Analysis Results	Criteria	Comments
Pre-Trip SLB - LOOP	1	< 1.50% Rods-in-DNB (This should be for inside containment break. Outside containment break case is needed to show no fuel failures.)	< 2.50% Rods-in-DNB	Notes 1 & 2
Pre-Trip SLB - FFBT	2	1.423 mDNBR 20.313 Kw/ft Peak LHR	> 1.32 DNB SAFDL < 22.0 Kw/ft Peak LHR	-
CEA Withdrawal - At Power	3	1.4986 mDNBR 117.7% Full Power Heat Flux 2483.3 psia Peak Pri. Press. 1085.4 psia Peak Sec. Press.	> 1.42 DNB SAFDL < 120% Full Power < 2750 psia < 1100 psia	-
CEA Withdrawal - Subcritical	4	1.361 mDNBR 3060 °F Peak Centerline Melt	> 1.29 DNB SAFDL < 4717 °F Fuel Melt	-
Loss of Flow – Complete LOF	1	1.41 mDNBR	> 1.35 DNB SAFDL	Notes 1 & 3
Loss of Flow - Locked Rotor	1	< 0.6% Rods-in-DNB 1703.6 °F Peak Clad Temp 0.3% Max. Zirconium React. 2660 psia Peak Pri. Press.	< 2.50% Rods-in-DNB < 2700 °F Peak Temp < 16% Zirc. React. < 2750 psia	Notes 1 & 4
CEA Drop - Dropped Rod	5	> 1.42 mDNBR	> 1.42 DNB SAFDL	Note 5
CEA Drop – Misaligned Rod	5	> 1.42 mDNBR	> 1.42 DNB SAFDL	Note 5
LOCV - DNB	6	2.191 mDNBR	> 1.42 DNB SAFDL	-
LOCV – Primary	6	2691 psia Peak Pri. Press.	< 2750 psia	-
LOCV – Secondary	6	1088 psia Peak Sec. Press.	< 1100 psia	-
LOCV – 1 InOp MSSV	6	2610 psia @ 92.8% RTP 1083 psia @ 92.8% RTP	< 2750 psia < 1100 psia	Note 6
LOCV – 2 InOp MSSVs	6	2597 psia @ 79.6% RTP 1080 psia @ 79.6% RTP	< 2750 psia < 1100 psia	Note 6
LOCV – 3 InOp MSSVs	6	2577 psia @ 66.3% RTP 1076 psia @ 66.3% RTP	< 2750 psia < 1100 psia	Note 6
FWLB – Small Break	7	2712 psia Peak Pri. Press	< 2750 psia Pri. Press.	-
FWLB – Large Break/LOOP	7	2775 psia Peak Pri. Press.	< 3000 psia Pri. Press.	-
CEA Ejection	10	272.0 Btu/lb Fuel Stored Energy 1946 °F Peak Clad Temp. 0.33% Max. Zirconium React. 0.0% Fuel Melt	< 360 Btu/lb < 3000 °F < 16% Zirc. React. < 0.5% Fuel Melt, 9.5% DNB failures	-

(This is assuming 3% valve setpoint tolerance for PSVs and MSSVs.)

Note 1 – Analysis includes a 0.25 second delay for the low RCS Flow Sensor Delay for a total RCS Low Flow Reactor Trip delay of 0.90 second. This additional delay (0.25 second) may be removed with FPL concurrence as the RCS Thermal Design Flow is expected to be well above 335,000 gpm and additional flow sensor signal filtering may not be required.

Note 2 – Comparing Ref. 1 and Ref. 7 the impact of the additional 0.25 second delay was determined to be worth ~0.5% rods-in-DNB. Reference 1 provides < 1.5% rods-in-DNB whereas Reference 7, without the delay provided a results of <1% rods-in-DNB.

Note 3 – Comparing Ref. 1 and Ref. 8 the impact of the additional 0.25 second delay was determined to be worth ~2% in DNB. Reference 1 provides a 1.41 mDNBR whereas Reference 8, without the delay provided a result of 1.44 mDNBR.

Note 4 – Comparing Ref. 1 and Ref. 9 the impact of the additional 0.25 second delay was determined to be worth ~0.6% in Rods-in-DNB, 0.16% in Zirconium Reaction, 66.5 °F of Peak Clad Temp., and ~64 psia in Pri. Peak Press. Reference 8 without the delay provided the following results: 1.451 mDNBR, 0.14% Max. Zirconium reaction, 1637.1 °F Peak Clad temp., and a Peak Primary Pressure of 2596.1 psia.

Note 5 – The results of Reference 5 states that the DNB design basis is met and that the peak fuel centerline melt temperature is bounded by the limit corresponding to the fuel centerline melt.

Note 6 – The maximum Rated Thermal Power (RTP) values provided in Reference 6 corresponding to the 1, 2, and 3 Inoperable MSSVs per Bank will be evaluated to determine if Table 3.7-1 of the St. Lucie Unit 2 Technical Specifications will require modification to support the EPU.

4.3 Non-LOCA Fuel Failure and Dose evaluation (Units 1 and 2)

The dose evaluation is not in Westinghouse scope. St. Lucie Units 1 and 2 issued Proposed License Amendments to NRC on 7/16/07 to adopt the AST methodology. This same methodology will be used for the EPU and is expected to achieve acceptable results for the EPU.

4.4 Large Break LOCA (Unit 2)

4.4.1 Methodology

The present LBLOCA AOR supports 30% Steam Generator Tube Plugging and is documented in Reference 1. This analysis is performed using the Westinghouse LBLOCA 1999 ECCS Performance Evaluation Model (1999 EM, Reference 2) for Combustion Engineering designed pressurized water reactors (PWRs), as augmented by CENPD-404-P-A for analysis of ZIRLO™ cladding (Reference 3). This methodology is an Appendix K Evaluation Model.

It is recommended that the EPU LBLOCA analysis be performed using the Westinghouse Best Estimate LOCA (BELOCA) methodology. The original BELOCA methodology is referred to as the "1996 Best-Estimate Evaluation Model", which was documented in the Code Qualification Document (CQD, Reference 5). The 1996 BE EM was built upon to form the current uncertainty methodology called "ASTRUM" which is defined in Reference 6. More specifically, this method relies on the WCOBRA/TRAC code description and code assessment results documented in the CQD, and also follows the steps in the Code Scaling, Applicability, and Uncertainty (CSAU) methodology (Reference 7). The uncertainty analysis technique is based on order statistics. The ASTRUM methodology uses a statistical sampling method where the uncertainty parameters are simultaneously sampled for each case. A statistical treatment of the results allows the determination of values of peak cladding temperature, maximum local oxidation, and core-wide oxidation that bound at least 95% of all possible values at 95% confidence, for a defined plant operating space.

This project would be a first time application of the BELOCA methodology to a CE Unit. The pros and cons of the two methodologies are discussed in FPL-07-225 (Reference 4) and subsequent FPL comments and Westinghouse responses.

4.4.2 Margin

The results from the LBLOCA AOR (Reference 1) are summarized as follows:

Limiting Discharge Coefficient, DEG/PD	0.6
Peak cladding temperature, °F	2130.1
Maximum cladding oxidation, %	16.1
Core-wide cladding oxidation, %	0.802

The acceptance criteria are as follows:

Description	Criterion
Peak Cladding Temperature	≤2200°F
Maximum or Peak Local Oxidation	≤17%
Core-Wide Cladding Oxidation	≤1%

It is expected that acceptable results will be attained for EPU conditions using the BELOCA methodology (with standard fuel or NGF).

As documented in discussions subsequent to Reference 4, there is no certainty that acceptable results can be achieved for the EPU conditions with NGF fuel using the 1999 EM (Appendix K methodology). Based on preliminary cases which were run last year, the 1999 EM is expected to provide acceptable ECCS performance results for the EPU with standard fuel assembly designs. This is accomplished by crediting the beneficial aspects of RSGs and reducing the tube plugging margin. However, implementation of the CE 16x16 NGF assembly design for the EPU negatively impacts the results of the 1999 EM due to changes in fuel rod diameter and fuel performance. The reduction of the fuel rod diameter for NGF has a detrimental impact on the core reflood rates calculated by the 1999 EM during a LBLOCA. Since fuel performance characteristics have not yet been generated for St. Lucie 2 NGF, we cannot evaluate this impact effectively. Our past experience with NGF fuel performance for other plants with different core heights is not expected to be the same as St. Lucie 2 fuel performance. Nevertheless, we would expect that (1) the introduction of ZrB2 IFBA and (2) the use of a newly NRC-approved optional steam cooling model would partially compensate for the degradation in reflood performance for NGF. Staying with Gad absorber in the NGF design would possibly improve the rod internal pressure impact on LOCA compared to ZrB2, but not the stored energy impact. We could evaluate the impact of NGF on the EPU using the 1999 EM after fuel performance data becomes available in the coming months. But for now, the best we can say is that the 1999 EM is expected to provide acceptable ECCS performance for standard fuel assembly designs, but may not be acceptable for NGF designs without finding an additional source of margin. The kW/ft limit could be reduced by up to 0.5 kW/ft to gain significant margin.

4.4.3 Potential Issues

Potential issues with the two potential methodologies are discussed in FPL-07-225 (Reference 4) and subsequent FPL comments and Westinghouse responses.

4.4.4 References

1. CN-OA-03-36, Rev. 00, "St. Lucie Unit 2 1999 EM LBLOCA ECCS Performance Analysis for 30% Steam Generator Tube Plugging," E.F. Jageler, M. Volodsko and R.J. Espinosa, September 15, 2003.
2. CENPD-132, Supplement 4-P-A, "Calculative Methods for the C-E Nuclear Power Large Break LOCA Evaluation Model", March 2001.
3. CENDP-404-P-A, "Implementation of ZIRLO TM Cladding Material in CE Nuclear Power Fuel Assembly Designs," November 2001.
4. FPL-07-225, "Extended Power Uprate – Large Break LOCA Evaluation Model," December 12, 2007.
5. WCAP-12945-P-A, "Code Qualification Document for Best Estimate LOCA Analysis," Volume 1, Revision 2, and Volumes 2 through 5, Revision 1, 1998.
6. WCAP-16009-P-A, "Realistic Large-Break LOCA Evaluation Methodology Using the Automated Statistical Treatment Of Uncertainty Method (ASTRUM)," January 2005.
7. NUREG/CR-5249, "Quantifying Reactor Safety Margins: Application of Code Scaling, Applicability, and Uncertainty (CSAU) Evaluation Methodology to a Large-Break, Loss-of-Coolant Accident," December 1989.

4.5 Small Break LOCA (Unit 2)

Review of existing documents performed to identify margins to criteria, confirm the analyses methodologies, and identify technical approach to potential issues prior to phase 2 of the EPU project.

The present SBLOCA AOR supports 30% Steam Generator Tube Plugging and is documented in CN-OA-03-2. The results are summarized as follows:

Break Size, ft ²	0.05
Peak cladding temperature, °F	1943
Maximum cladding oxidation, %	9.80
Core-wide cladding oxidation, %	< 0.64

Acceptance Criteria is as follows:

Description	Criterion
Peak Cladding Temperature	≤2200°F
Maximum or Peak Local Oxidation	≤17%
Core-Wide Cladding Oxidation	≤1%

4.5.1 Methodology

The AOR used the CE SBLOCA Evaluation Model. Specifically, the 'S2M' version, as described in CENPD-137, Supplement 2-P-A which is NRC-accepted and complies with the requirements of Appendix K to 10 CFR 50.46.

The EPU SBLOCA analysis will also use the above methodology, with no deviation.

4.5.2 Margin

It is expected that acceptable results will be attained for EPU (10% uprate with 2% added uncertainty). The implementation of RSGs in the analysis is beneficial to SBLOCA mitigation which has not been explicitly modeled in the AOR and will be for EPU. The AOR has discretionary conservatism modeled in the High Pressure Safety Injection (HPSI) System delivered flowrate which is of key significance in SBLOCA mitigation. This conservatism could be relaxed to help achieve acceptable results. Other conservative modeled input used in the AOR of lower order significance may also be relaxed. Thus, the benefit of modeling RSGs and using the conservatism presently modeled in the AOR is expected to be sufficient to overcome the negative impact due to higher power and acceptable results are expected to be achieved.

An unverified/undocumented simple scoping case has been run modeling the EPU by increasing the decay heat multiplier proportionately with the power increase using the existing AOR input decks. The results of this case are within the acceptance criteria. However, there does still exist some uncertainty due to the consideration of the adequacy of the simple modeling.

4.6 Long Term Cooling

4.6.1 Methodology

The post-Loss-of-Coolant Accident (LOCA) Long-Term Cooling (LTC) analysis consists of two separate analyses, namely, a boric acid precipitation analysis for the limiting large break LOCA and a decay heat removal analysis, which is performed for a spectrum of break sizes. The purpose of the boric acid precipitation analysis is to demonstrate that boric acid precipitation does not occur in the core region. The purpose of the decay heat removal analysis is to demonstrate that decay heat can be removed in the long-term for any size LOCA and that, regardless of break size and without knowledge of the break size or location, the operator can correctly identify and initiate an appropriate means of long-term decay heat removal. There are two such means, namely Shutdown Cooling (SDC) for small breaks and simultaneous hot and cold (H/C) side injection for large breaks.

4.6.1.1 Boric Acid Precipitation Analysis

The proposed methodology for the Extended Power Uprate (EPU) post-LOCA boric acid precipitation analysis is the Westinghouse post-LOCA LTC evaluation model for Combustion Engineering Pressurized Water Reactors, CENPD-254-P-A (Reference 1) as modified to conform to the four items identified in the Nuclear Regulatory Commission (NRC) staff's letter dated November 23, 2005 (Reference 2). The four items are summarized below.

1. The mixing volume¹ must be justified; its calculation must account for void fraction.
2. The calculation of the mixing volume must account for the pressure drop between the core and the break.

¹ The mixing volume is the region in the reactor vessel wherein boric acid accumulates as a result of boiling in the core. The boric acid is credited to uniformly mix with the liquid in the region.

3. The boric acid solubility limit must be justified, especially if crediting pressures greater than 14.7 psia or chemical additives in the sump water.
4. The analysis must use a decay heat multiplier of 1.2 for all times, if it is performed with an Appendix K evaluation model.

The mixing volume used in the EPU boric acid precipitation analysis will be calculated in accordance with NRC Items 1 and 2. In particular, the mixing volume will be calculated using the procedure that is generally referred to as the "Waterford approach". The Waterford approach has been recognized by the NRC (Reference 3) as an acceptable interim methodology for performing boric acid precipitation analyses prior to the establishment of a new methodology that addresses the issues identified in the NRC staff's letter dated August 1, 2005 (Reference 4). The following are major features of the Waterford approach.

- The calculation of the mixing volume credits 50% of the volume of the lower plenum.
- In the calculation of the mixing volume, the CEFLASH-4AS phase separation model is used to calculate the core void fraction.
- In the calculation of the mixing volume, the outlet plenum void fraction is calculated as the core exit void fraction times the ratio of the core and outlet plenum areas.
- Credit is taken for the mixing of charging flow with safety injection flow prior to the flows entering the mixing volume.

The EPU boric acid precipitation analysis will use the top of the Core Support Barrel nozzles (i.e., nominally, the top of the hot legs) as the top elevation of the mixing volume. This is the same elevation used in the Waterford 3 EPU boric acid precipitation analysis (Reference 5). The analysis will confirm that this elevation complies with NRC Item 2 for St. Lucie Unit 2 EPU conditions.

A target value of 29.27 wt% will be used as the solubility limit of boric acid (Reference 6, Table 2). This is the solubility limit of a binary solution of boric acid and water boiling at atmospheric pressure. Note that this value does not credit a pressure greater than atmospheric pressure or the presence of chemical additives in the sump water (see NRC Item 3). If use of a higher value for the solubility limit, which credits either a pressure greater than 14.7 psia or chemical additives, is found to be necessary, the value will be justified.

In compliance with NRC Item 4, the analysis will use a decay heat multiplier of 1.2 for all times. Note that the St. Lucie Unit 2 boric acid precipitation Analysis of Record (AOR) (Reference 7) used a decay heat multiplier of 1.1 after 1000 seconds post-LOCA. Consequently, compliance with NRC Item 4 effectively results in a 20% increase in decay heat for the EPU analysis relative to the AOR analysis (i.e., a 10% increase for the EPU and a 10% increase for NRC Item 4).

The St. Lucie Unit 2 boric acid precipitation AOR is the analysis performed for 30% Steam Generator Tube Plugging (SGTP) (Reference 7). That analysis used the CENPD-254-P-A evaluation model (Reference 1), without the changes described above. Note: The analysis for 42% SGTP, although not implemented, was approved by the NRC for St. Lucie Unit 2 with these changes.

4.6.1.2 Decay Heat Removal Analysis

The proposed methodology for the EPU post-LOCA decay heat removal analysis is the CENPD-254-P-A evaluation model (Reference 1) with two modifications. First, the analysis will use a decay heat multiplier of 1.2 for all times, in accordance with NRC Item 4. Secondly, the LTC plan that will be generated as part of the analysis will not use a "decision pressure". The second modification is a potential issue and is described in more detail below.

4.6.2. Margin

It is judged that acceptable results for the St. Lucie Unit 2 EPU post-LOCA LTC analysis can be achieved using the methods described above. This judgment is based on the results of boric acid precipitation analysis and decay heat removal analysis scoping studies that were performed for EPU conditions.

4.6.2.1 Boric Acid Precipitation Analysis

For a boric acid precipitation analysis, acceptable results are obtained by demonstrating that initiating simultaneous H/C side injection results in a maximum boric acid concentration in the core region that is less than the boric acid solubility limit for the solution present in the core region. The St. Lucie Unit 2 EPU boric acid precipitation analysis scoping study determined that 275 gpm of simultaneous H/C side injection (i.e., 275 gpm of injection to both the hot and cold sides of the Reactor Coolant System (RCS)) started between 4 and 6 hours post-LOCA prevents the precipitation of boric acid in the core region. This is the same value for simultaneous H/C side injection that was found acceptable in the AOR. However, the AOR identified a time window of 2 to 6 hours post-LOCA for starting the simultaneous H/C side injection as compared to 4 to 6 hours post-LOCA for the EPU. The increase in the early start time for initiating simultaneous H/C side injection from 2 hours post-LOCA to 4 hours post-LOCA is necessary to ensure that there is sufficient safety injection to match core boil-off at the early start time.

4.6.2.2 Decay Heat Removal Analysis

For the decay heat removal analysis, acceptable results are obtained by:

1. demonstrating that decay heat can be removed in the long-term for any size LOCA, and
2. creating a LTC plan that shows that, regardless of break size and without knowledge of the break size or location, the operator can correctly identify and initiate an appropriate means of long-term decay heat removal.

The St. Lucie Unit 2 EPU decay heat removal analysis scoping study achieved these two results. However, the LTC plan that was created did not make use of a decision pressure.

In the typical post-LOCA LTC plan, the decision pressure is the pressure used by the operator to determine whether to use SDC or simultaneous H/C side injection as the method to remove core decay heat in the long-term. Based on the results of the decay heat removal analysis, if the RCS pressure is greater than the decision pressure, there is assurance that the break is a small break and SDC may be used in the long-term to remove core decay heat (and maintain the boric acid concentration below the solubility limit). If the RCS pressure is less than the decision pressure, there is assurance that the break is a large break and simultaneous H/C side injection may be used in the long-term to remove core decay heat (and maintain the boric acid concentration below the solubility limit). In the analysis, the operator makes the decision at a specific time, which is aptly named the decision time.

In order to be acceptable, the decision pressure must be greater than the RCS pressure at the decision time for the largest break for which SDC is appropriate (i.e., the largest small break) and less than the RCS pressure for the smallest break for which simultaneous H/C side injection is appropriate (i.e., the smallest large break) by amounts greater than or equal to the pressure uncertainty of the instrument used to determine the RCS pressure.

The scoping study could not identify an acceptable value for the decision pressure for the EPU conditions. The overlap of RCS pressures at the decision time for the largest small break and the smallest large break was significantly less than the amount required by the pressure measurement uncertainty.

The scoping study achieved acceptable results by creating a plan that abandoned the decision pressure as the way to identify the long-term means for decay heat removal in the post-LOCA LTC analysis. In its place the LTC plan simply used the analysis results of a refilled RCS and a hot leg temperature less than the SDC entry temperature as the indication that SDC is the appropriate means to remove decay heat in the long-term. Additionally, it used the analysis result that breaks that were too large to meet these SDC entry requirements were large enough for the break flow and simultaneous H/C side injection to remove decay heat in the long-term.

This deviation from the CENPD-254-P-A evaluation model, for a reason other than compliance with the four NRC items in Reference 2, is a potential issue.

4.6.3 Potential Issues

4.6.3.1 Boric Acid Precipitation Analysis

No specific potential issues were identified for the boric acid precipitation analysis. The scoping study indicated that acceptable results were obtained for EPU conditions using methods that the NRC staff has found acceptable, given their recent concerns with the historic methods that have been used to perform boric acid precipitation analyses. That being said, it is prudent that both Westinghouse and Florida Power and Light (FPL) continue to monitor the NRC staff's position on post-LOCA boric acid precipitation to help ensure that the EPU boric acid precipitation analysis will meet the NRC staff's expectations at the time of the EPU license submittal.

4.6.3.2 Decay Heat Removal Analysis

One potential issue was identified for the decay heat removal analysis, namely, that an acceptable value for the LTC plan decision pressure could not be found in the scoping study performed for EPU conditions. An analytical solution, which is briefly described above, is suggested for addressing this potential issue. Alternatively, a "hardware" solution to the potential issue could be explored with FPL. In particular, the hardware solution would consist of identifying (and implementing as part of the EPU) plant modifications, which, when incorporated into the decay heat removal analysis, would result in an acceptable decision pressure. Potential plant modifications that could result in an acceptable decision pressure include increasing the minimum usable volume of the Condensate Storage Tank and decreasing the measurement uncertainty of the instrument used for determining when the RCS pressure is below the SDC system entry pressure.

The analytical solution to addressing this potential issue has the benefit of abandoning an analytical "success criterion" (i.e., identifying an acceptable decision pressure) that is far removed from the operator actions in the LOCA emergency operating procedure² and replacing it with one that is generally consistent with the LOCA emergency operating procedure. Additionally, the analytical solution would most likely be significantly less costly than implementing plant changes associated with a hardware solution.

One risk of the analytical solution is that it entails a change to the CENPD-254-P-A methodology. However, the suggested change is judged to be technically sound and, arguably, more

² For example, the LOCA emergency operating procedure does not use a decision pressure or a decision time. Also, it does not instruct the operator to totally refill the RCS (i.e., to go water solid, including the pressurizer).

appropriate than the approved methodology since the change is more consistent with LOCA emergency operating procedures. Furthermore, the change remains consistent with the underlying philosophy of CENPD-254-P-A, namely, that it can be analytically demonstrated that decay heat can be removed in the long-term for any size LOCA and that the operator can correctly identify and initiate an appropriate means of long-term decay heat removal if more than one means is required. Also, regardless of whether the analytical solution is used, the EPU post-LOCA LTC analysis will be implementing changes to the CENPD-254-P-A methodology. This is the case because addressing the four items in the NRC staff's letter of November 23, 2005 (Reference 2) requires changes to the CENPD-254-P-A methodology.

4.6.4 References

1. CENPD-254-P-A, "Post-LOCA Long Term Cooling Evaluation Model," June 1980.
2. D.S. Collins (NRC) to G. Bischoff (Westinghouse), "Suspension of NRC Approval for Use of Westinghouse Topical Report CENPD-254-P, 'Post-LOCA Long-Term Cooling Model,' Due to Discovery of Non-Conservative Modeling Assumptions During Calculations Audit (TAC No. MB1365)," November 23, 2005. (ADAMS Accession Number ML053220569)
3. S. E. Peters (NRC) to S.L. Rosenberg (NRC), "Summary of August 23, 2006 Meeting with the Pressurized Water Reactor Owners Group (PWROG) to Discuss the Status of Program to Establish Consistent Criteria for Post Loss-of-Coolant (LOCA) Calculations," October 3, 2006. (ADAMS Accession Number ML062690017)
4. R.A. Gramm (NRC) to J.A. Gresham (Westinghouse), "Suspension of NRC Approval for Use of Westinghouse Topical Report CENPD-254-P, 'Post-LOCA Long-Term Cooling Model,' Due to Discovery of Non-Conservative Modeling Assumptions During Calculations Audit," August 1, 2005. (ADAMS Accession Number ML051920310)
5. W3F1-2005-0012, T.G. Mitchell (EOI) to Document Control Desk (NRC), "Supplement to Amendment Request NPF-38-249, Extended Power Uprate, Waterford Steam Electric Station, Unit 3, Docket No. 50-382, License No. NPF-38," February 16, 2005. (ADAMS Accession No. ML050490396)
6. WCAP-16590-NP, Rev. 0, "Technical Basis for Response to NRC Request for Justification of Current Operation for Post-LOCA Boric Acid Precipitation Issues," June 2006.
7. CN-OA-03-32, Rev. 0, "St. Lucie Unit 2 Post-LOCA Long Term Cooling ECCS Performance Analysis for 30% SGTP," T.R. Upton and J.M. Cleary, September 15, 2003.

4.7 Containment peak pressure evaluation: SLB, LOCA (Units 1 & 2)

4.7.1 Methodology

The proposed uprate methodologies that will be used to generate mass and energy release following a large break Loss of Coolant Accident (LOCA) and Main Steam Line Break (MSLB) are the same as those utilized in the Analyses of Record (AORs) for those events.

4.7.2 Margin

The same methodologies as those used in the AORs were utilized in performing the feasibility studies for the containment related LOCA and MSLB events. The feasibility studies have shown

that acceptable results could be achieved with the uprated power conditions except the MSLB initiated from 112% of the current rated power. However, acceptable results could be achieved for 112% MSLB event if the containment pressure and temperature response is analyzed with the industry standard GOTHIC computer code.

4.7.3 Potential Issues

If the GOTHIC computer code is utilized for the containment pressure and temperature response analysis to provide additional margin to the acceptance criteria or limit, it will replace the current methodology and computer code for analyzing the containment pressure and temperature response. However, there is little licensing risk for proposing to use GOTHIC, as it has become an industry standard and the NRC has reviewed and approved many plant specific analyses including uprate applications. Use of GOTHIC should be acceptable. NRC has generically approved the use of GOTHIC for other vendors.

4.8 Component Cooling Water / Intake Cooling Water (Units 1 & 2)

4.8.1 Methodology

The proposed uprate methodologies for the containment pressure/temperature response and Component Cooling Water / Intake Cooling Water (CCW/ICW) temperature response are the same as those utilized in the AORs.

4.8.2 Margin

A review of the AOR for the CCW/ICW temperature response for St. Lucie Unit 1 indicated that currently sufficient margin exist to the limit. Therefore, at the uprated power conditions, it is expected that acceptable results can be achieved but with less margin to the limit or a lower ICW temperature than that used in the AOR.

For St. Lucie Unit 2 CCW/ICW temperature response, there is insufficient margin with the current plant configuration (without the Replacement Steam Generators). Hence, in order to achieve acceptable results, modification to the CCW/ICW system and fine-tuning of some of the design inputs will be required.

4.9 LTOP (Units 1 & 2)

4.9.1 Methodology

Unit 1

There is no plan to change from the methodology that is used in the current analyses of record (AOR) to support the extended power uprate (EPU).

The approach to be used with Saint Lucie, Unit 1 is to use the current AOR, References 1 and 2, as the starting point for reassessing the limiting LTOP mass addition and LTOP energy addition transients and to establish the LTOP controls and setpoints.

Unit 2

There is no plan to change from the methodology that is used in the current AOR to support the EPU.

The approach to be used with Saint Lucie, Unit 2 is to use the current AOR, References 4 and 5, as the starting point for reassessing the limiting LTOP mass addition and LTOP energy addition transients and to establish the LTOP controls and setpoints.

4.9.2 Margin

Unit 1

The peak pressure consequences of these transients will be adversely affected by the increase in decay heat corresponding to a 12% power uprate.

The current work plan assumes that the Appendix G Pressure Temperature (P-T) limits for each Unit are unaffected by power uprate. Florida Power and Light (FPL) and/or Areva may need to reinterpret the current fluence limits to correspond to a lesser number of full power years of operation, as necessary, based on FPL's fuel management goals.

The more adverse limiting LTOP mass addition and LTOP energy addition transient consequences can be accommodated via changes in the heatup and cooldown rate limits currently applicable to each unit and/or changes in LTOP controls and setpoints. This effort uses the analysis of Reference 3 as a starting point.

This is a standard application of Westinghouse LTOP methodology and there is no licensing risk based on generic Nuclear Regulatory Commission (NRC) issues at this time.

Unit 2

The peak pressure consequences of these transients will be adversely affected by the increase in decay heat corresponding to a 12% power uprate.

The current work plan assumes that the Appendix G P-T limits for each Unit are unaffected by power uprate. FPL and/or Areva may need to reinterpret the current fluence limits to correspond to a lesser number of full power years of operation, as necessary, based on FPL's fuel management goals.

The more adverse limiting LTOP mass addition and LTOP energy addition transient consequences can be accommodated via changes in the heatup and cooldown rate limits currently applicable to each unit and/or changes in LTOP controls and setpoints. This effort uses the analysis of Reference 6 as a starting point.

This is a standard application of Westinghouse LTOP methodology and there is no licensing risk based on generic NRC issues at this time.

References:

1. F-PENG-CALC-016, Revision 0, "St Lucie Unit 1 RCP Start Transient Analysis for LTOP," 3/10/1999.
2. F-PENG-CALC-017, Revision 0, "St Lucie Unit 1 Mass Addition Transient Analysis for LTOP," 3/17/1999.
3. F-PENG-CALC-020, Revision 0, "St. Lucie Unit 1 LTOP Requirements for RCS with Replacement Steam Generators and New Pressurizer Heaters," 3/31/1999.
4. CN-PS-06-6, Revision 0, "LTOP Mass Addition Analysis for St. Lucie Unit 2," 4/25/2007.

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5. CN-FSE-06-62, Revision 0, "LTOP Energy Addition Analysis for St. Lucie Unit 2," 5/3/2007.
6. CN-FSE-07-12, Revision 1, "St. Lucie Unit 2 Low Temperature Overpressure Protection (LTOP) Evaluation for the Period Ending at 55 Effective Full Power Years (EFPY)," 9/17/2007.

4.10 Design Transients input to Structural Integrity (Units 1 & 2)

4.10.1 Methodology

There is no plan to change from the methodology that is used in the current AOR to support the EPU.

4.10.2 Margin

Design Transients provide the pressure and temperature limits needed to analyze stress and fatigue loads for components and supports. The design transient assumptions are selected to provide bounding temperature and pressure responses during operating and test conditions that are anticipated to occur during the intended service life of components and supports. The operating conditions are further divided into Normal Conditions, Upset Conditions, Emergency Conditions and Faulted Conditions.

4.10.2.1 Assumed Operating Conditions

This evaluation will apply the following proposed uprate operating conditions and determine if the current design transient criterion remain bounding for post uprate operations.

Core Power = 3020 MWt

Power Measurement Uncertainty (PMU) = 0.3%

Technical Specification minimum RCS flow = 390,000 gpm

Nominal RCS flow = 400,000 gpm

Temperature entering the core (Minimum) = 546°F

Temperature entering the core (Maximum) = 551°F

No-load temperature = 532°F

Pressurizer pressure 2250 psia

The following calculation provides the range of hot leg temperatures.

Uprate power = 3020 MWt * 1.003 = 3030 MWt = 10.34139×10^9 btu/hr

Core flow = (core flow) gpm * 60 m/hr * (Cold leg density) lb/ft³ / 7.4805 g/ft³

Hot Leg h = (Cold Leg h) btu/lbm + (Uprate power) btu/hr / (core flow) lbm/hr

Th = Function of (Hot Leg h) and (2250 psia) in steam tables

Tc °F	Core Flow gpm	Tc density lb/ft ³	Core Flow lbm/hr	Cold leg Enthalpy btu/lb	Hot Leg Enthalpy btu/lb	Th °F
546.0	390,000	47.0984	147,330,066	542.246	612.438	599.5
548.5	390,000	46.9402	146,835,196	545.337	615.7656	601.8
551.0	390,000	46.7801	146,334,381	548.442	619.1116	604.2

The following table provides the operating conditions used for the current design transients. The values are from the St. Lucie 1 & 2 component specifications listed in References 2 through 10.

Component	Core outlet °F	Core inlet °F	Pzr Press psia	Total RCS Flow gpm	SG Press psia	Feedwater °F	Steam Flow lbm/hr
Reactor Vessel	604	550	2250	324,700	NA	NA	NA
Pressurizer	604	550	2250	324,700	NA	NA	NA
Steam Generator	606 *	548*	2250 *	371,600 *	885 *	435*	5.9x10 ⁶ *
Reactor Coolant System	604	550	2250	324,700	NA	NA	NA
Reactor Coolant Pump	604	550	2250	324,700	NA	NA	NA

* Replacement Steam Generator Specifications for Unit 2 were not available. Unit 1 values are assumed for Unit 2.

4.10.2.2 Evaluation of Design Transients

The power uprate does not affect the probability of event occurrence. The number of occurrences is a function of operating history not power. The number of occurrences for each event will remain applicable for uprate conditions. The primary system transient evaluations performed by FPL as part of the License Renewal program will be considered as part of the EPU evaluation.

The no-load RCS conditions of 532°F and 2250 psia will not change due to the power uprate. All design transients at no-load conditions and below will remain applicable. This includes Test conditions and the loss of secondary pressure which is done at no-load conditions.

The RCS pressure response to specific transients is closely tied to initial system pressure, full load temperature and control system setpoints. The uprate initial RCS pressure will remain 2250 psia. Other than a revised RCS temperature program with an equivalent pressurizer level program, this evaluation assumes no changes to control system setpoints. If control system setpoints do change it is reasonable to believe the change will improve the plant

transient response. This leaves the change in temperature as the prime parameter affecting the pressure response during a transient. The current design transient pressure response assumes a hot leg temperature change of 532°F to 604°F and a cold leg temperature change of 532°F to 550°F as power changes from no-load to full-load. The uprate full-power cold leg temperature will range from 532°F to 546°F or 551°F. Assuming a Technical Specification minimum core coolant flow of 390,000 gpm, the full-power hot leg temperature will range from 599.5°F to 604.2°F. A full-load hot leg temperature of 604°F or less would result in bounded Normal Condition and Upset Condition power transients. A hot leg temperature above 604°F would be greater than the full load temperature assumed in the current design transients. A full-load hot leg temperature exceeding 604°F could require evaluating the 5% per minute load changes, the 10% step changes and the Upset Condition transients. A hot leg temperature of 604.2°F is close enough to 604°F to not require additional analysis. However, if the final hot leg temperature exceeds 604°F by a larger value, margin can be obtained for the following transients:

Normal Conditions:

Plant load changes at 5% per minute exceed operational practice. If necessary, a reduction in the rate of change of power will reduce the pressure fluctuation associated with load changes so the current pressure transient is bounding. A stress analysis evaluation would then be required to verify the temperature difference is acceptable. The number of occurrences is conservatively based on one loading and unloading transient per day. If necessary the number of occurrences could be reduced to improve the stress analysis results.

Plant step changes of 10% exceed operational practice. A reduction in the power change during a step change will reduce the pressure fluctuation and the temperature change associated with a step change transient. A step change value can be revised so the current design transient remains bounding.

The spray nozzle and charging nozzle design transients are based on a cold leg temperature of 550°F. The assumptions used to define the spray nozzle initial temperature (due to continuous spray) or the charging nozzle temperature (due to changes in the charging rate) should be conservative enough to absorb some variation in the cold leg temperature.

Upset Conditions:

The reactor trip, loss of flow and loss of turbine transients would need to be run with the higher hot leg temperature to evaluate the change in temperature and pressure response. The change in response to the events would then be evaluated by stress analysis.

Emergency Conditions:

The current design criterion for a loss of feedwater flow assumes a dry steam generator with the tube sheet at 610°F and feedwater at 32°F. The assumed feedwater temperature is unaffected by power uprate and the assumed tube sheet temperature of 610°F remains conservative.

4.10.2.3 Conclusion

If the finalized full power hot leg temperature is 604°F or less the current design transients will remain applicable for uprate conditions.

If the hot leg temperature exceeds 604°F some of the operational transients may need to be redefined. The upset transients will need to be rerun to define the uprate pressure and temperature response. Stress analysis would then evaluate the revised data. All other plant transients defined in the component specifications remain applicable for power uprate design.

4.10.3 References

1. Nuclear Services Policies & Procedures, Rev. 25, Effective 08/31/07.
2. 19367-31-1 Rev. 7, Engineering Specification for Reactor Vessel Assembly for Florida Power and Light Co. Hutchinson Island Plant Unit 1.
3. F-MECH-SP-002 Rev. 1, Engineering Specification for Replacement Steam Generator Assemblies for Florida Power and Light Co. St Lucie Unit No. 1.
4. 19367-31-3 Rev. 4, Engineering Specification for Reactor Coolant Pumps for Florida Power and Light Company Hutchinson Island Plant Unit #1.
5. 19367-31-4 Rev. 11, Engineering Specification for A Pressurizer Assembly for Florida Power and Light Co. Hutchinson Island Plant Unit No. 1.
6. 19367-31-5 Rev. 11, Project Specification for the Reactor Coolant Pipe & Fittings for Florida Power and Light Co. Hutchinson Island Plant Unit 1.
7. 13172-31-1 Rev. 3, Project Specification for A Reactor Vessel Assembly for Florida Power and Light Company St. Lucie Unit No. 2.
8. 13172-PE-480 Rev. 5, Project Engineering Specification for Reactor Coolant Pumps for Florida Power and Light Company St. Lucie Plant Unit No. 2.
9. 13172-31-4 Rev. 4, Project Specification for A Pressurizer Assembly for Florida Power & Light Co. St. Lucie Unit No. 2.
10. 13172-31-5 Rev. 5, Specification for the Reactor Coolant Pipe & Fittings for Florida Power and Light Co. St. Lucie Unit No. 2.

4.11 LOCA Blowdown Load Evaluation (Units 1 & 2)

4.11.1 Methodology

The subject analysis produces LOCA hydraulic blowdown loads, in the form of transient pressure differential loadings, on the reactor vessel internals and the fuel. The calculations are performed with the NRC-approved computer code CEFLASH-4B (Reference 1). This transient pressure information is utilized by downstream analyses, to perform the calculations of stress loadings and structural integrity for the reactor vessel internals and the fuel.

References 2 and 3 document the most recent analyses of the LOCA hydraulic blowdown loads on the reactor vessel internals and fuel, for St. Lucie Unit 2. References 2 and 3 performed the analyses for Cycles 1 and 2, at core power of 2560 and 2700 MWt, and with T_{COLD} of 548°F and 552°F, respectively. These analyses considered three large breaks of the main coolant loop piping:

- 200 in² cold leg break at a reactor vessel inlet nozzle
- 135 in² hot leg break at a reactor vessel outlet nozzle
- 1000 in² hot leg break at a steam generator inlet nozzle

Since these analyses of record (AOR) were performed, there have been significant changes in the plant configuration, such as the Replacement Steam Generators (RSGs) and fuel design, as well as the Extended Power Uprate (EPU).

For the reasons described below under Margin, calculations of the LOCA hydraulic blowdown loads on the reactor vessel internals and the fuel will be performed using CEFLASH-4B. These evaluations will be performed at the reduced temperature rampdown end-of-cycle conditions (535 F, which would also cover low power operation), as well as at nominal conditions at full-power, and will employ inputs and assumptions that encompass a range of RSG tube plugging up to 10%. The evaluation of LOCA blowdown loads to accommodate coastdown could be divorced from EPU license submittal if the scope of work impacts proposed NRC submittal date. Based on the Leak Before Break (LBB) methodology, the following RCS tributary line break locations will be analyzed:

- Safety Injection Line Inlet Nozzle Break
- Shutdown Cooling Line Outlet Nozzle Break
- Surge Line Double-Ended Guillotine Break

The results will be forwarded to the downstream structures group to support the related structural loads and integrity analysis.

Westinghouse expects that Florida Power Light Company (FPL) will provide all the necessary input data and analysis assumptions to account for the changes to the plant configuration and operation since the Reference 3 analysis was performed. Westinghouse will work with FPL to document and agree upon the inputs and assumptions to be used for these analyses in a suitable format.

4.11.2 Margin

Since the sole purpose of LOCA hydraulic blowdown loads analyses is to produce data for downstream structural evaluations, the blowdown loads analyses do not produce their own margin assessments. The available margin is determined by the downstream structural evaluations.

Nevertheless, it is possible to assess proposed changes for their potential effect on the LOCA blowdown hydraulic loads (e.g., Reference 4). If the proposed post-EPU plant operation of Unit 2 is at or above the analyzed core inlet temperature, then it *may* be possible to determine that the LOCA hydraulic loads will be no worse than in the AOR.

However, if the Unit 2 end-of-cycle procedure employs a T-cold rampdown strategy, then the plant is subjected to reduced core inlet temperatures during the extended duration of the rampdown. That would place the plant in unanalyzed space, and requires a full analysis of the LOCA hydraulic blowdown loads and structural integrity, in order to support this fuel strategy.

4.11.3 Potential Issues

The calculations described above will follow the same methodology as in the AOR, but will consider operational conditions (inlet temperature rampdown) that are potentially adverse relative

to those that the AOR had considered. Since the AOR had produced limited margins for certain reactor vessel internal components, there may be margin issues arising from this analysis.

4.11.4 References

1. Report CENPD-252-P-A, "Blowdown Analysis Method - Method for the Analysis of Blowdown Induced Forces in a Reactor Vessel," July 1979.
2. 13172-LOCA-032, "St. Lucie 2 CEFLASH-4B Blowdown Loads Analysis," January 4, 1981.
3. 13172-LOCA-064, "St. Lucie 2 CEFLASH-4B Blowdown Loads Analysis (Cycle 2)," March 28, 1984.
4. LTR-OA-06-92, Rev. 0, "St. Lucie 2 Blowdown Loads at a Maximum Allowable Measured RCS Flow of 405,500 gpm," September 25, 2006.

4.12 Reactor Vessel Internals Stress/fatigue (Units 1 & 2)

4.12.1 Methodology

Previous analyses have utilized classical stress analysis methods and finite element codes developed by Westinghouse. No change in the overall methodology that might require a license amendment is anticipated.

4.12.2 Margin

Reactor Vessel Internal structures are required to demonstrate structural adequacy for normal operating and upset and faulted condition loads as specified in the design basis of the plant. Continued structural adequacy of the reactor vessel internal structures must be demonstrated for the revised operating parameters associated with the EPU to justify it.

The main objective of the Phase 1 study is to identify the existing stress margins for the internal structures under design loading conditions and perform a scoping study to assess the margins for the proposed uprate conditions.

Methodology consisted of reviewing existing analyses of record (AOR) to extract margins of safety for various components. If, the analysis of record did not consider a loading condition or if some components were not analyzed, analyses performed for other plants similar in design were utilized to project margins for St. Lucie 1 and 2.

For St. Lucie 1, the analysis of record evaluated primary stresses in internal components for normal and upset and faulted conditions. The seismic loads addressed an all Siemens core and the LOCA loads were derived from a Branch Line Pipe Break (BLPB). Core support barrel (CSB) was damaged because of the failure of the thermal shield. The thermal shield was removed and CSB was repaired. The CSB repairs included drilling of crack arrestor holes and installation of several mechanical plugs and patches. Structural adequacy of the CSB and the repair hardware was demonstrated for the design life of the plant. Evaluation of the repair hardware included irradiation induced preload relaxation effects. AOR for thermal analysis considered fuel management and operating conditions that existed in the late 1970's to early 1980's. Since the core shroud generally has the highest thermal stresses due to its proximity to the core and the Gamma heating effects, an analysis of the core shroud thermal stresses performed for a plant similar in design to St. Lucie 1 was examined. This analysis considered thermal loads associated with an Appendix K power uprate.

Existing margins were examined for all design loading conditions and, based upon the level of conservatism in these calculations; an assessment was made for margins for proposed uprate conditions. Based upon this assessment, adequate margins exist for reactor vessel internals to accommodate modest temperature increases associated with the proposed power uprate. Acceptability may depend on fuel management. This assessment does not address the effects of subsequent plant design changes, i.e. replacement steam generators, replacement reactor vessel head and fuel on the loads.

Analysis of record for St. Lucie 2 evaluated reactor vessel internal structures for normal and upset and faulted condition loads. This analysis was performed to evaluate the effects of 42% tube plugging in the original steam generators, increased flow due to replacement steam generators and any combination of standard 16X and Inconel Top Grid fuel assemblies. In order to assess the effects of the proposed next generation fuel (NGF) which is included in the proposed St. Lucie 2 uprate, an analysis performed for a plant similar in design to St. Lucie 2 was examined. This analysis was performed for an 8% power uprate with standard or NGF fuel. Existing margins were examined and, based upon the level of conservatism in these calculations; an assessment was made for margins for proposed uprate conditions. Based upon this assessment, adequate margins exist for reactor vessel internals to accommodate modest temperature increases associated with the proposed power uprate. Acceptability may depend on fuel management.

4.13 Structural Analysis of the Reactor Coolant System Components and Supports (Units 1 & 2)

4.13.1 Methodology

Previous analyses have utilized classical stress analysis methods and finite element codes developed by Westinghouse. No change in the overall methodology that might require a license amendment is anticipated.

4.13.2 Margin

The following pertains to existing RCS stress margins in the design basis for St. Lucie Units 1 and 2.

Stress margins for non-faulted and faulted conditions were examined. The proposed increase in T_{hot} will have a small effect on normal operating conditions, so a closer examination of normal condition stress margins is warranted. Since T_{cold} is either remaining the same or increasing, pipe break loads will not become more severe. There would be a small increase in the normal operating load contribution to some of the overall faulted condition stresses. However, considering all load contributions, it is unlikely that critical faulted condition stress margins will be an issue.

Unit 1

For the RCS stress margins, the majority of the margins are associated with design conditions, service conditions and hydro testing. The loads associated with these conditions are primarily due to pressure, and in some cases, pre-tensioning of bolts. Neither of these types of loadings are anticipated to change.

There are a few critical stress margins associated with the primary piping. The lowest margin, 0.4% for the hot leg elbow, is classified as primary membrane, which is due to the design

pressure loading, which will not change. The remaining piping margins are low, but not considered critical.

For the Reactor Vessel (RV) margins for non-faulted conditions, of particular note is the 0.8% primary membrane plus primary local stress margin for Cut 1 of the RV outlet nozzle. The associated load combination does include pipe reactions, which be affected to some extent by the increase in T_{hot} (i.e., system thermal expansion loads). The 0.6% margins at the vessel wall transition and the shell/bottom head juncture are classified as primary membrane stress, which is due to pressure loading. Therefore, no reduction in those margins is anticipated. The core stop lug margin of 0.2%, which is classified as primary membrane plus primary bending, could be affected slightly by operating temperature changes.

Overall, the critical stress margins in the St. Lucie 1 RCS do not appear to pose a problem for the anticipated changes in T_{hot} and T_{cold} . However, a few of the existing margins do indicate that some further, and in some cases, more sophisticated, reanalyses may be required.

The basis for redoing the seismic and pipe break analyses is as follows:

RCS Seismic Analysis

- RCS seismic analysis is offered as an option but Westinghouse recommends that it be repeated with replacement equipment and current methods. This is recommended to prepare for NRC and ACRS review and for the reasons below: There is an original model calculation, and a report with results but no seismic inputs or outputs for upgrades or replacements.
- There is no up to date seismic data for reactor internals and new fuel evaluation. Data used currently is seismic motion of reactor vessel flange for one horizontal direction only, which neglects rocking of the reactor vessel steam generator system.
- Rerunning the analysis provides an opportunity to evaluate the RSG configuration and any other replacements or upgrades to the RCS in an exact manner.

RCS Pipe Break Analysis

- RCS Pipe Break analysis needs to be repeated. This is required to prepare for NRC and ACRS review.
- Coast down needs to be covered.
- Recent analyses have used Millstone 2 blowdown loads and a simplified but Millstone 2 RCS analysis. It was applied to St Lucie 1 and differences were written off but it never was reviewed by NRC.
- For any future fuel changes or replacements or upgrades there is not plant specific pipe break data for detailed analyses. Where replacements such as CEDMs have been made, Pipe break loads based upon other CE plant results have been used.
- Create margin for low margin areas by quantifying branch line pipe break (LBB) benefit.

Unit 2

Westinghouse report ER-SL2-PS-001 documents a recent effort to qualify St. Lucie Unit 2 for a T_{cold} -3 reduction program. Existing stress margins were determined as part of this effort.

As was the case for St. Lucie 1, the smallest margins generally tend to occur for design condition primary membrane stresses, which are controlled by the pressure load. Critical margins are not

shown for the piping. However, in the current scenario where T_{hot} and T_{cold} are both increasing, the temperature differential between the hot and cold leg piping will remain close to the same. Therefore, any differential thermal expansion effect will be minimized. Also, if the change in T_{cold} is minimal, thermal anchor motions at RCS nozzles will essentially remain the same. Therefore, it is safe to assume that the projected increases in T_{hot} and T_{cold} will have a minimal effect on the existing stress margins.

In conclusion, the critical stress margins in the St. Lucie 2 RCS do not appear to pose a problem for the anticipated changes in T_{hot} and T_{cold} . However, the analyses need to be performed to quantify these qualitative conclusions.

The basis for redoing the seismic and pipe break analyses is as follows:

RCS Seismic Analysis

- RCS Seismic analysis needs to be repeated with current methods. This is required to prepare for NRC and ACRS review.
- There is no existing seismic analysis calculation or report that can be found. This was confirmed in the effort on the recent effort to evaluate the replacement RCP motor.
- For NGF fuel, RCS analysis would have to be repeated to provide input for the fuel seismic analysis. None is available.
- Rerunning the analysis provides an opportunity to evaluate the RSG configuration and any other replacements or upgrades to the RCS in an exact manner.

RCS Pipe Break Analysis

- RCS Pipe Break analysis needs to be repeated. This is required to prepare for NRC and ACRS review.
- For NGF fuel, RCS analysis would have to be repeated to provide input for the fuel pipe break analyses. None is available.
- Coast down needs to be covered.
- TCOLD reduction of 3 degrees was based upon evaluation from other CE plants, no specific plant specific analyses performed.
- Rerunning analyses provides an opportunity to evaluate the RSG configuration and any other upgrades to the RCS in an exact manner.
- Margin for low margin areas by quantifying branch line pipe break (LBB) benefit.

4.14 Vessel Internals Component heating (Units 1 & 2)

4.14.1 Methodology

Unit 1

The methodology that will be used to support the EPU evaluation of vessel internal component heating is not documented in a Topical Report. No NRC review of methodology or methodology changes will be needed.

The AOR for the reactor internal components for Unit 1 date back to the late 1970's to early 1980's, for the fuel management and operating conditions that existed during that time period. Consequently, to support the EPU, a complete set of new calculations will be performed for Unit 1 using ANSYS models to represent the reactor internal components.

Unit 2

The methodology that will be used to support the EPU evaluation of vessel internal component heating is not documented in a Topical Report. No NRC review of methodology or methodology changes will be needed.

The approach to be used with Unit 2 is to use the current AOR, Reference 1, as the starting point for reassessing reactor internal component metal temperatures for the EPU. Reference 1 (circa 2003) defines the component temperatures for the current core thermal power level of 2700 MWt. These component temperatures are based on a set of core physics constraints given in Reference 2, in order to support the internals heating rates used in Reference 1.

For EPU, with the 12% core power increase, new calculations will be performed for internal components which are located below and above the core region, such as the lower core support structure and the fuel alignment plate. For the components located radially outward from the core, such as the core shroud and core support barrel (CSB), one of the following two approaches will be used. If the expected fuel management for EPU can maintain the current heating rates for the radially located components, then the Reference 1 core shroud and CSB metal temperatures will remain valid, or will require minor adjustments. However, and this path is more likely, if the heating rates for the core shroud and CSB increase by ~ 12%, new temperature analyses will be performed for the core shroud and CSB.

Component temperature analyses will be performed using the ANSYS code to model the individual reactor internal components. The analyses will be performed for steady state full power conditions and for the design basis events. The resulting component temperature distributions will be forwarded to the structural analysts for input to their calculations.

4.14.2 Margin

Unit 1

A review of a sample of AOR results for Unit 1 component temperatures (and also from trends from the Unit 2 AOR calculations) shows that:

1. Most internal component temperatures are below 800°F by a large enough margin to accommodate the 12% increase in power, while still maintaining temperatures below

800°F. Structural calculations will still have to be performed to assess the impact of secondary stresses resulting from higher metal temperatures due to higher heat rates, even at temperatures below the 800°F level.

2. The new metal temperatures in the core shroud are anticipated to be above 800°F for the EPU. Constraints imposed on the power levels for the peripheral fuel assemblies can contain the level of heating rates and metal temperatures in the core shroud components. This approach was used for the most current (2003) core shroud temperature analysis for Unit 2 at 2700 MWt, Reference 2.

Unit 2

A review of the AOR results for Unit 2 component temperatures shows that:

1. Most internal component temperatures are below 800°F by a large enough margin to accommodate the 12% increase in power, while still maintaining temperatures below 800°F. Metal temperatures above 800°F trigger special nonroutine calculations to show adequate structural margin. Structural calculations will still have to be performed to assess the impact of secondary stresses resulting from the higher metal temperatures, even at temperatures below the 800°F level.
2. The AOR calculated metal temperatures in the core shroud are currently above 800°F. If the EPU fuel management can be constrained to maintain the AOR heating of the core shroud (that is, if internal heating in the shroud does not increase), then the current temperatures are covered. If the internal heating increases, the temperatures and stresses will have to be reassessed. This outcome will mean higher than current metal temperatures, and more of a challenge to show acceptable structural margins.
3. Temperature differentials are calculated between various upper guide structure (UGS) components (such as between adjoining control element assembly (CEA) shrouds) to determine differential growths and the associated resulting stresses. One or more of these differential temperatures are currently large enough to produce significant stresses. If the coolant temperature differentials increase, the structural margins for these components may be challenged.

4.14.3 Potential Issues

There are the following potential issues for Unit 1:

1. If core shroud heating increases by a substantial amount for EPU, this situation will mean more risk in showing acceptable structural margins for the core shroud.
2. If the differential peaking factors between certain assembly pairs and associated temperatures between UGS components increase substantially, the structural margin for one or more of these component pairs may be challenged.
3. Since the CSB contains several plugs installed in the crack arrestor holes in the barrel (due to the damage caused by the loosened thermal shield in 1983), these plugs will have to be reanalyzed to demonstrate that they will remain intact and tight within the CSB holes.

There are the following potential issues for Unit 2:

1. If core shroud heating increases by a substantial amount, due to the higher power level and fuel management considerations, this situation will require a reanalysis of the core shroud metal temperatures and secondary stresses, and will result in even higher than the current 800+ °F metal temperatures..
2. If the differential peaking factors between certain assembly pairs and associated temperatures between UGS components increase substantially, the structural margin for one or more of these component pairs may be challenged.

4.14.4 References

1. CN-PS-03-27, Revision 0, "Normal Operating Design Metal Temperatures for Reactor Vessel Internal Components for St. Lucie 2 with SG tube Plugging up to 30%," 10/24/2003.
2. CAC-03-246, Revision 0, "Component Heating Data for St. Lucie 2, 30% SG Tube Plugging," 10/09/2003

4.15 PTS evaluation (Units 1 & 2)

4.15.1 Methodology

The Methodology used is that described in 10CFR50.61, "Fracture Toughness Requirements for Protection Against Pressurized Thermal Shock Events". The assumptions used to project values to 55 EFPY for the margin assessment are described below.

4.15.2 Margin

The material property and neutron fluence values used for input to this margin assessment were obtained from the US NRC Reactor Vessel Integrity Database (RVID) Version 2.0.1. It was conservatively assumed for this margin assessment that a 12% uprate was instituted at the beginning of plant operation, and that the increase in power corresponded directly to an increase in neutron fluence to the reactor pressure vessel beltline. Two cases were assessed, 32 and 55 effective full power years (EFPY) of operation. It was also assumed for this margin assessment that the value of Tcold would increase by 2°F as a result of the uprate.

The input values for the reactor vessel beltline materials are given in Table 4.15-1 for St. Lucie Unit 1 and in Table 4.15-2 for St. Lucie Unit 2. Input values include identification of each beltline material, the currently projected fast neutron fluence for approximately 32 EFPY, the initial RT_{NDT} , and the Chemistry Factor. [Note that the Chemistry Factor for several of the Unit 1 beltline materials was derived using surveillance data as indicated in Table 4.15-1. The relevance of this fact is discussed further below.]

The results of the Unit 1 margin assessment are detailed in Table 4.15-3 for the 40 year (32 EFPY) operating period and in Table 4.15-4 for the 55 EFPY operating period. The results of the Unit 2 margin assessment are detailed in Table 4.15-5 for the 40 year (32 EFPY) operating period and in Table 4.15-6 for the 55 EFPY operating period. The fast neutron fluence at the vessel inside surface was conservatively projected using 112% of the fast neutron fluence from Table 4.15-1 or 4.15-2 and adjusting it upward for the 55 EFPY operating period. Each of the assessment tables presents the projected fast neutron fluence, the fluence factor, the calculated shift, the margin term, and the projected value of RT_{PTS} determined for each material. [Note that the "margin term" used to compute RT_{PTS} is an uncertainty term. This needs to be separated from

the margin assessment described below in which the computed value of RT_{PTS} is compared to the PTS screening criteria.] The fluence factor, the calculated shift, the margin term, and the projected value of RT_{PTS} were determined in accordance with the requirements of 10CFR50.61.

The margin assessment for Unit 1 entails a comparison of the RT_{PTS} values given in Tables 4.15-3 and 4.15-4 to the PTS screening criteria provided in 10CFR50.61. Those screening criteria are as follows:

- a) 270°F for an axially oriented flaw (i.e., for plates and axial welds)
- b) 300°F for a circumferentially oriented flaw (i.e., for circumferential welds)

For 32 EFPY, the two highest values of RT_{PTS} are 199°F and 212°F that correspond to lower shell plate C-8-1 and lower shell axial welds 3-203 A, B & C, respectively. For 55 EFPY the same two materials have the highest values of RT_{PTS} , 211°F and 236°F. The screening criterion for plates and for axial welds is 270°F, thus the remaining margin is 34°F to 59°F.

The margin assessment for Unit 2 entails a comparison of the RT_{PTS} values given in Tables 4.15-5 and 4.15-6 to the PTS screening criteria cited above. For 32 EFPY, the two highest values of RT_{PTS} are 160°F and 163°F that correspond to intermediate shell plates M-605-1 and M-605-2, respectively. For 55 EFPY the same two materials have the highest values of RT_{PTS} , 169°F and 173°F. The screening criterion for plates and for axial welds is 270°F, thus the remaining margin is 97°F to 101°F.

For both Units 1 and 2, the projected values of RT_{PTS} are significantly less than the PTS screening criterion after 55 EFPY, even with the ultraconservative assumption of neutron fluence projection. The existence of that margin reduces the chance that the more rigorous determination of reactor vessel integrity that will follow will uncover an issue arising from the proposed uprate. A mitigating factor associated with the uprate is the anticipated T_{cold} increase of 2°F. This small increase in coolant temperature adjacent to the vessel would be beneficial with respect to reactor vessel integrity given that higher temperatures tend to result in lower rates of neutron embrittlement. A potential complicating factor is the anticipated regulatory change to a new embrittlement trend curve (ETC). Based on currently available information, the new ETC is not expected to seriously erode margin. Associated with that is a change in the application of reactor vessel surveillance data to adjust the chemistry factor and reduce the margin that must be added to the embrittlement prediction (e.g., as described in Position 2.1 of Regulatory Guide 1.99, Revision 2). As noted in Table 4.15-1, three St. Lucie Unit 1 plates and welds rely on reactor vessel surveillance data for embrittlement predictions. Loss of the ability to use surveillance data per Position 2.1 could increase the RT_{PTS} prediction by 20°F to 28°F for axial weld 3-203 A, B & C based on the conservative fluence projections to 55 EFPY. That would erode the PTS screening criterion margin to as low as 6°F. However, the margin erosion is expected to be less severe once more precise neutron fluence values are determined. Furthermore, it is also possible that use of surveillance data may be "grandfathered in" for those plants currently licensed in that manner. In any case, those are contingencies that must be considered in the context of the planned uprate.

In conclusion, an assessment was performed concerning the feasibility of performing a ~12% power uprate for the St. Lucie Units 1 and 2 plants with respect to the Pressurized Thermal Shock screening criteria margin. In the case of the Unit 1 reactor pressure vessel, there is sufficient margin to accommodate the 12% uprate and likely future changes to the underlying regulation (10CFR50.61). In the case of the Unit 2 reactor pressure vessel, there is essentially no issue with screening criteria margin.

The methodology used to perform this assessment is as provided in the "PTS Rule" as described in the current version of 10CFR50.61. The methodology and the input data are summarized in

March, 2008

this document. The more detailed assessment of PTS margin to be performed subsequently will require a more rigorous determination of vessel fluence including use of the most recent surveillance capsule neutron fluence analysis results and more explicit representation of the timing of the uprate and its effect on neutron fluence. In addition, a more rigorous determination of reactor vessel materials may be necessary to address PTS margin in light of anticipated future changes to the PTS Rule (i.e., to the embrittlement correlation and to the allowed treatment of reactor vessel surveillance data).

Table 4.15-1 – St. Lucie Unit 1 Reactor Vessel Beltline Materials

Material	Identification	Heat	EOL Fluence (n/cm ² , E> 1MeV)	RTndt (initial)	Chemistry Factor
Intermediate Shell Plate	C-7-1	A-4567-1	3.42 E19	0	74.6
Intermediate Shell Plate	C-7-3	A-4567-2	3.42 E19	10	73.8
Intermediate Shell Plate	C-7-2	B-9427-1	3.42 E19	-10	74.6
Lower Shell Plate	C-8-1	C-5935-1	3.42 E19	20	107.8
Lower Shell Plate	C-8-2	C-5935-2	3.42 E19	20	79.53*
Lower Shell Plate	C-8-3	C-5935-3	3.42 E19	0	82.6
Lower Shell Axial Welds	3-203 A,B,C	305424	2.27 E19	-60	195.16*
Inter./Lower Girth Weld	9-203	90136	3.42 E19	-60	84.36*
Inter. Shell Axial Welds	2-203 A,B,C	A8746/348009	2.27 E19	-56	90.65

*Chemistry Factor derived based on surveillance data.

Table 4.15-2 – St. Lucie Unit 2 Reactor Vessel Beltline Materials

Material	Identification	Heat	EOL Fluence (n/cm ² , E> 1MeV)	RTndt (initial)	Chemistry Factor
Intermediate Shell Plate	M-605-1	A-8490-2	2.76 E19	30	74.15
Intermediate Shell Plate	M-605-2	B-3416-2	2.76 E19	10	91.5
Intermediate Shell Plate	M-605-3	A-8490-1	2.76 E19	0	74.15
Lower Shell Plate	M-4116-1	B-8307-2	2.76 E19	20	37
Lower Shell Plate	M-4116-2	A-3131-1	2.76 E19	20	44
Lower Shell Plate	M-4116-3	A-3131-2	2.76 E19	20	44
Lower Shell Axial Welds	101-142 A,B,C	83637	2.76 E19	-50	34.05
Inter./Lower Girth Weld	101-171	3P7317	2.76 E19	-80	40.05
Inter./Lower Girth Weld	101-171	83637	2.76 E19	-70	34.05
Inter. Shell Axial Welds	101-124 A,B,C	83642	2.76 E19	-56	36.35
Inter. Shell Axial Weld	101-124 C	83637	2.76 E19	-50	34.05

Table 4.15-3 – St. Lucie Unit 1 RT_{PTS} Predictions for 12% EPU after 32 EFPY

Material Identification	EOL Fluence (n/cm ² , E> 1MeV)	Fluence Factor	Calculated Shift (°F)	Margin (°F)	RT _{PTS} (°F)
C-7-1	3.83 E19	1.3468	100	34	134
C-7-3	3.83 E19	1.3468	99	34	143
C-7-2	3.83 E19	1.3468	100	34	124
C-8-1	3.83 E19	1.3468	145	34	199
C-8-2	3.83 E19	1.3468	107	17	144
C-8-3	3.83 E19	1.3468	111	34	145
3-203 A,B,C	2.54 E19	1.2504	244	28	212
9-203	3.83 E19	1.3468	114	28	82
2-203 A,B,C	2.54 E19	1.2504	113	65.5	123

Table 4.15-4 – St. Lucie Unit 1 RT_{PTS} Predictions for 12% EPU after 55 EFPY

Material Identification	EOL Fluence (n/cm ² , E> 1MeV)	Fluence Factor	Calculated Shift (°F)	Margin (°F)	RT _{PTS} (°F)
C-7-1	6.58 E19	1.4527	108	34	142
C-7-3	6.58 E19	1.4527	107	34	151
C-7-2	6.58 E19	1.4527	108	34	132
C-8-1	6.58 E19	1.4527	157	34	211
C-8-2	6.58 E19	1.4527	116	17	153
C-8-3	6.58 E19	1.4527	120	34	154
3-203 A,B,C	4.37 E19	1.3750	268	28	236
9-203	6.58 E19	1.4527	127	28	91
2-203 A,B,C	4.37 E19	1.3750	125	65.5	134

Table 4.15-5 – St. Lucie Unit 2 RT_{PTS} Predictions for 12% EPU after 32 EFPY

Material Identification	EOL Fluence (n/cm ² , E> 1MeV)	Fluence Factor	Calculated Shift (°F)	Margin (°F)	RT _{PTS} (°F)
M-605-1	3.09 E19	1.2978	96	34	160
M-605-2	3.09 E19	1.2978	119	34	163
M-605-3	3.09 E19	1.2978	96	34	130
M-4116-1	3.09 E19	1.2978	48	34	102
M-4116-2	3.09 E19	1.2978	57	34	111
M-4116-3	3.09 E19	1.2978	57	34	111
101-142 A,B,C	3.09 E19	1.2978	44	44	38
101-171	3.09 E19	1.2978	52	52	24
101-171	3.09 E19	1.2978	44	44	18
101-124 A,B,C	3.09 E19	1.2978	47	58	49
101-124 C	3.09 E19	1.2978	44	44	38

Table 4.15-6 – St. Lucie Unit 2 RT_{PTS} Predictions for 12% EPU after 55 EFPY

Material Identification	EOL Fluence (n/cm ² , E> 1MeV)	Fluence Factor	Calculated Shift (°F)	Margin (°F)	RT _{PTS} (°F)
M-605-1	5.31 E19	1.4141	105	34	169
M-605-2	5.31 E19	1.4141	129	34	173
M-605-3	5.31 E19	1.4141	105	34	139
M-4116-1	5.31 E19	1.4141	52	34	106
M-4116-2	5.31 E19	1.4141	62	34	116
M-4116-3	5.31 E19	1.4141	62	34	116
101-142 A,B,C	5.31 E19	1.4141	48	48	46
101-171	5.31 E19	1.4141	57	57	33
101-171	5.31 E19	1.4141	48	48	26
101-124 A,B,C	5.31 E19	1.4141	51	62	57
101-124 C	5.31 E19	1.4141	48	48	46

4.16 NSSS System Reviews (RCS, SIS, CVCS, SDC) (Units 1 & 2)

This evaluation is applicable to St Lucie Units 1 and 2 except when a specific unit is noted.

4.16.1 Methodology

The methodology that will be used to support the Extended Power Uprate (EPU) evaluation of these systems is not documented in a Topical Report. No NRC review of methodology or methodology changes will be needed.

4.16.2 Margin

The Reactor Coolant System:

The EPU normal operating temperature, pressure, and flow conditions in the Reactor Coolant System (RCS) are expected to be within the existing design limits of the system. Therefore, no modifications to the RCS or system components would be required due to normal operating conditions of the power uprate. RCS accident scenarios are to be evaluated separately as requested in Reference 1. Design margins will be maintained.

The Chemical and Volume Control System:

The Chemical and Volume Control System (CVCS) maintains the chemical concentrations and controls the volume of the RCS. The power uprate requirements for normal charging and letdown will not vary from the normal operating limits for the CVCS. The beginning of cycle boration levels may change as the core design is finalized, however, the operating limits would remain within the design limits of the system.

A parameter that may change is the boron concentration within the Boric Acid Makeup Tank (BAMT). The BAMT is a tank within the CVCS that stores high concentration boric acid to support plant shutdown requirements. The high concentration boric acid is injected into the RCS by the CVCS to raise the boric acid concentration in the RCS. The boron concentration of the BAMT is determined by the fuel and core analysis. The increase in power could require an increase in boron concentration. The new boron concentration could require a change in Technical Specification limits. The new limits are expected to be within the design limits of the system and would not require a hardware change within the CVCS.

Shutdown Cooling:

The Shutdown Cooling (SDC) system removes the decay heat of the core during a normal or emergency shutdown. EPU will increase the decay heat during shutdown. Therefore, in a normal or emergency shutdown scenario, the SDC system would be required to remove more decay heat than required under the current operating condition. This could change the cooldown duration for the RCS; however, cooling down the plant at the uprated power is within the capability of the SDC system. No hardware modifications are expected in order for the SDC system to remove the increase decay heat. A complete evaluation of the SDC system including cooldown rates and time will be done as part of the power uprate analysis.

Safety Injection System:

The Safety Injection System (SIS) supports Loss of Coolant Accidents (LOCA) and non-LOCA events. These events are being evaluated according to Reference 1.

For Unit 2, it is understood that additional SIS delivery/performance is not being assumed/required for non-LOCA, small break LOCA (SBLOCA), large break LOCA (LBLOCA), and long-term cooling for Unit 2. Therefore, the SIS is presumed acceptable for the events listed. No change in operating or design margin is anticipated. As part of the full EPU evaluation, a task is suggested in the current effort to assess the possibility of reduced HPSI delivery for LOCA and Non-LOCA support, in order to improve/reduce the current Technical Specification Surveillance Requirements for this system to improve operation/testing of the HPSI system.

For Unit 1, the non-LOCA and the LBLOCA/SBLOCA events are not within Westinghouse scope. As with Unit 2, no request for increased SI delivery has been made by FPL or others. Consequently for this SIS support, the current SIS is presumed acceptable. Reference 2 states that long term cooling (LTC) for Unit 1 may require additional flow for hot leg injection (HLI). Historic documentation regarding HLI suggests that there is potential for an additional delivery flow. Further discussion with the analysts of the LTC evaluation may result in limiting the requested increase in delivered flow. If neither approach can support acceptable LTC results, possible hardware modifications are available, such as pump or system improvements.

4.16.3 Potential Issues

The HLI capability of the SIS is a potential issue for the EPU. Further investigation into the HLI flow that the system can guarantee and HLI flow required for long term cooling is needed. Further investigation of the LTC evaluation and system capability may result in converging on the necessary delivered flow. If neither approach can support acceptable LTC results, possible hardware modifications are available, such as pump or system improvements.

4.16.4 References

1. LTR-NEM-07-721, Revision 0, "Saint Lucie Nuclear Plants Units 1 & 2 – Power Uprate Methodology/Margin Confirmation Study and initiation of Long- Lead and Activities (Phase 1)," 8/6/2007.
2. LTR-OA-07-112, Revision 0, "St. Lucie Unit 2 EPU Methodology/Margin Confirmation and Technical Approach for SBLOCA," 12/21/2007.

5. LONG LEAD ACTIVITY STATUS

5.1 NSSS Design Transients

A study of the current design transients under uprated conditions was performed. The results of the study show that if the finalized full power hot leg temperature is 604°F or less the current design transients will remain applicable for uprate conditions. If the hot leg temperature exceeds 604°F some of the operational transients may need to be redefined. The upset transients will need to be rerun to define the uprate pressure and temperature response. Stress analysis would then evaluate the revised data. All other plant transients defined in the component specifications remain applicable for power uprate design.

5.2 Internals Steady State Thermal-Hydraulic Analysis

Computer models for the various reactor internal components will be developed for the ANSYS code to determine component metal temperatures. Thermal-hydraulic boundary conditions will be developed to represent steady state full power and design basis events.

Required inputs to the ANSYS analyses include:

1. Component geometry
2. Internal heat generation rates (and their distributions within the components).
3. Definition of the thermal-hydraulic parameters during the design basis events.

The ANSYS cases will then be run to determine the component temperature distributions.

5.3 LOCA Blow Down Loads Analysis

The work to-date has focused on review and consultations:

- Reviewed AORs and related subsequent documentation, in order to meaningfully plan the methodology and evaluate the potential margin limitations.
- Searched previous Calculation Notes for related helpful data.

- Consulted with the structural analysis group to identify potential issues.

5.4 Unit 2 Non-LOCA Analysis RETRAN Model Development

Work has been initiated regarding the development of the Unit 2 EPU RETRAN basedeck. The Unit 2 EPU basedeck currently incorporates preliminary data based on the Non-LOCA data request and the Unit 2 Replacement Steam Generator RETRAN basedeck (currently in final preparation). A calculation note has been prepared and an initial RETRAN Basedeck file has been created. Remaining work includes the incorporation of the PCWG information for the EPU program, inclusion of the Core Thermal Limit (CTL) data, incorporation of the verified data requested in the Non-LOCA Data Request, and completion and independent review of the calculation note and RETRAN basedeck.

5.5 LOCA Mass and Energy Model Development

A study of the current LOCA M&E results under uprated conditions was performed. The results indicated that if the GOTHIC computer code is used in analyzing the containment pressure and temperature response following the LOCA and MSLB events, a generic model developed for the CE designed plant needs to be customized with the St. Lucie specific design data and input parameters. Additionally, the Replacement Steam Generator (RSG) related data for St. Lucie Unit 1 is required prior proceeding with LOCA and MSLB mass and energy model development for St. Lucie Unit 1. The required data will be requested in the input data request letter.

5.6 ECCS Performance (LBLOCA, SBLOCA) Model Development

Since the duration of the BELOCA effort is anticipated to be on the order of 24 months for the EPU project, and the current project duration is 24 months, a significant amount of effort has been put forth for the BELOCA effort. A project kickoff and risk review meeting took place on October 23, 2007. A summary of this meeting was given to FPL via a phone call on the same day and documentation was sent via email to Jack Hoffman and Jay Kabadi November 6, 2007.

The technical effort has been focused on upfront modeling decisions and developing a St. Lucie Unit 2 specific WCOBRA/TRAC (WC/T) base deck. In addition, data including drawings have been collected.

The first peer review was held on December 10, 2007 to discuss WC/T nodalization, the loop model changes necessary for a CE Unit, and sample documentation.

6. PROJECT PLAN/SCHEDULE STATUS

Westinghouse has developed a project plan for the overall uprating project for the Westinghouse scope of work. This effort includes working with other parties associated with the uprate to determine scope split among the parties involved in the uprating, generation of a responsibilities assignment matrix and development of input for the overall project integrated schedule. A preliminary project schedule was developed and provided on December 31, 2007. A final schedule to be integrated with the Shaw St. Lucie Engineering schedule will be provided on January 31, 2008.

7. INPUT DATA REQUEST STATUS

Westinghouse has used the available plant information and target operating point to initiate Phase 1 activities. Westinghouse is preparing to provide a request for input data for Phase 2 that will utilize the existing sources of data, such as "Safety Analysis Plant Parameters" and Drawings subject to FPL confirmation.

Docket No. 080009-EI
Exhibit SDS-4
Page 1 of 1

**Engineering Evaluation of Current Technology Options
for New Nuclear Power Generation**

CONFIDENTIAL DOCUMENT

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI **EXHIBIT** 25

COMPANY FP&L Co. (Direct)

WITNESS Steven D. Seraggs (SDS-4)

DATE 09/11/2/08

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080009-E EXHIBIT 26
COMPANY FPL Co (Direct)
WITNESS John J. Reed (JJR-1)
DATE 09/11-12/08

John J. Reed
Chairman and Chief Executive Officer

John J. Reed is a financial and economic consultant with more than 25 years of experience in the energy industry. Mr. Reed has also been the CEO of an NASD member securities firm, and Co-CEO of the nation's largest publicly traded management consulting firm (NYSE: NCI). He has provided advisory services in the areas of mergers and acquisitions, asset divestitures and purchases, strategic planning, project finance, corporate valuation, energy market analysis, rate and regulatory matters and energy contract negotiations to clients across North and Central America. Mr. Reed's comprehensive experience includes the development and implementation of nuclear, fossil, and hydroelectric generation divestiture programs with an aggregate valuation in excess of \$20 billion. Mr. Reed has also provided expert testimony on financial and economic matters on more than 125 occasions before the FERC, Canadian regulatory agencies, state utility regulatory agencies, various state and federal courts, and before arbitration panels in the United States and Canada. After graduation from the Wharton School of the University of Pennsylvania, Mr. Reed joined Southern California Gas Company, where he worked in the regulatory and financial groups, leaving the firm as Chief Economist in 1981. He served as executive and consultant with Stone & Webster Management Consulting and R.J. Rudden Associates prior to forming REED Consulting Group (RCG) in 1988. RCG was acquired by Navigant Consulting in 1997, where Mr. Reed served as an executive until leaving Navigant to join CEA as Chairman and Chief Executive Officer.

REPRESENTATIVE PROJECT EXPERIENCE

Executive Management

As an executive-level consultant, worked with CEOs, CFOs, other senior officers, and Boards of Directors of many of North America's top electric and gas utilities, as well as with senior political leaders of the U.S. and Canada on numerous engagements over the past 20 years. Directed merger, acquisition, divestiture, and project development engagements for utilities, pipelines and electric generation companies, repositioned several electric and gas utilities as pure distributors through a series of regulatory, financial, and legislative initiatives, and helped to develop and execute several "roll-up" or market aggregation strategies for companies seeking to achieve substantial scale in energy distribution, generation, transmission, and marketing.

Financial and Economic Advisory Services

Retained by many of the nation's leading energy companies and financial institutions for services relating to the purchase, sale or development of new enterprises. These projects included major new gas pipeline projects, gas storage projects, several non-utility generation projects, the purchase and sale of project development and gas marketing firms, and utility acquisitions. Specific services provided include the development of corporate expansion plans, review of acquisition candidates, establishment of divestiture standards, due diligence on acquisitions or financing, market entry or expansion studies, competitive assessments, project financing studies, and negotiations relating to these transactions.

Litigation Support and Expert Testimony

Provided expert testimony on more than 125 occasions in administrative and civil proceedings on a wide range of energy and economic issues. Clients in these matters have included gas distribution utilities, gas pipelines, gas producers, oil producers, electric utilities, large energy consumers, governmental and regulatory agencies, trade associations, independent energy project developers, engineering firms, and gas and power

marketers. Testimony has focused on issues ranging from broad regulatory and economic policy to virtually all elements of the utility ratemaking process. Also frequently testified regarding energy contract interpretation, accepted energy industry practices, horizontal and vertical market power, quantification of damages, and management prudence. Have been active in regulatory contract and litigation matters on virtually all interstate pipeline systems serving the U.S. Northeast, Mid-Atlantic, Midwest, and Pacific regions.

Also served on FERC Commissioner Terzic's Task Force on Competition, which conducted an industry-wide investigation into the levels of and means of encouraging competition in U.S. natural gas markets. Represented the interests of the gas distributors (the AGD and UDC) and participated actively in developing and presenting position papers on behalf of the LDC community.

Resource Procurement, Contracting and Analysis

On behalf of gas distributors, gas pipelines, gas producers, electric utilities, and independent energy project developers, personally managed or participated in the negotiation, drafting, and regulatory support of hundreds of energy contracts, including the largest gas contracts in North America, electric contracts representing billions of dollars, pipeline and storage contracts, and facility leases.

These efforts have resulted in bringing large new energy projects to market across North America, the creation of hundreds of millions of dollars in savings through contract renegotiation, and the regulatory approval of a number of highly contested energy contracts.

Strategic Planning and Utility Restructuring

Acted as a leading participant in the restructuring of the natural gas and electric utility industries over the past fifteen years, as an adviser to local distribution companies (LDCs), pipelines, electric utilities, and independent energy project developers. In the recent past, provided services to many of the top 50 utilities and energy marketers across North America. Managed projects that frequently included the redevelopment of strategic plans, corporate reorganizations, the development of multi-year regulatory and legislative agendas, merger, acquisition and divestiture strategies, and the development of market entry strategies. Developed and supported merchant function exit strategies, marketing affiliate strategies, and detailed plans for the functional business units of many of North America's leading utilities.

PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2002 – Present)

Chairman and Chief Executive Officer

Navigant Consulting, Inc. (1997 – 2002)

President, Navigant Energy Capital (2000 – 2002)

Executive Director (2000 – 2002)

Co-Chief Executive Officer; Vice Chairman (1999 – 2000)

Executive Managing Director (1998 – 1999)

President, REED Consulting Group, Inc. (1997 – 1998)

REED Consulting Group (1988 – 1997)

Chairman, President and Chief Executive Officer

R.J. Rudden Associates, Inc. (1983 – 1988)

Vice President

Stone & Webster Management Consultants, Inc. (1981 – 1983)

Senior Consultant
Consultant

Southern California Gas Company (1976 – 1981)

Corporate Economist
Financial Analyst
Treasury Analyst

EDUCATION AND CERTIFICATION

B.S., Economics and Finance, Wharton School, University of Pennsylvania, 1976
Licensed Securities Professional: NASD Series 7, 63, and 24 Licenses

BOARDS OF DIRECTORS (PAST AND PRESENT)

Concentric Energy Advisors, Inc.
Navigant Consulting, Inc.
Navigant Energy Capital
Nukem, Inc.
New England Gas Association
R. J. Rudden Associates
REED Consulting Group

AFFILIATIONS

National Association of Business Economists
International Association of Energy Economists
American Gas Association
New England Gas Association
Society of Gas Lighters
Guild of Gas Managers

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SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Colorado Public Utilities Commission				
Xcel Energy	8/04	Xcel Energy	Docket No. 031-134E	Cost of Debt
CT Dept. of Public Utilities Control				
United Illuminating	3/99	United Illuminating	Docket No. 99-03-04	Nuclear Plant Valuation
Southern Connecticut Gas	2/04	Southern Connecticut Gas	Docket No. 00-12-08	Gas Purchasing Practices
Southern Connecticut Gas	4/05	Southern Connecticut Gas	Docket No. 05-03-17	LNG/Trunkline
District Of Columbia PSC				
Potomac Electric Power Company	3/99	Potomac Electric Power Company	Docket No. 945	Divestiture of Gen. Assets & Purchase Power Contracts (Direct)
Potomac Electric Power Company	5/99	Potomac Electric Power Company	Docket No. 945	Divestiture of Gen. Assets & Purchase Power Contracts (Supplemental Direct)
Potomac Electric Power Company	7/99	Potomac Electric Power Company	Docket No. 945	Divestiture of Gen. Assets & Purchase Power Contracts (Rebuttal)
Fed'l Energy Regulatory Commission				
BEC Energy - Commonwealth Energy System	2/99	Boston Edison Company/ Commonwealth Energy System	EC99-____-000	Market Power Analysis – Merger
Central Hudson Gas & Electric, Consolidated Co. of New York, Niagara Mohawk Power Corporation, Dynegy Power Inc.	10/00	Central Hudson Gas & Electric, Consolidated Co. of New York, Niagara Mohawk Power Corporation, Dynegy Power Inc.	Docket No. EC00-____	Market Power 203/205 Filing
Wyckoff Gas Storage	12/02	Wyckoff Gas Storage	CP03-33-000	Need for Storage Project
Indicated Shippers/Producers	10/03	Northern Natural Gas	Docket No. RP98-39-029	Ad Valorem Tax Treatment
Maritimes & Northeast Pipeline	6/04	Maritimes & Northeast Pipeline	Docket No. RP04-360-000	Rolled-In Rates
ISO New England	8/04	ISO New England	Docket No. ER03-563-030	Cost of New Entry
Transwestern Pipeline Company, LLC	9/06	Transwestern Pipeline Company, LLC	Docket No. RP06-614-000	

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 27
 COMPANY FPL Co. (Direct)
 WITNESS John J. Reed (JJR-2)
 DATE 09/11/08

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SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
Florida Public Service Commission				
Florida Power and Light Co.	10/07	Florida Power & Light Co.	Docket No. 07____-EI	Need for new nuclear plant
Hawaii Public Utility Commission				
Hawaiian Electric Light Company, Inc. (HELCO)	6/00	Hawaiian Electric Light Company, Inc.	Cause No. 41746	Standby Charge
Indiana Utility Regulatory Commission				
Northern Indiana Public Service Company	10/01	Northern Indiana Public Service Company	Docket No. 99-0207	Direct Testimony, Valuation of Electric Generating Facilities
Northern Indiana Public Service Company	01/08	Northern Indiana Public Service Company	Cause No. 43396	Asset Valuation
Iowa Utilities Board				
Interstate Power and Light	7/05	Interstate Power and Light and FPL Energy Duane Arnold, LLC	Docket No. SPU-05-15	Sale of Nuclear Plant
Interstate Power and Light	5/07	City of Everly, Iowa	Docket No. SPU-06-5	Public Benefits
Interstate Power and Light	5/07	City of Kalona, Iowa	Docket No. SPU-06-6	Public Benefits
Interstate Power and Light	5/07	City of Wellman, Iowa	Docket No. SPU-06-10	Public Benefits
Interstate Power and Light	5/07	City of Terril, Iowa	Docket No. SPU-06-8	Public Benefits
Interstate Power and Light	5/07	City of Rolfe, Iowa	Docket No. SPU-06-7	Public Benefits
Maryland Public Service Commission				
Potomac Electric Power Company	8/99	Potomac Electric Power Company	Docket No. 8796	Stranded Cost & Price Protection (Direct)

Mass. Department of Public Utilities				
NStar	9/07, 12/07	NStar, Bay State Gas, Fitchburg G&E, NE Gas, W. MA Electric	DPU 07-50	Decoupling
Michigan Public Service Commission				
Detroit Edison Company	9/98	Detroit Edison Company	Case No. U-11726	Market Value of Generation Assets
Consumers Energy Company	8/06	Consumers Energy Company	Case No. U-14992	Sale of Nuclear Plant
Minnesota Public Utilities Commission				
Xcel Energy/No. States Power	9/04	Xcel Energy/No. States Power	Docket No. G002/GR-04-1511	NRG Impacts
Interstate Power and Light	8/05	Interstate Power and Light and FPL Energy Duane Arnold, LLC	Docket No. E001/PA-05-1272	Sale of Nuclear Plant
Northern States Power Company d/b/a Xcel Energy	11/05	Northern States Power Company	Docket No. E002/GR-05-1428	NRG Impacts on Debt Costs
Northern States Power Company d/b/a Xcel Energy	09/06	NSP v. Excelsior	Docket No. E6472/M-05-1993	Industry Norms and Financial Impacts
Northern States Power Company d/b/a Xcel Energy	11/06	Northern States Power Company	Docket No. G002/GR-06-1429	Return on Equity
Missouri Public Service Commission				
Missouri Gas Energy	1/03	Missouri Gas Energy	Case No. GR-2001-382	Gas Purchasing Practices; Prudence
Aquila Networks	2/04	Aquila-MPS, Aquila_L&P	Case Nos. ER-2004-0034 HR-2004-0024	Cost of Capital, Capital Structure
Aquila Networks	2/04	Aquila-MPS, Aquila_L&P	Case No. GR-2004-0072	Cost of Capital, Capital Structure
Missouri Gas Energy	11/05	Missouri Gas Energy	Case Nos. GR-2002-348 GR-2003-0330	Capacity Planning

Nat. Energy Board of Canada				
Maritimes & Northeast Pipeline	2/02	Maritimes & Northeast Pipeline	GH-3-2002	Natural Gas Demand Analysis
TransCanada Pipelines	8/04	TransCanada Pipelines	RH-3-2004	Segmented Service
Brunswick Pipeline	9/06	Brunswick Pipeline	GH-1-2006	Market Study
TransCanada Pipelines Ltd.	3/07	TransCanada Pipelines Ltd.: Gros Cacouna Receipt Point Application	RH-1-2007	
New Brunswick Energy and Utilities Board				
Atlantic Wallboard/JD Irving Co	1/08	Atlantic Wallboard/JD Irving Co.	MCTN #298600	Rate Setting for EGNB
New York Public Service Commission				
Central Hudson, ConEdison and Niagara Mohawk	9/00	Central Hudson, ConEdison and Niagara Mohawk	Case No. 96-E-0909 Case No. 96-E-0897 Case No. 94-E-0098 Case No. 94-E-0099	Section 70
Central Hudson, New York State Electric & Gas, Rochester Gas & Electric	5/01	Joint Petition of NiMo, NYSEG, RG&E, Central Hudson, Constellation and Nine Mile Point	Case No. 01-E-0011	Section 70, Rebuttal Testimony
Rochester Gas & Electric	12/03	Rochester Gas & Electric	Case No. 03-E-1231	Sale of Nuclear Plant
Rochester Gas & Electric	01/04	Rochester Gas & Electric	Case No. 03-E-0765 Case No. 02-E-0198 Case No. 03-E-0766	Sale of Nuclear Plant; Ratemaking Treatment of Sale
Oklahoma Corporation Commission				
Oklahoma Gas & Electric Company	9/05	Oklahoma Gas & Electric Company	Cause No. PUD 200500151	Prudence of McLain Acquisition
Ontario Energy Board				
Market Hub Partners Canada, L.P.	5/06	Natural Gas Electric Interface Roundtable	File No. EB-2005-0551	Market-based Rates For Storage
Rhode Island Public Utilities Commission				
Providence Gas Company and The Valley Gas Company	1/01	Providence Gas Company and The Valley Gas Company	Docket No. 1673 and 1736	Gas Cost Mitigation Strategy

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The New England Gas Company	3/03	New England Gas Company	Docket No. 3459	Cost of Capital
Texas Public Utility Commission				
Oncor Electric Delivery Company	8/07	Oncor Electric Delivery Company	Docket No. 34040	Rate Filing Package; Regulatory Policy, Rate of Return, Return of Capital and Consolidated Tax Adjustment
Utah Public Service Commission				
Questar Gas Company	12/07	Questar Gas Company	Docket No. 07-057-13	benchmarking
Vermont Public Service Board				
Green Mountain Power	7/98	Green Mountain Power	Docket No. 6107	Direct Testimony
Green Mountain Power	9/00	Green Mountain Power	Docket No. 6107	Rebuttal Testimony
Wisconsin Public Service Commission				
WEC & WICOR	11/99	WEC	Docket No. 9401-YO-100 Docket No. 9402-YO-101	Approval to Acquire the Stock of WICOR
Wisconsin Electric Power Company	1/07	Wisconsin Electric Power Co.	Docket No. 6630-EI-113	Sale of Nuclear Plant

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SPONSOR	DATE	CASE/APPLICANT	DOCKET No.	SUBJECT
American Arbitration Association				
Attala Generating Company	12/03	Attala Generating Co v. Attala Energy Co.	Case No. 16-Y-198-00228-03	Power Project Valuation; Breach of Contract; Damages
State of Colorado District Court, County of Garfield				
Questar Corporation, et al	11/00	Questar Corporation, et al.	Case No. 00CV129-A	Partnership Fiduciary Duties
State of Delaware, Court of Chancery, New Castle County				
Wilmington Trust Company	11/05	Calpine Corporation vs. Bank Of New York and Wilmington Trust Company	C.A. No. 1669-N	Bond Indenture Covenants
Illinois Appellate Court, Fifth Division				
Norweb, plc	8/02	Indeck No. America v. Norweb	Docket No. 97 CH 07291	Breach of Contract; Power Plant Valuation
Independent Arbitration Panel				
Ocean State Power	9/02	Ocean State Power vs. ProGas Ltd.	2001/2002 Arbitration	Gas Price Arbitration
Ocean State Power	2/03	Ocean State Power vs. ProGas Ltd.	2002/2003 Arbitration	Gas Price Arbitration
Ocean State Power	6/04	Ocean State Power vs. ProGas Ltd.	2003/2004 Arbitration	Gas Price Arbitration
Shell Canada Limited	7/05	Shell Canada Limited and Nova Scotia Power Inc.		Gas Contract Price Arbitration
State of New Jersey, Mercer County Superior Court				
Transamerica Corp., et. al.	7/07	IMO Industries Inc. vs. Transamerica Corp., et. al.	Docket No. L-2140-03	Breach-Related Damages, Enterprise Value

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Testimony of John J. Reed 1997 – 2008
REGULATORY AGENCIES
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Province of Alberta, Court of Queen's Bench				
Alberta Northeast Gas Limited	5/07	Cargill Gas Marketing Ltd. vs. Alberta Northeast Gas Limited	Action No. 0501-03291	Gas Contracting Practices
State of Utah Third District Court				
PacifiCorp & Holme, Roberts & Owen, LLP	1/07	USA Power & Spring Canyon Energy vs. PacifiCorp. et. al.	Civil No. 050903412	Breach-Related Damages
U.S. Bankruptcy Court, District Of New Jersey				
Ponderosa Pine Energy Partners, Ltd.	7/05	Ponderosa Pine Energy Partners, Ltd.	Case No. 05-21444	Forward Contract Bankruptcy Treatment
U.S. Bankruptcy Court, So. District Of New York				
Johns Manville	5/04	Enron Energy Mktg. v. Johns Manville; Enron No. America v. Johns Manville	Case No. 01-16034 (AJG)	Breach of Contract; Damages
U.S. Bankruptcy Court, Northern District Of Texas				
Southern Maryland Electric Cooperative, Inc. and Potomac Electric Power Company	11/04	Mirant Corporation, et al. v. SMECO	Case No. 03-4659; Adversary No. 04-4073	PPA Interpretation; Leasing
U. S. Court of Federal Claims				
Boston Edison Company	7/06	Boston Edison v. Department of Energy	No. 99-447C No. 03-2626C	Spent Nuclear Fuel Litigation
Consolidated Edison of New York	08/07	Consolidated Edison of New York, Inc. and subsidiaries v. United States	No. 06-305T	Leasing Litigation
U. S. District Court, District of Connecticut				
Constellation Power Source, Inc.	12/04	Constellation Power Source, Inc. v. Select Energy, Inc.	Civil Action 304 CV 983 (RNC)	ISO Structure, Breach of Contract
U.S. District Court, New Hampshire				
Portland Natural Gas Transmission and Maritimes & Northeast Pipeline	9/03	Public Service Company of New Hampshire vs. PNGTS and M&NE Pipeline	Docket No. C-02-105-B	Impairment of Electric Transmission Right-of-Way

U. S. District Court, Southern District of New York				
Central Hudson Gas & Electric	11/99	Central Hudson v. Riverkeeper, Inc., Robert H. Boyle, John J. Cronin	Civil Action 99 Civ 2536 (BDP)	Expert Report, Shortnose Sturgeon Case
Central Hudson Gas & Electric	8/00	Central Hudson v. Riverkeeper, Inc., Robert H. Boyle, John J. Cronin	Civil Action 99 Civ 2536 (BDP)	Revised Expert Report, Shortnose Sturgeon Case
Consolidated Edison	3/02	Consolidated Edison v. Northeast Utilities	Case No. 01 Civ. 1893 (JGK) (HP)	Industry Standards for Due Diligence
Merrill Lynch & Company	1/05	Merrill Lynch v. Allegheny Energy, Inc.	Civil Action 02 CV 7689 (HB)	Due Diligence, Breach of Contract, Damages
U. S. District Court, Eastern District of Virginia				
Aquila, Inc.	1/05	VPEN v. Aquila, Inc.	Civil Action 304 CV 411	Breach of Contract, Damages
District of Columbia Court City Council				
Potomac Electric Power Co.	7/99	Potomac Electric Power Co.	Bill 13-284	Utility restructuring

WRJ-1
Resume of William R. Jacobs, Jr., Ph.D.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 28

COMPANY Office of Public Counsel (Direct)

WITNESS William R. Jacobs, Jr. (WRJ-1)

DATE 09/11-12/08

EDUCATION:

Engineering, Georgia Tech 1971

MS, Nuclear Engineering, Georgia Tech 1969

BS, Mechanical Engineering, Georgia Tech 1968

Ph.D., Nuclear

ENGINEERING REGISTRATION:

Professional Engineer

Registered

PROFESSIONAL MEMBERSHIP:

Nuclear Society

American

EXPERIENCE:

Dr. Jacobs has over thirty-five years of experience in a wide range of activities in the electric power generation industry. He has extensive experience in the construction, startup and operation of nuclear power plants. While at the Institute of Nuclear Power Operation (INPO), Dr. Jacobs assisted in development of INPO's outage management evaluation group. He has provided expert testimony related to nuclear plant operation and outages in Texas, Louisiana, South Carolina, Florida, Wisconsin, Indiana, Georgia and Arizona. He currently provides nuclear plant operational monitoring services for GDS clients. He is assisting the Florida Office of Public Counsel in monitoring the development of four new nuclear units in the State of Florida. He will provide testimony concerning the prudence of expenditures for these nuclear units. He has assisted the Georgia Public Service Commission staff in development of energy policy issues related to supply-side resources and in evaluation of applications for certification of power generation projects and assists the staff in monitoring the construction of these projects. He has also assisted in providing regulatory oversight related to an electric utility's evaluation of responses to an RFP for a supply-side resource and subsequent negotiations with short-listed bidders. He has provided technical litigation support and expert testimony support in several complex law suits involving power generation facilities. He monitors power plant operations for GDS clients and has provided testimony on power plant operations and decommissioning in several jurisdictions. Dr. Jacobs represents a GDS client on the management committee of a large coal-fired power plant currently under construction. Dr. Jacobs has provided testimony before the Georgia Public Service Commission, the Public Utility Commission of Texas, the North Carolina Utilities Commission, the South Carolina Public Service Commission, the Iowa State Utilities Board, the Louisiana Public Service Commission, the Florida Public Service Commission, the Indiana Regulatory Commission, the Wisconsin Public Service Commission, the Arizona Corporation Commission and the FERC.

A list of Dr. Jacobs' testimony is available upon request.

1986-Present GDS Associates, Inc.

As Vice-President, Dr. Jacobs directs GDS' nuclear plant monitoring activities and has assisted clients in evaluation of management and technical issues related to power plant construction, operation and design. He has evaluated and testified on combustion turbine projects in certification hearings and has assisted the Georgia PSC in monitoring the construction of the combustion turbine projects. Dr. Jacobs has evaluated nuclear plant operations and provided testimony in the areas of nuclear plant operation, construction prudence and decommissioning in nine states. He has provided litigation support in complex law suits concerning the construction of nuclear power facilities.

1985-1986 Institute of Nuclear Power Operations (INPO)

Dr. Jacobs performed evaluations of operating nuclear power plants and nuclear power plant construction projects. He developed INPO Performance Objectives and Criteria for the INPO Outage Management Department. Dr. Jacobs performed Outage Management Evaluations at the following nuclear power plants:

- Connecticut Yankee - Connecticut Yankee Atomic Power Co.
- Callaway Unit I - Union Electric Co.
- Surry Unit I - Virginia Power Co.
- Ft. Calhoun - Omaha Public Power District
- Beaver Valley Unit 1 - Duquesne Light Co.

During these outage evaluations, he provided recommendations to senior utility management on techniques to improve outage performance and outage management effectiveness.

1979-1985 Westinghouse Electric Corporation

As site manager at Philippine Nuclear Power Plant Unit No. 1, a 655 MWe PWR located in Bataan, Philippines, Dr. Jacobs was responsible for all site activities during completion phase of the project. He had overall management responsibility for startup, site engineering, and plant completion departments. He managed workforce of approximately 50 expatriates and 1700 subcontractor personnel. Dr. Jacobs provided day-to-day direction of all site activities to ensure establishment of correct work priorities, prompt resolution of technical problems and on schedule plant completion.

Prior to being site manager, Dr. Jacobs was startup manager responsible for all startup activities including test procedure preparation, test performance and review and acceptance of test results. He established the system turnover program, resulting in a timely turnover of systems for startup testing.

As startup manager at the KRSKO Nuclear Power Plant, a 632 MWE PWR near Krsko, Yugoslavia, Dr. Jacobs' duties included development and review of startup test procedures, planning and coordination of all startup test activities, evaluation of test results and customer assistance with regulatory questions. He had overall responsibility for all startup testing from Hot Functional Testing through full power operation.

1973 - 1979 NUS Corporation

As Startup and Operations and Maintenance Advisor to Korea Electric Company during startup and commercial operation of Ko-Ri Unit 1, a 595 MWE PWR near Pusan, South Korea, Dr. Jacobs advised KECO on all phases of startup testing and plant operations and maintenance through the first year of commercial operation. He assisted in establishment of administrative procedures for plant operation.

As Shift Test Director at Crystal River Unit 3, an 825 MWE PWR, Dr. Jacobs directed and performed many systems and integrated plant tests during startup of Crystal River Unit 3. He acted as data analysis engineer and shift test director during core loading, low power physics testing and power escalation program.

As Startup engineer at Kewaunee Nuclear Power Plant and Beaver Valley, Unit 1, Dr. Jacobs developed and performed preoperational tests and surveillance test procedures.

1971 - 1973 Southern Nuclear Engineering, Inc.

Dr. Jacobs performed engineering studies including analysis of the emergency core cooling system for an early PWR, analysis of pressure drop through a redesigned reactor core support structure and developed a computer model to determine tritium build up throughout the operating life of a large PWR.

SIGNIFICANT CONSULTING ASSIGNMENTS:

East Texas Electric Cooperative – Represents ETEC on the management committee of the Plum Point Unit 1 a 650 Mw coal-fired plant under construction in Osceola, Arkansas and represents ETEC on the management committee of the Harrison County Power Project, a 525 Mw combined cycle power plant located near Marshall, Texas.

Arizona Corporation Commission – Evaluated operation of the Palo Verde Nuclear Generating Station during the year 2005. Included evaluation of 11 outages and providing written and oral testimony before the Arizona Corporation Commission.

Citizens Utility Board of Wisconsin – Evaluated Spring 2005 outage at the Kewaunee Nuclear Power Plant and provided direct and surrebuttal testimony before the Wisconsin Public Service Commission.

Georgia Public Service Commission - Assisted the Georgia PSC staff in evaluation of Integrated Resource Plans presented by two investor owned utilities. Review included analysis of purchase power agreements, analysis of supply-side resource mix and review of a proposed green power program.

State of Hawaii, Department of Business, Economic Development and Tourism – Assisted the State of Hawaii in development and analysis of a Renewable Portfolio Standard to increase the amount of renewable energy resources developed to meet growing electricity demand. Presented the results of this work in testimony before the State of Hawaii, House of Representatives.

Georgia Public Service Commission - Assisted the Georgia PSC staff in providing oversight to the bid evaluation process concerning an electric utility's evaluation of responses to a Request for Proposals for supply-side resources. Projects evaluated include simple cycle combustion turbine projects, combined cycle combustion turbine projects and co-generation projects.

Millstone 3 Nuclear Plant Non-operating Owners – Evaluated the lengthy outage at Millstone 3 and provided analysis of outage schedule and cost on behalf of the non-operating owners of Millstone 3. Direct testimony provided an analysis of additional post-outage O&M costs that would result due to the outage. Rebuttal testimony dealt with analysis of the outage schedule.

H.C. Price Company – Evaluated project management of the Healy Clean Coal Project on behalf of the General Contractor, H.C. Price Company. The Healy Clean Coal Project is a 50 megawatt coal burning power plant funded in part by the DOE to demonstrate advanced clean coal technologies. This project involved analysis of the project schedule and evaluation of the impact of the owner's project management performance on costs incurred by our client.

Steel Dynamics, Inc. – Evaluated a lengthy outage at the D.C. Cook nuclear plant and presented testimony to the Indiana Utility Regulatory Commission in a fuel factor adjustment case Docket No. 38702-FAC40-S1.

Florida Office of Public Counsel - Evaluated lengthy outage at Crystal River Unit 3 Nuclear Plant. Submitted expert testimony to the Florida Public Service Commission in Docket No. 970261-EI.

United States Trade and Development Agency - Assisted the government of the Republic of Mauritius in development of a Request for Proposal for a 30 MW power plant to be built on a Build, Own, Operate (BOO) basis and assisted in evaluation of Bids.

Louisiana Public Service Commission Staff - Evaluated management and operation of the River Bend Nuclear Plant. Submitted expert testimony before the LPSC in Docket No. U-19904.

U.S. Department of Justice - Provided expert testimony concerning the in-service date of the Harris Nuclear Plant on behalf of the Department of Justice U.S. District Court.

City of Houston - Conducted evaluation of a lengthy NRC required shutdown of the South Texas Project Nuclear Generating Station.

Georgia Public Service Commission Staff - Evaluated and provided testimony on Georgia Power Company's application for certification of the Intercession City Combustion Turbine Project - Docket No. 4895-U.

Seminole Electric Cooperative, Inc. - Evaluated and provided testimony on nuclear decommissioning and fossil plant dismantlement costs - FERC Docket Nos. ER93-465-000, et al.

Georgia Public Service Commission Staff - Evaluated and prepared testimony on application for certification of the Robins Combustion Turbine Project by Georgia Power Company - Docket No. 4311-U.

North Carolina Electric Membership Corporation - Conducted a detailed evaluation of Duke Power Company's plans and cost estimate for replacement of the Catawba Unit 1 Steam Generators.

Georgia Public Service Commission Staff - Evaluated and prepared testimony on application for certification of the McIntosh Combustion Turbine Project by Georgia Power Company and Savannah Electric Power Company - Docket No. 4133-U and 4136-U.

New Jersey Rate Counsel - Review of Public Service Electric & Gas Company nuclear and fossil capital additions in PSE&G general rate case.

Corn Belt Electric Cooperative/Central Iowa Power Electric Cooperative - Directs an operational monitoring program of the Duane Arnold Energy Center (565 Mwe BWR) on behalf of the non-operating owners.

Cities of Calvert and Kosse - Evaluated and submitted testimony of outages of the River Bend Nuclear Station - PUCT Docket No. 10894.

Iowa Office of Consumer Advocate - Evaluated and submitted testimony on the estimated decommissioning costs for the Cooper Nuclear Station - IUB Docket No. RPU-92-2.

Georgia Public Service Commission/Hicks, Maloof & Campbell - Prepared testimony related to Vogtle and Hatch plant decommissioning costs in 1991 Georgia Power rate case - Docket No. 4007-U.

City of El Paso - Testified before the Public Utility Commission of Texas regarding Palo Verde Unit 3 construction prudence - Docket No. 9945.

City of Houston - Testified before Texas Public Utility Commission regarding South Texas Project nuclear plant outages - Docket No. 9850.

NUCOR Steel Company - Evaluated and submitted testimony on outages of Carolina Power and Light nuclear power facilities - SCPSC Docket No. 90-4-E.

Georgia Public Service Commission/Hicks, Maloof & Campbell - Assisted Georgia Public Service Commission staff and attorneys in many aspects of Georgia Power Company's 1989 rate case including nuclear operation and maintenance costs, nuclear performance incentive plan for Georgia and provided expert testimony on construction prudence of Vogtle Unit 2 and decommissioning costs of Vogtle and Hatch nuclear units - Docket No. 3840-U.

Swidler & Berlin/Niagara Mohawk - Provided technical litigation support to Swidler & Berlin in law suit concerning construction mismanagement of the Nine Mile 2 Nuclear Plant.

Long Island Lighting Company/Shea & Gould - Assisted in preparation of expert testimony on nuclear plant construction.

North Carolina Electric Membership Corporation - Prepared testimony concerning prudence of construction of Carolina Power & Light Company's Shearon Harris Station - NCUC Docket No. E-2, Sub537.

City of Austin, Texas - Prepared estimates of the final cost and schedule of the South Texas Project in support of litigation.

Tex-La Electric Cooperative/Brazos Electric Cooperative - Participated in performance of a construction and operational monitoring program for minority owners of Comanche Peak Nuclear Station.

Tex-La Electric Cooperative/Brazos Electric Cooperative/Texas Municipal Power Authority (Attorneys - Burchette & Associates, Spiegel & McDiarmid, and Fulbright & Jaworski) - Assisted GDS personnel as consulting experts and litigation managers in all aspects of the lawsuit brought by Texas Utilities against the minority owners of Comanche Peak Nuclear Station.

CONFIDENTIAL

WRJ-2

SOLE SOURCE JUSTIFICATION (EXAMPLE #1)

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 090008-EI EXHIBIT 29

COMPANY

Office of Public Counsel (Direct)

WITNESS

William R. Jacobs (WRJ-2)

DATE

09/11-12/08

CONFIDENTIAL

WRJ-2

**SOLE SOURCE JUSTIFICATION
(EXAMPLE #1)**

CONFIDENTIAL

WRJ-3

**SINGLE SOURCE JUSTIFICATION
(EXAMPLE #2)**

CONFIDENTIAL

WRJ-2

**SOLE SOURCE JUSTIFICATION
(EXAMPLE #1)**

CONFIDENTIAL

WRJ-3

**SINGLE SOURCE JUSTIFICATION
(EXAMPLE #2)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 30

COMPANY Office of Public Counsel (Direct)

WITNESS William R. Jacobs (WRJ-3)

DATE 09/11-12/08

CONFIDENTIAL

WRJ-3

**SINGLE SOURCE JUSTIFICATION
(EXAMPLE #2)**



WRJ-4

SOLE SOURCE JUSTIFICATION FOR AREVA

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 31
COMPANY Office of Public Counsel (Direct)
WITNESS William R. Jacobs (WRJ-4)
DATE 09/11-12/08

SOLE SOURCE JUSTIFICATION

Description of Procurement

In accordance with Revision 14a of FPL Nuclear Policy NP-1000 "Procurement Control" this document provides the sole source justification for Areva NP, Inc. to perform fuel related nuclear steam supply system (NSSS) Engineering, Licensing, and Design activities for the St. Lucie Unit 1 Extended Power Uprates (EPU). This scope of work is defined in the Contractor/Engineering Services Project Scope Document associated with Procurement Requisition (PR) 274432. Contact Steve Hale at (561) 694-4016 or Bill Labbe at (603) 773-7652 for additional information.

Name of Supplier

Areva NP, Inc.

Justification

It is recommended that the subject scope of work be procured from the above sole source supplier for the following reasons:

A proposal to increase the power output of St. Lucie Units 1 & 2 and Turkey Point Units 3 & 4 was provided to executive management on June 21, 2007. These Extended Power Uprates (EPUs) would increase the St. Lucie plant output by approximately 11% and the Turkey Point plant output by approximately 14%. Conditional approval was given to proceed with the EPUs based on the benefits of the project. The project schedule assumes implementation of the EPUs in 2011 and 2012. Meeting this schedule requires performance of the technical work on a very aggressive timeline in order to receive the necessary regulatory approvals.

The requested work scope involves nuclear fuel related analyses and evaluations for the St. Lucie Unit 1 EPU. Specifically, all St. Lucie Unit 1 NSSS transient and accident analyses, radiological analyses and nuclear fuel analyses (fuel design, nuclear design, and thermal-hydraulic design) are considered to be in scope. Areva NP, Inc. is the current nuclear fuel supplier for St. Lucie Unit 1. Accordingly, Areva NP, Inc. possess all of the required design information and has performed all of the current transient and accident analyses affected by the EPU. No other vendor has the required design documentation for St. Lucie Unit 1. Performing this work scope with another vendor would not be cost-effective or prudent from a schedule perspective. Therefore, it is recommended that the contract for the St. Lucie Unit 1 EPU fuel related NSSS Engineering, Licensing and Design be awarded on a sole source basis to Areva NP, Inc.

Recommended By: Stephen T. Hale Date: 7/18/07

Stephen T. Hale
Uprate Project Manager

Approved By: Rajiv S. Kundalkar Date: 7/19/07

Rajiv S. Kundalkar
Vice President
Technical Services

CONFIDENTIAL

WRJ-5

**SINGLE SOURCE JUSTIFICATION
(EXAMPLE #4)**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI **EXHIBIT** 32

COMPANY

Office of Public Counsel (Direct)

WITNESS

William R. Jacobs (WRJ-5)

DATE

09/11-12/08

CONFIDENTIAL

WRJ-5

**SINGLE SOURCE JUSTIFICATION
(EXAMPLE #4)**

CONFIDENTIAL

WRJ-5

**SINGLE SOURCE JUSTIFICATION
(EXAMPLE #4)**

CONFIDENTIAL

WRJ-6

SINGLE SOURCE JUSTIFICATION (EXAMPLE #5)

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-El EXHIBIT 33

COMPANY Office of Public Counsel (Direct)

WITNESS William R. Jacobs (WRJ-6)

DATE 09/11-12/08

CONFIDENTIAL

WRJ-6

**SINGLE SOURCE JUSTIFICATION
(EXAMPLE #5)**

Docket No. 080099-EI
FPL's Benchmarking Spreadsheet (Confidential)
Exhibit _____ (WRJ-7)
Page 1 of 3

CONFIDENTIAL

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 34

COMPANY Office of Public Counsel (Direct)

WITNESS William R. Jacobs (WRJ-7)

DATE 09/11/12/08

Docket No. 080099-El
FPL's Benchmarking Spreadsheet (Confidential)
Exhibit _____ (WRJ-7)
Page 2 of 3

CONFIDENTIAL

Docket No. 080099-El
FPL's Benchmarking Spreadsheet (Confidential)
Exhibit _____ (WRJ-7)
Page 3 of 3

CONFIDENTIAL

Docket No. 080009-EI
FPL's Additional Cost Comparison for Large
Contract on Spreadsheet
(Confidential)
Exhibit _____ (WRJ-8)
Page 1 of 2

CONFIDENTIAL

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 35

COMPANY Office of Public Counsel (Direct)

WITNESS William R. Jacobs (WRJ-8)

DATE 09/11-12/08

Docket No. 080009-EI
FPL's Additional Cost Comparison for Large
Contract on Spreadsheet (Confidential)
Exhibit _____ (WRJ-8)
Page 2 of 2

CONFIDENTIAL

DOCKET NO. 080009-EI: Nuclear cost recovery clause for Florida
Power & Light Company

WITNESS: Direct Testimony Of Kathy L. Welch, Appearing On Behalf
Of Staff

EXHIBIT KLW-1: History of Testimony Provided by Kathy L. Welch

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 36

COMPANY FL PSC Staff (Direct)

WITNESS Kathy L. Welch (KLW-1)

DATE 09/11-12/08

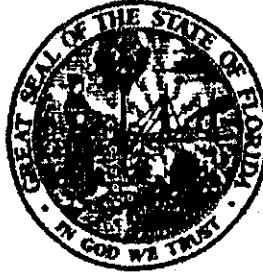
- In re: Application for approval of rate increase in Lee County by Tamiami Village Utility, Inc., Docket No. 910560-WS
- In re: Application for transfer of territory served by Tamiami Village Utility, Inc. in Lee County to North Fort Myers Utility, Inc., cancellation of Certificate No. 332-S and amendment of Certificate 247-S; and for a limited proceeding to impose current rates, charges, classifications, rules and regulations, and service availability policies, Docket No. 940963-SU
- In re: Application for a rate increase by General Development Utilities, Inc. (Port Malabar Division) in Brevard County, Docket No. 911030-WS
- In re: Dade County Circuit Court referral of certain issues in Case No. 92-11654 (Transcall America, Inc. d/b/a ATC Long Distance vs. Telecommunications Services, Inc., and Telecommunications Services, Inc. vs. Transcall America, Inc. d/b/a ATC Long Distance) that are within the Commission's jurisdiction, Docket No. 951232-TI
- In re: Application for transfer of Certificates Nos. 404-W and 341-S in Orange County from Econ Utilities Corporation to Wedgefield Utilities, Inc., Docket No. 960235-WS
- In re: Application for increase in rates and service availability charges in Lee County by Gulf Utility Company, Docket No. 960329-WS
- In re: Fuel and purchased power cost recovery clause and generating performance incentive factor, Docket No. 010001-EI
- In re: Application for staff-assisted rate case in Highlands County by The Woodlands of Lake Placid, L.P., Docket No. 020010-WS
- In re: Application for rate increase in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida, Docket No. 020071-WS
- In re: Petition for issuance of a storm recovery financing order, by Florida Power & Light Company, Docket No. 060038-EI

DOCKET NO. 080009-EI: Nuclear cost recovery clause for Florida
Power & Light Company

WITNESS: Direct Testimony Of Kathy L. Welch, Appearing On Behalf
Of Staff

EXHIBIT K LW-2: Audit Report for 2007 power uprate costs for the
Turkey Point and St. Lucie nuclear power plants (Redacted)

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. ~~080009-EI~~ EXHIBIT 37
COMPANY FL PSC Staff (Direct)
WITNESS Kathy L. Welch (K LW-2)
DATE 09/11 + 12/08



FLORIDA PUBLIC SERVICE COMMISSION

***DIVISION OF REGULATORY COMPLIANCE AND
CONSUMER ASSISTANCE
BUREAU OF AUDITING***

Miami District Office

**Florida Power and Light Company
Nuclear Uprate Cost Recovery Clause**

Twelve Months Ended December 31, 2007

**DOCKET #080009-EI
AUDIT CONTROL NO. 08-065-4-1**


Kathy L. Welch
Audit Manager

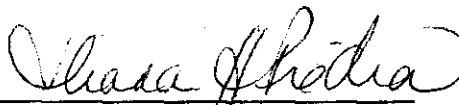

Iliana Piedra
Accounting Specialist

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**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

May 23, 2007

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED
PARTIES**

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules prepared by Florida Power and Light Company in support of its nuclear uprate filing, Docket Number 080009-EI.

This audit is performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES AND PROCEDURES:

Objective: To verify that the filing amounts agree with the general ledger.

Procedure: We scheduled all increases in the general ledger accounts and reconciled them to the filing.

Objective: To review the construction costs on the T schedules for compliance with Section 366.93 of the Florida Statutes and Chapter 25-6.0423 F.A.C.

Procedure: We read the Statute and the rule. We obtained an Excel file of all the charges made to the filing. We reconciled the filing to the Excel file. We sorted the file by both dollar and vendors and selected a sample that included the high dollar items and an assortment of the various vendors charged to the project. We traced the sample to source documentation.

For payroll, we also obtained all employees working on the uprate and reviewed where several employees charged their payroll in 2006 to determine if their salaries were already charged to base rates. The utility made an adjustment in 2008 to remove some of these salaries. See finding one for more information on payroll.

For charges from FPL affiliates, we obtained source documentation for the actual payroll, supporting documentation for the overhead rates charged, and supporting documentation for travel costs. In addition, we obtained from FPL the rates charged by non-affiliate companies to determine if they were charged the lower of cost or market. Audit finding two discusses the affiliate overhead.

For vouchers charged, we compared the amounts paid to the contractor to the supporting invoices. We toured the plant and questioned personnel about plant due to be retired and replaced before the uprate was scheduled. Audit finding five discusses plant that was already at the end of its useful life. Audit finding three discusses treatment of future retirements. We reviewed the plans for the outages and compared them to the previously scheduled maintenance work to determine if there were duplicates.

For the journal entries charged we reviewed the accruals to amounts paid in 2008. Audit finding four discusses these accrual entries. We traced the jurisdictional factor to supporting documentation and the ownership allocation percents to supporting documentation.

AUDIT FINDING NO. 1

SUBJECT: PAYROLL

STATEMENT OF FACTS: Payroll of \$353,286.91 was charged to the nuclear uprate. Some of the employees were former Seabrook employees and therefore not in Florida Power and Light's base rates. Some employees were charged to capital projects the previous year and thus not in base rates. Some employees were replaced by new staff so that they could work on the project. Some, however, were Florida Power and Light employees who would have been included in expenses used to determine base rates during the last rate case. In April 2008, the utility removed \$49,790.98 of the above salaries because they were already recovered in base rates. The amount is still included in the 2007 filing but will reduce the 2008 costs. Since carrying charges were not added in 2007, there should be no adverse effect of making the adjustment in 2008.

An additional employee whose pay charged to the uprate was \$3,351.71, also should have been included in base rates because the employee had not been charged to capital projects in 2006 and was not replaced. FPL will adjust this out in May 2008.

Another employee has not been replaced yet but they do plan to replace him. The salary charged to the uprate for him in 2007 was \$18,056.59. Until he is replaced, his salary is still in base rates and should be removed. FPL will adjust this out in May 2008 also.

EFFECT ON THE GENERAL LEDGER: This finding is for informational purposes only.

EFFECT ON THE FILING: This finding is for informational purposes only.

AUDIT FINDING NO. 2

SUBJECT: AFFILIATE OVERHEAD

STATEMENT OF FACTS: Florida Power and Light Energy (FPLE) Seabrook Station charged FPL for two employees that were assigned to the Extended Power Uprate Feasibility Study. In 2007, \$30,657.08 of salary was charged to the FPL uprate. FPLE charged 77.37% in overhead to the base salary. The overhead consists of 36.85% of non-productive charges. This loaded rate is then charged with payroll benefits of 17.26% and a space allocation of 12.33%.

The non-productive rate consists of 14.48% for sick time, vacation time, etc. and is based on FPLE non-productive pay code costs divided by total payroll costs. Twenty two and a half percent relates to incentive payments. The employees' total pay was compared to the base pay and it does appear that incentive pay did increase the employees total pay by a substantial percent.

FPLE also charged expenses for travel of \$24,522.47 and for a charge from an outside contractor of \$6,300. The invoices for these expenses were reviewed and no problems were found.

Affiliate transactions should be charged to the utility at the lower of cost or market. The rate of TSSD, an outside contractor, was [REDACTED] an hour. The rates of FPLE employees with overhead and excluding travel ranged from [REDACTED] to [REDACTED] which was less than the rate of the outside contractor. Actual costs were traced to payroll detail and expense reports.

EFFECT ON THE GENERAL LEDGER: This finding is for informational purposes only.

EFFECT ON THE FILING: This finding is for informational purposes only.

AUDIT FINDING NO. 3

SUBJECT: RETIREMENTS

STATEMENT OF FACTS: Florida Power and Light will be incurring costs for new equipment and charging it to this clause long before the removal of old equipment during the outages. After the outages, several pieces of equipment will be retired and several may be sold for salvage. The retirements and salvage should be used to offset the costs recorded in this filing. This may cause a negative true-up after the outages. FPL needs to maintain detailed records of the items removed, retired, and sold. A methodology for recording these items should be determined.

EFFECT ON THE GENERAL LEDGER: This finding is for informational purposes only.

EFFECT ON THE FILING: This finding is for informational purposes only.

AUDIT FINDING NO. 4

SUBJECT: OVER-ACCRUAL

STATEMENT OF FACTS: The utility made several accruals at the end of 2007 for items ordered prior to the end of the year. The following chart shows the amount accrued compared to the actual support provided for the amount paid in 2008 related to these accruals.

<i>VENDOR</i>	<i>ACCRUAL</i>	<i>SUPPORT PROVIDED</i>	<i>DIFFERENCE</i>
Areva	310,000.00	251,912.43	58,087.57
Shaw, Stone & Webster PTN	590,000.00	515,348.26	74,651.74
Shaw, Stone & Webster PSL	590,000.00	540,944.56	49,055.44
	<u>1,490,000.00</u>	<u>1,308,205.25</u>	<u>181,794.75</u>

The Areva difference was not re-accrued because it was below the accrual threshold. Therefore, it was reversed in January 2008 and was not booked again until it was actually paid.

EFFECT ON THE GENERAL LEDGER: This finding is for informational purposes only.

EFFECT ON THE FILING: This finding is for informational purposes only.

AUDIT FINDING NO. 5

SUBJECT: TRANSFORMERS AT THE END OF USEFUL LIFE

STATEMENT OF FACTS: An engineering Evaluation for the extended power uprate project for St. Lucie Units 1 and 2 discusses the main transformer. The report states:

"Based on their relatively long lives to date together with a relatively more troublesome operating lifetime condition history, replace the PSL Unit 2 MT's (Main Transformer) with new units. This plan to replace these two MTs is considered especially appropriate when considering that these relatively old units would, with the EPU, be loaded to their highest ever MVA levels at a time when end-of-useful-life is, by all industry measures, already approaching."

Based on this report, it appears that the transformers may have needed to be replaced even if Florida Power and Light was not doing the uprate.

An FPL representative has responded that the transformers have 10 more years of useful life. They have been asked to provide support for this assertion to the analyst.

EFFECT ON THE GENERAL LEDGER: This finding is for informational purposes only.

EFFECT ON THE FILING: This finding is for informational purposes only.

COMPANY EXHIBITS

**St. Lucie and Turkey Point Uprate Project
Retail Revenue Requirements Summary**

Schedule T-1 (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Power & Light Company

DOCKET NO.: 08____-EI

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 14)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule T-3A, line 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1: The costs associated with the uprate project were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project). As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107. Therefore no carrying charges are reflected in 2007 for recovery.

Docket No. 080009-EI
Audit Report for FPL Uprate - Redacted
Exhibit KLV-2 (Page 11 of 13)

**St. Lucie and Turkey Point Uprate Project
Retail Revenue Requirements Summary**

Schedule T-1 (True-up)

[Section (5)(c)1.a.]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Power & Light Company

DOCKET NO.: 08____-EI

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

Line No.		(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars								
1.	Preconstruction Revenue Requirements (Schedule T-2, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements (Schedule T-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements (Schedule T-4, line 14)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA Carrying Cost (Schedule T-3A, line 9)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7.	Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8.	Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Note 1: The costs associated with the uprate project were included in Account 183, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-FOF-EI approving FPL's need determination for the uprates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (uprate project). As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107. Therefore no carrying charges are reflected in 2007 for recovery.

Docket No. 080009-EI
Audit Report for FPL Uprate - Redacted
Exhibit KLV-2 (Page 12 of 13)

**St. Lucie and Turkey Point Upstate Project
Monthly Expenditures**

Schedule T-6 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: Florida Power & Light Company

DOCKET NO.: 08 -E1

EXPLANATION:

Provide the actual monthly expenditures by major tasks performed within Site Selection, Preconstruction and Construction categories for the prior year.

(Section 5)(c)1.a.
(Section 5)(d))

For the Year Ended 12/31/2007

Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
1 Preliminary Survey & Investigation Charges (Account 103)													
2 Generation:													
3 License Application							163,348	50,467	68,526	25,288	22,436	27,083	357,150
4 Engineering & Design								672	5,982	1,862	8,081	5,881,487	5,700,528
5 Permitting								75,638	84,903	68,120	122,501	227,066	356,485
6 Project Management													
7 Clearing, Grading and Excavation													
8 On-Site Construction Facilities													
9 Power Block Engineering, Procurement, etc.													
10 Non-Power Block Engineering, Procurement, etc.													
11 Total Generation Costs													
12 Participants Credits PSL Unit 2										3,267	1,203,046	425,611	1,631,924
13 OUC							163,348	126,978	159,411	99,317	1,428,558	6,646,904	8,824,518
14 FMPA													
15 Total Participants credits							(2,963)	(2,186)	(3,557)	(1,862)	(39,447)	(94,338)	(144,453)
16 Total Generation Costs net of participants credits							(4,285)	(3,161)	(5,143)	(2,836)	(57,045)	(136,421)	(208,891)
17							(7,248)	(5,347)	(8,700)	(4,768)	(95,492)	(230,759)	(353,344)
18 Jurisdictional Factor							156,100	121,831	150,711	94,519	1,332,064	6,418,145	8,271,172
19													
20 Total Jurisdictional Generation Costs							0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265	0.9958265
21													
22													
23 Transmission:													
24 Line Engineering							155,448	121,123	150,082	94,124	1,326,507	6,389,367	8,236,552
25 Substation Engineering													
26 Clearing													
27													
28 Other													
29 Total Transmission Costs													
30													
31 Jurisdictional Factor													
32													
33 Total Jurisdictional Transmission Costs													
34													
35 Total Jurisdictional Preliminary Survey & Investigation charges:							155,448	121,123	150,082	94,124	1,326,507	6,389,367	8,236,552
36 Construction:													
37 Generation:													
38 Real Estate Acquisitions													
39 Project Management													
40 Permanent Staff/Training													
41 Site Preparation													
42 On-Site Construction Facilities													
43 Power Block Engineering, Procurement, etc.													
44 Non-Power Block Engineering, Procurement, etc.													
45 Total Generation Costs													
46													
47 Jurisdictional Factor													
48													
49 Total Jurisdictional Generation Costs													
50													
51 Transmission:													
52 Line Engineering													
53 Substation Engineering													
54 Real Estate Acquisition													
55 Line Construction													
56 Substation Construction													
57 Other													
58 Total Transmission Costs													
59													
60 Jurisdictional Factor													
61													
62 Total Jurisdictional Transmission Costs													
63													
64 Total Jurisdictional Construction Costs													

Note 1: The costs associated with the upstate project were included in Account 103, Preliminary Survey and Investigation Charges for the period July 2007 through December 2007. On January 7, 2008, the Commission issued Order No. PSC-08-0021-POF-EI approving FPL's need determination for the upstates. In that Order the Commission determined that Rule No. 25-6.0423, F.A.C. is applicable to the costs of the expansion of the Turkey Point and St. Lucie Nuclear Power Plants (upstate project). As a result of the issuance of this Order, in January 2008 these costs were transferred to Construction Work in Progress account 107. Therefore no carrying charges are reflected in 2007 for recovery.

DOCKET NO. 080009-EI: Nuclear cost recovery clause for Florida
Power & Light Company

WITNESS: Direct Testimony Of Kathy L. Welch, Appearing On Behalf
Of Staff

EXHIBIT K LW-3: Supplemental Audit Report for 2007 power uprate
costs for the Turkey Point and St. Lucie nuclear power plants
(Redacted)

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 38

COMPANY FL PSC Staff (Direct)

WITNESS Kathy L. Welch (K LW-3)

DATE 09/11-12/08



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE BUREAU OF AUDITING

Miami District Office

**Florida Power and Light Company
Supplemental Report
Nuclear Uprate Cost Recovery Clause**

Twelve Months Ended December 31, 2007

**DOCKET #080009-EI
AUDIT CONTROL NO. 08-065-4-1**


**Kathy L. Welch
Audit Manager**

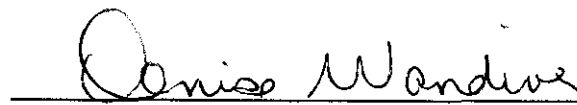

**Denise Vandiver
Bureau Chief**

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**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
SUPPLEMENTAL AUDITOR'S REPORT**

July 28, 2008

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED
PARTIES**

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the schedules attached to the original audit report issued May 28, 2008 prepared by Florida Power and Light Company in support of its nuclear uprate filing, Docket Number 080009-EI.

This audit is performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES AND PROCEDURES:

Objective: To review the construction costs on the T schedules for compliance with Section 366.93 of the Florida Statutes and Chapter 25-6.0423 F.A.C.

Procedure: We have reviewed the internal audit report of the uprate issued July 24, 2008.

AUDIT FINDING NO. 1

SUBJECT: INTERNAL AUDIT FINDINGS

STATEMENT OF FACTS:

CONFIDENTIAL

EFFECT ON THE GENERAL LEDGER: FPL has corrected its ledger.

EFFECT ON THE FILING: This finding is for informational purposes only.

DOCKET NO. 080009-EI: Nuclear cost recovery clause for Florida Power & Light Company

WITNESS: Direct Testimony Of Kathy L. Welch, Appearing On Behalf Of Staff

EXHIBIT K LW-4: Audit Report for 2007 pre-construction costs and site selection costs for Turkey Point 6 & 7 (Redacted)

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 39

COMPANY FL PSC Staff (Direct)

WITNESS Kathy L. Welch (K LW-4)

DATE 09/11-12/08



FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE BUREAU OF AUDITING

Miami District Office

**Florida Power and Light Company
Turkey Point 6 & 7 Cost Recovery Clause**

Twelve Months Ended December 31, 2007

**DOCKET #080009-EI
AUDIT CONTROL NO. 08-087-4-1**

A handwritten signature in cursive script, appearing to read "Kathy L. Welch", written over a horizontal line.

**Kathy L. Welch
Audit Manager**

A handwritten signature in cursive script, appearing to read "Iliana Piedra", written over a horizontal line.

**Iliana Piedra
Accounting Specialist**

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**DIVISION OF REGULATORY COMPLIANCE AND CONSUMER ASSISTANCE
AUDITOR'S REPORT**

July 24, 2007

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED
PARTIES**

We have performed the procedures enumerated later in this report to meet the agreed upon objectives set forth by the Division of Economic Regulation in its audit service request. We have applied these procedures to the attached schedules prepared by Florida Power and Light Company in support of its nuclear filing for Turkey Point Six and Seven, Docket Number 080009-EI.

This audit is performed following general standards and field work standards found in the AICPA Statements on Standards for Attestation Engagements. This report is based on agreed upon procedures which are only for internal Commission use.

OBJECTIVES AND PROCEDURES:

Objective: To verify that the filing amounts agree with the general ledger.

Procedure: We scheduled all increases in the general ledger accounts and reconciled them to the filing.

Objective: To review the construction costs on the AE schedules for compliance with Section 366.93 of the Florida Statutes and Chapter 25-6.0423 F.A.C.

Procedure: We read the Statute and the rule. We obtained an Excel file of all the charges made to the filing. We reconciled the filing to the Excel file. We sorted the file by both dollar and vendors and selected a sample that included the high dollar items and an assortment of the various vendors charged to the project. We traced the sample to source documentation.

For payroll, we also obtained all employees working on the new nuclear plants and reviewed where several employees charged their payroll in 2005 to determine if their salaries were already charged to base rates. The utility made an adjustment in 2007 and another in 2008 to remove some of these salaries. See finding one for more information on payroll.

For charges from FPL affiliates, we obtained source documentation for the actual payroll, and supporting documentation for the overhead rates charged. Audit finding two discusses the affiliate overhead.

For vouchers charged, we compared the amounts paid to the contractor to the supporting invoices. We toured the plant and questioned personnel. For the journal entries charged we reviewed the accruals to amounts paid in 2008. We traced the jurisdictional factor to supporting documentation and the ownership allocation percents to supporting documentation. Audit finding three discusses relocation costs and signing bonuses.

We recalculated carrying charges and reviewed the calculation to the rule.

We reviewed the internal audit on the uprate and have filed a supplemental audit report for the uprate.

AUDIT FINDING NO. 1

SUBJECT: PAYROLL

STATEMENT OF FACTS: Payroll of \$823,172.29 was charged to site selection and \$274,267.94 to pre-construction costs. Some of the employees were FPLE employees and therefore not in Florida Power and Light's base rates. Some employees were charged to capital projects the previous year and thus not in base rates. Some employees were replaced by new staff so that they could work on the project. Some, however, were Florida Power and Light employees who would have been included in expenses used to determine base rates during the last rate case. In the 2007 filing, the utility removed \$127,529.37 of the above salaries because they were already recovered in base rates. An additional amount of \$32,450.43 still needs to be removed from 2007. The amount is still included in the 2007 filing but adjusted in 2008 and will reduce the 2008 costs. The remaining amount is immaterial and should not have a major impact on carrying charges which were only computed for three months in 2007.

EFFECT ON THE GENERAL LEDGER: This finding is for informational purposes only.

EFFECT ON THE FILING: This finding is for informational purposes only.

AUDIT FINDING NO. 2

SUBJECT: AFFILIATE OVERHEAD

STATEMENT OF FACTS: FPL Energy (FPLE) charged FPL for four employees that were assigned to the Turkey Point 6 & 7 project. Three were general counsel employees and one was the director of construction. In 2007, [REDACTED] of salary and overhead was charged to the site selection work order and [REDACTED] to the pre-construction work order. FPLE charged [REDACTED] in overhead to the base salary. The overhead includes [REDACTED] of non-productive charges. This loaded rate is then charged with payroll benefits of [REDACTED] and a space allocation of [REDACTED] %.

The non-productive rate consists of [REDACTED] % for sick time, vacation time, etc. and is based on FPLE non-productive pay code costs divided by total payroll costs. Incentive payments account for [REDACTED] % of the non-productive costs.

The pay rates of FPLE employees including overhead ranged from \$[REDACTED] to \$[REDACTED]. Actual costs were traced to payroll detail and expense reports. These rates were less than comparable rates with outside vendors.

EFFECT ON THE GENERAL LEDGER: This finding is for informational purposes only.

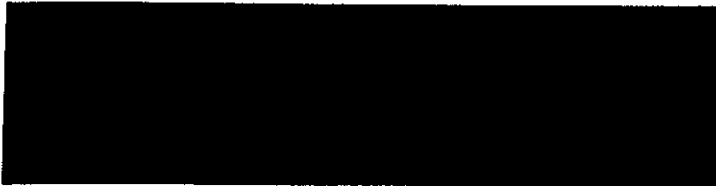
EFFECT ON THE FILING: This finding is for informational purposes only.

AUDIT FINDING NO. 3

SUBJECT: RELOCATION COSTS AND SIGNING BONUS

STATEMENT OF FACTS: FPL has paid relocation costs and signing bonuses to attract new employees to work on the nuclear project.

The relocation costs charged in 2007 are:



The signing bonuses in 2007 were:



FPL has reversed the \$[REDACTED] signing bonus and will be amortizing it monthly to the project over the commitment period. The \$[REDACTED] bonus will be reversed in July 2008 because of an internal transfer of the position in June 2008.

EFFECT ON THE GENERAL LEDGER: This finding is for informational purposes only.

EFFECT ON THE FILING: This finding is for informational purposes only.

COMPANY EXHIBITS

Schedule AE-1 (Actual/Estimated)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Pre-Construction Revenue Requirements (Schedule AE-2, Line 7) (a)	\$0	\$0	\$0	\$0	\$1,389,231	\$1,154,016	\$2,543,247
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA Carrying Cost (Schedule AE-3A, line 8)	\$0	\$0	\$0	\$0	(\$2)	(\$7)	(\$8)
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$0	\$1,389,230	\$1,154,010	\$2,543,239
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$0	\$1,389,230	\$1,154,010	\$2,543,239

(a) Effective With the filing of our need petition on October 16, 2007 pre-construction began.

Page 2 of 2

Docket No. 080009-EI
 Audit Report for FPL TP 6&7 - Redacted
 Exhibit KLV-4 (Page 9 of 14)

Schedule AE-3A (Actual/Estimated)

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

[Section (5)(c)1.b.]

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
deferred tax Carrying Costs for the current
year.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2007

DOCKET NO.: 080009-EI

Witness: Kim Ousdahl

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		\$0	\$0	\$0	\$0	(\$904)	(\$2,206)	(\$3,109)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$0	\$0	\$0	\$0	(\$904)	(\$3,109)	(\$3,109)
5. Deferred Tax Asset DTA/(DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate) 38.575%		\$0	\$0	\$0	\$0	(\$349)	(\$1,199)	(\$1,199)
6. a. Average Accumulated DTA/(DTL)		\$0	\$0	\$0	\$0	(\$174)	(\$774)	
b. Prior months cumulative Return on DTA/(DTL)		\$0	\$0	\$0	\$0	\$0	(\$2)	(\$8)
c. Average DTA/(DTL) including prior period return subtotal		\$0	\$0	\$0	\$0	(\$174)	(\$776)	
7. Carrying Cost on DTA/(DTL)								
a. Equity Component (Line 7b * .61425) (a)		\$0	\$0	\$0	\$0	(\$1)	(\$4)	(\$4)
b. Equity Comp. grossed up for taxes (Line 6 c * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	\$0	(\$1)	(\$6)	(\$7)
c. Debt Component (Line 6 c x 0.001325847) (c) -		\$0	\$0	\$0	\$0	(\$0)	(\$1)	(\$1)
8. Total Return Requirements (Line 7b + 7c)		\$0	\$0	\$0	\$0	(\$2)	(\$7)	(\$8)
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)		\$0	\$0	\$0	\$0	(\$2)	(\$7)	(\$8)

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balance
Actual & Estimated Filing: Monthly Expenditures

(Section (5)(c)1.b.)

(Section (8)(d))

Schedule AE-6 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION:

Provide the actual/estimated monthly expenditures by major tasks performed within Pre-Construction categories for the current year.
All Site Selection costs also included in Pre-Construction costs must be identified.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) Total
1														
2	Pre-Construction:													
3	Generation:													
4	Licensing													
5	Permitting													
6	Engineering and Design											1,224,813	792,568	2,017,381
7	Long lead procurement advanced payments											184,442	351,842	536,284
8	Power Block Engineering and Procurement													
9	Total Generation Costs													
10	Jurisdictional Factor											1,388,065	1,144,210	2,532,275
11	Total Jurisdictional Generation Costs											0.9958265	0.9958265	0.9958265
12	Less Adjustments											1,383,258	1,139,435	2,522,693
13	Non-Cash Accruals													
14	Other Adjustments (b)											25,813	561,214	587,027
15	Total Adjustments											(5,633)	(8,711)	(14,344)
16	Jurisdictional Factor											20,280	552,503	572,783
17	Total Jurisdictional Adjustments											0.9958265	0.9958265	0.9958265
18												20,195	550,197	570,392
19	Total Jurisdictional Generation Costs Net of Adjustments											1,383,062	589,237	1,972,300
20														
21	Transmission:													
22	Line Engineering													
23	Substation Engineering													
24	Clearing													
25	Other													
26	Total Transmission Costs													
27	Jurisdictional Factor													
28	Total Jurisdictional Transmission Costs													
29	Less Adjustments													
30	Non-Cash Accruals													
31	Other Adjustments													
32	Total Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
33	Jurisdictional Factor													
34	Total Jurisdictional Adjustments													
35	Total Jurisdictional Transmission Costs Net of Adjustments													
36														
37	Total Jurisdictional Pre-Construction Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,383,062	\$589,237	\$1,972,300
38														
39														
40	Construction:													

N/A: At this stage, construction has not commenced in the project.

Page 1 of 1

(a) Effective With the filing of our need petition on October 18, 2007 pre-construction began.

(b) Other Adjustments include Pension & Welfare Benefit credit.

	November	December	Total
Pre-Construction	\$ (5,633)	\$ (8,711)	\$ (14,344)
Jurisdictional Factor	0.9958265	0.9958265	0.9958265
	\$ (5,610)	\$ (8,670)	\$ (14,280)

Schedule AE-1 (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Retail Revenue Requirements Summary

REVISED
 [Section (5)(c)1 b.]

FLORIDA PUBLIC SERVICE COMMISSION

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

EXPLANATION: Provide the calculation of the actual/estimated true-up of total retail revenue requirements based on actual/estimated expenditures for the current year and the previously filed expenditures for such current year.

For the Year Ended 12/31/2007

Witness: Kim Qusdahl

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Site Selection Revenue Requirements (Schedule AE-2, Line 7) (a)	\$0	\$0	\$0	\$6,408,290	\$73,778	\$57,192	\$6,539,261
2. Construction Carrying Cost Revenue Requirements (Schedule AE-3, line 7)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Recoverable O&M Revenue Requirements (Schedule AE-4, line 24)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. DTA/DTL Carrying Cost (Schedule AE-3A, line 8)	\$0	\$0	\$0	(\$7)	(\$29)	(\$58)	(\$94)
5. Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Total Period Revenue Requirements (Lines 1 through 5)	\$0	\$0	\$0	\$6,408,283	\$73,749	\$57,134	\$6,539,167
7. Total Return Requirements from most recent Projections	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Difference (Line 6 - Line 7)	\$0	\$0	\$0	\$6,408,283	\$73,749	\$57,134	\$6,539,167

(a) The costs associated with site selection for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges, for the period April 2006 through October 2007. Effective with the filing of our need petition on October 16, 2007, all costs were transferred to Construction Work in Progress, Account 107, and site selection costs ceased.

Note: Summary of all changes to the 2007 Site Selection Schedules

CPI Exclusion: In the 5/2008 filing, FPL calculated the production period of a unit of tangible property to begin on the first date by which the taxpayer's accumulated production expenditures, including planning and design expenditures, are at least 5 percent of the taxpayer's total estimated accumulated production expenditures for the unit of property. After careful analysis of Internal Revenue Code §263A(f) and Treasury Regulation §1.263A-12, FPL determined that Turkey Point 6 & 7 project qualifies as real property. Real property is subject to capitalization of CPI once physical construction begins. Site Selection costs are not deemed to be physical construction activities, as such, CPI should not have been calculated for these costs.

Total Impact to Revenue Requirements line 6 due to CPI Exclusion:

Site Selection

	5/2008 filing	Adjusted	Difference - Decrease
2007 Site Selection (Schedule AE-1, Line 6)	6,539,498	6,539,167	(331)

Page 2 of 2

Schedule AE-3A (Actual/Estimated)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Deferred Tax Carrying Costs

REVISED
 (Section 5)(c)(1)(b.)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION:

Provide the calculation of the Actual/Estimated
 deferred tax Carrying Costs for the current
 year.

For the Year Ended 12/31/2007

Witness: Kim Ousdahl

COMPANY: FLORIDA POWER & LIGHT COMPANY

DOCKET NO.: 080009-EI

Line No.	(I) Beginning of Period	(J) Actual July	(K) Actual August	(L) Actual September	(M) Actual October	(N) Actual November	(O) Actual December	(P) 12 Month Total
Jurisdictional Dollars								
1. Construction Period Interest (Schedule AE-3B, Line 7)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Recovered Costs Excluding AFUDC		\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Other Adjustments (d)		\$0	\$0	\$0	(\$4,257)	(\$8,564)	(\$8,651)	(\$21,473)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)		\$0	\$0	\$0	(\$4,257)	(\$12,822)	(\$21,473)	(\$21,473)
5. Deferred Tax Asset DTA(DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate) 38.575%		\$0	\$0	\$0	(\$1,642)	(\$4,946)	(\$8,283)	(\$8,283)
6. a. Average Accumulated DTA (DTL)		\$0	\$0	\$0	(\$821)	(\$3,294)	(\$6,615)	
b. Prior months cumulative Return on DTA(DTL)		\$0	\$0	\$0	\$0	(\$7)	(\$36)	(\$94)
c. Average DTA including prior period return subtotal		\$0	\$0	\$0	(\$821)	(\$3,301)	(\$6,651)	
7. Carrying Cost on DTA(DTL)								
a. Equity Component (Line 7b * .61426) (a)		\$0	\$0	\$0	(\$4)	(\$15)	(\$30)	(\$49)
b. Equity Comp. grossed up for taxes (Line 6c * 0.007439034) (a) (b) (c)		\$0	\$0	\$0	(\$6)	(\$25)	(\$49)	\$80
c. Debt Component (Line 6c x 0.001325847) (c)		\$0	\$0	\$0	(\$1)	(\$4)	(\$9)	\$14
8. Total Return Requirements (Line 7b + 7c)		\$0	\$0	\$0	(\$7)	(\$29)	(\$58)	(\$94)
9. Total Return Requirements from most recent Projections		\$0	\$0	\$0	\$0	\$0	\$0	\$0
10. Difference (Line 8 - Line 9)		\$0	\$0	\$0	(\$7)	(\$29)	(\$58)	(\$94)

(a) The monthly Equity Component reflects an 11% return on equity.

(b) Requirement for the payment of income taxes is calculated using a Federal Income Tax rate of 35% and a state income tax rate of 5.5%.

(c) In order to gross up the equity component for taxes a monthly rate of 0.007439034 (Equity) and 0.001325847 (Debt), results in the annual pre-tax rate of 11.04%.

(d) Other Adjustment represents the book tax expense deduction related to the debt component of the carrying charge calculated on AE-2, line 5c.

Note:

CPI Exclusion: In the 5/2008 filing, FPL calculated the production period of a unit of tangible property to begin on the first date by which the taxpayer's accumulated production expenditures, including planning and design expenditures, are at least 5 percent of the taxpayer's total estimated accumulated production expenditures for the unit of property. After careful analysis of Internal Revenue Code §263A(f) and Treasury Regulation §1.263A-12, FPL determined that Turkey Point 6 & 7 project qualifies as real property. Real property is subject to capitalization of CPI once physical construction begins. Site Selection costs are not deemed to be physical construction activities, as such, CPI should not have been calculated for these costs.

Total Impact to Revenue Requirements line 8 due to CPI Exclusion:

Site Selection	5/2008 filing	Adjusted	Difference - Decrease
2001 Site Selection (Schedule AE-3A, Line 8)	237	(94)	(331)

Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
Actual & Estimated Filing: Monthly Expenditures

[Section (5)(c)1.b]
[Section (5)(d)]

Schedule AE-6 (Actual/Estimated)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA POWER & LIGHT COMPANY
DOCKET NO.: 080009-EI

EXPLANATION:

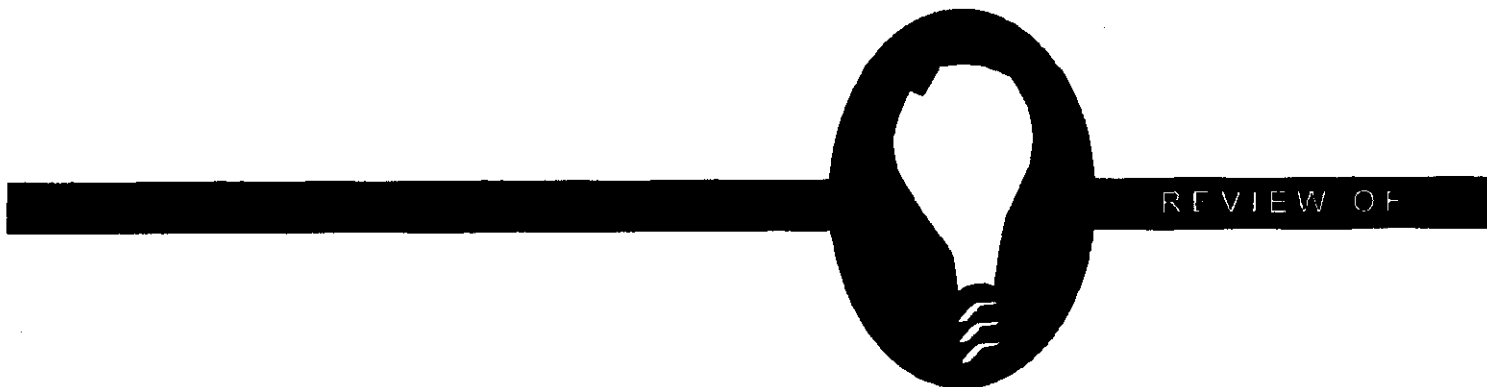
Provide the actual/estimated monthly expenditures by major tasks performed within Site Selection categories for the current year.
All Site Selection costs also included in Pre-Construction costs must be identified.

For the Year Ended 12/31/2008

Witness: Kim Ousdehl and Steven D. Scroggs

Line No.	Description	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) Actual July	(H) Actual August	(I) Actual September	(J) Actual October	(K) Actual November	(L) Actual December	(M) 12 Month Total
<u>Preliminary Survey & Investigation Charges (Account 183)</u>														
1	Site Selection:													
2	Project Staffing				4,039	11,900	34,032	33,835	80,521	88,880	81,219	88,774	59,877	442,676
3	Engineering					15,571	80,247	220,993	214,840	217,425	589,876	481,657	276,947	2,077,555
4	Environmental Services								40	40		59,086	24,307	113,473
5	Legal Services							7,036			3,970	11,807	(425)	22,482
6	Total Site Selection Costs:	-	-	-	4,039	27,471	114,279	254,827	282,431	306,145	874,864	631,624	360,708	2,556,188
7	Jurisdictional Factor	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099	0.9958099
8	Total Jurisdictional Site Selection Costs	-	-	-	4,022	27,355	113,800	253,561	281,248	304,882	872,036	628,877	358,195	2,645,058

(a) The costs associated with site selection costs for the Turkey Point Units 6&7 project were included in Account 183, Preliminary Survey and Investigation Charges for the period April 2008 through October 2007. In October 2007, these costs were transferred to Construction Work in Progress, Account 107



Florida Power & Light's
Project Management
Internal Controls
FOR
Nuclear Plant Upstate and
Construction Projects

AUGUST 2008

By Authority of
The State of Florida
Public Service Commission
Division of Regulatory Compliance
Bureau of Performance Analysis

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-EI EXHIBIT 40

COMPANY FL PSC Staff (Direct)

WITNESS C. Vinson + R. L. Fisher (VF-2)

DATE 09/11-12/08

Review of
Florida Power & Light's
Project Management Internal Controls for
Nuclear Plant Uprate and Construction Projects

Carl S. Vinson
Public Utilities Supervisor
and
R. Lynn Fisher
Government Analyst II

August 2008

By Authority of
The State of Florida
Public Service Commission
Division of Regulatory Compliance
Bureau of Performance Analysis

PA-08-01-002

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1.0 Executive Summary

1.1 Purpose and Objectives

At the request of the Florida Public Service Commission's (Commission) Division of Economic Regulation, the Division of Regulatory Compliance conducted this review of the project management internal controls employed by Florida Power & Light Company (FPL) to execute the uprates of St. Lucie Units 1 & 2, Turkey Point Units 3 & 4, and the construction of Turkey Point Units 6 & 7.

The primary objective of this review was to document and evaluate the adequacy of project controls and internal controls the company has in place or plans to employ for these projects. The information and evaluations provided in this report are to be used by Division of Economic Regulation staff to assist in the assessment of the reasonableness of FPL's cost-recovery requests for the two projects.

1.2 Scope

The internal controls examined were those related to the following key areas of project activity:

- ◆ Project Planning
- ◆ Project Management and Organization
- ◆ Cost and Schedule Controls
- ◆ Contractor Selection and Contractor Management
- ◆ Auditing and Quality Assurance

Internal controls are the vital mechanisms by which company operations are managed to stay within budget and on schedule. According to the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*, appropriate internal controls allow the organization to accomplish the following:

- ◆ Produce accurate and reliable data
- ◆ Comply with applicable laws and regulations
- ◆ Safeguard assets
- ◆ Employ resources efficiently
- ◆ Accomplish goals and objectives

Well-constructed internal controls assist with the challenges of risk management and decision-making. Risks must be identified and appropriate protections must be established to prevent or control these risks. Prudent decision-making results from orderly, well-defined processes that address known risks, needs, and capabilities. Adherence to written procedures, effective communication, vigilant contractor oversight, and ongoing auditing and quality assurance are all essential for ensuring that project costs are incurred prudently.

1.3 Methodology

Planning and research for this review were performed in January and February 2008. Data collection, site visits and interviews, analysis and report writing were conducted between March and June 2008. The information compiled in this report was gathered via company responses to staff document requests, visits to both the St. Lucie and the Turkey Point sites, and interviews with key project personnel. Staff also reviewed testimony, discovery and other filings in Docket Nos. 080009-EI, 070602-EI, and 070650-EI.

A large volume of information was collected and analyzed. Specific information collected from FPL included the following categories of documents:

- ◆ Company policies and procedures
- ◆ Organizational charts
- ◆ Requests for proposals
- ◆ Contractor bids and proposals
- ◆ FPL's bid evaluation analyses
- ◆ Project scope analysis studies by FPL and consultants
- ◆ Internal audit reports

Analysis of this information is discussed in detail in chapters 2 and 3.

1.4 Observations and Overall Opinion

The early stage of these projects limits audit staff's ability to draw final conclusions regarding some areas of controls that are in development or that will not be deployed until later stages of the projects. Therefore, staff has examined only the completed portions of the project and internal control structure that are presently in place. Many of FPL's internal control systems are still in development and, will continue to evolve as the projects progress.

These internal control tools will ultimately determine the success of these projects, and the prudence of the company's actions. A complete determination of the reasonableness of the eventual control systems for management of these projects cannot be made at this time. Further, any assessment made at this point in time cannot be expected to remain valid for the entire duration of the project activities.

In any controls assessment, adequate controls may be in place at any point, but the ultimate proof of adequacy comes when the project work is actually performed. Beyond planning, the vast majority of the work of these projects has not yet been performed.

Further, though internal controls in place for any undertaking may be deemed adequate at the outset, it cannot ensure that they will be followed and used properly. Verification of adherence to procedures and careful examination of changes to control systems are essential ingredients to evaluating the reasonableness of management's actions. Audit staff believes continued internal and external oversight is necessary over the lifespan of these projects. Of

particular importance are internal audits and quality assurance audits. These audits should provide broad coverage of internal controls, procedural adherence, and project management issues.

The unique first-time nature of the 2008 nuclear cost recovery proceedings presented several challenges. Audit staff believes its review was limited in time and depth by schedule constraints in this first year of cost recovery filings.

1.4.1 St. Lucie and Turkey Point Uprate Project Observations

Audit staff made the following observations for the key areas of activity it examined for the St. Lucie 1 & 2 and Turkey Point 3 & 4 uprates. The conclusions in each instance are subject to the limitations inherent in the information that was available to staff during March through June 2008.

Project Planning

- ◆ The FPL scope evaluation process appropriately provided technical and managerial evaluation of the risks, costs, benefits, and overall feasibility of the St. Lucie and Turkey Point uprate projects.
- ◆ FPL has appropriately proceeded with the required regulatory approvals, scheduling, and preparation of applications in a manner that will accommodate the planned project completion dates.
- FPL's approach to planning the uprate projects to date has been appropriate. Developing phase two and phase three project schedules will be critical to project planning.
- ◆ FPL has to date taken reasonable steps to identify, evaluate, and mitigate project risks. Successful project completion will require continued vigilance in risk management and re-assessment of project viability at key decision points.

Project Management and Organization

- ◆ Oversight of the uprate project by FPL's EPU Project Management organization will be an essential element to project success. Though still being staffed, the organization appears to be appropriately structured and managed at this time.
- ◆ A framework for adequate oversight of project management by senior management exists. Plans for communications within the project management organization appear to be appropriate at this time.

Cost and Schedule Monitoring Controls

- ◆ Cost and schedule monitoring controls are still in the process of development. Limited results are available for assessing the adequacy of these controls at this time.

Contractor Selection and Contractor Management

- ◆ FPL appears to have followed its contractor selection procedures. Given the unique challenges and circumstances of the nuclear industry, FPL's use of sole source selections for the uprate project to date is in keeping with reasonable business practices.
- FPL's approach to contractor oversight and evaluation appears to be appropriate to date. Proactive project management by FPL should require frequent communication and updates, demand contractor accountability, and challenge information provided by contractors.
- ◆ FPL has made efforts to ensure effective contractor performance by means of contract provisions and structure. This approach appears to appropriately seek control of contract costs through the use of contracts structured to encourage contractor performance.

Auditing and Quality Assurance

- ◆ FPL's internal audit effort for the uprates is in the early stages, but the structure and plans for the audit function appear adequate. As the project progresses, frequent internal audits and quality assurance audits will be necessary to ensure successful completion of the uprates.

1.4.2 Turkey Point Units 6 & 7 Construction Project Observations

Audit staff made the following observations for the key areas of activity it examined for the Turkey Point 6 & 7 construction project. The conclusions in each instance are subject to the limitations inherent in the information that was available to staff during March through June 2008.

Project Planning

- ◆ FPL's site selection process appears to have been reasonable and in keeping with good business practices.
- FPL's plant design selection process was reasonable and effective in positioning the company to meet the anticipated need for capacity in 2018.
- ◆ FPL's development of the option to consider separate contracts for project construction and for engineering and procurement may reduce total construction costs. FPL should continue to evaluate the impact of the timing of contractor selection on the overall project schedule.
- ◆ FPL has appropriately proceeded with the required regulatory approvals, scheduling, and preparation of applications in a manner that will accommodate the planned project completion dates.
- FPL has taken a reasonable approach to developing project schedules at this early stage.
- ◆ FPL has to date taken reasonable steps to identify, evaluate, and mitigate project risks associated with successful completion of the Turkey Point Units 6 & 7 project. Successful project completion will require continued vigilance in risk management and re-assessment of project viability at key decision points.

Project Management and Organization

- ◆ Effective oversight by the Turkey Point 6 & 7 Project Management organization will be an essential element to success. Though still being staffed, the organization appears to be appropriately structured and managed.
- ◆ Reporting tools for the new organization are still being completed, but thus far appear to provide adequate project oversight.

Cost and Schedule Monitoring Controls

- ◆ Cost and schedule monitoring controls specific to Turkey Point Units 6 & 7 are still in the process of development. Limited results are available for assessing the adequacy of these controls at this time.

Contractor Selection and Contractor Management

- ◆ FPL appears to have followed its contractor selection procedures. Given the unique challenges and circumstances of the nuclear industry, FPL's use of sole source selections for the new Turkey Point Units 6 & 7 project to date is in keeping with reasonable business practices.
- ◆ FPL's approach to contractor oversight and evaluation appears to be appropriate to date. Proactive project management by FPL should require frequent communication and updates, demand contractor accountability, and challenge information provided by contractors.
- ◆ FPL has made efforts to ensure effective contractor performance by means of contract provisions and structure. This approach appears to appropriately seek control of contract costs through the use of contracts structured to encourage contractor performance.

Auditing and Quality Assurance

- ◆ FPL's audit effort for Turkey Point Units 6 & 7 is in the very early stages, but the structure and plans for the audit function appear adequate. As the project progresses, more frequent internal audits and quality assurance audits will be necessary to ensure successful completion of Turkey Point Units 6 & 7.

2.0 St. Lucie and Turkey Point Uprate Projects

2.1 Project Planning

How did FPL identify the scope of work for the uprate projects?

In the second quarter of 2007, FPL began internal feasibility studies to determine the potential for a nuclear power uprate of St. Lucie Units 1 & 2 and Turkey Point Units 3 & 4. The studies examined the capability of the existing systems, the feasibility of the extended power uprate, economic break points, possible plant modifications needed, and estimated costs for completing the four unit uprate. Based on the results of these initial studies, a list of detailed modifications was developed for the plant's steam system, balance of plant, and turbine generator components.

FPL evaluated both the design and operating conditions of plant components to determine whether these components could be used under the uprated operating environment. Several components were identified as requiring repairs or modifications. Other "high risk" contingency modifications were also identified for further consideration and detailed study before making a final decision on those components. The FPL internal studies included estimates of uprate project base costs with contingency and escalation factors.

In September 2007, Shaw Stone & Webster (SS&W) was engaged by FPL to perform an independent "expert" review of the proposed Turkey Point and St. Lucie EPU. The scope of the review included an assessment of FPL's internal EPU Feasibility Study estimates for appropriate methodology, completeness of detail, definition of assumptions and clarifications, and the determination of risks. The primary goal of the review was to independently evaluate FPL project planning and estimating status, determine the progress of the overall effort, identify any fatal flaws regarding scoping requirements or estimating methodology, and make any critical recommendations for consideration in the business case planned to be presented to FPL executive management. The review was completed by the SS&W team in two and a half days. The team conducted key interviews with project Managers and Directors, and reviewed the project work books containing detailed and preliminary information defining the project scope.

The SS&W review team noted that in their view the project plans and estimates were more thoroughly developed than a rough order of magnitude status, and it approached the detail of a conceptual stage of readiness package. The SS&W study results indicated that the overall scope of the projects had been well researched and benchmarked against the available industry experience, incorporated within the base estimates. The SS&W team also provided several key issues for management focus and application of risk mitigation strategies in the areas of:

- ◆ Safety
- ◆ Regulatory and environmental
- ◆ Staffing
- ◆ Scope control
- ◆ Scheduling
- ◆ Estimating

As part of its initial considerations for the uprate projects, FPL evaluated long lead-time equipment, materials, commodities, labor, operational licensing amendments, environmental impacts of the uprates, and the possible need for additional transmission facilities. FPL completed an initial feasibility study to determine the potential costs for completing necessary transmission grid studies related to the completion of the St. Lucie and Turkey Point uprates. Estimates of the costs of these studies were included into FPL's cost estimate, but the studies are not all yet completed. According to FPL, the transmission grid studies are a complex series of analyses expected to be completed in 2009. These studies will determine the impact on the switchyard connected grid and will define the modifications necessary to accommodate the increased power capacity resulting from the uprate.

Additionally, FPL performed several iterations of a Nuclear Uprate Economic Analysis to consider differing fuel and emissions scenarios and their impacts on uprate costs. From these inputs, the company reached its initial estimates of costs and completion timeframe for completing the St. Lucie and Turkey Point uprates.

The FPL scope evaluation process appropriately provided technical and managerial evaluation of the risks, costs, benefits, and overall feasibility of the St. Lucie and Turkey Point uprate projects.

What regulatory approvals are required for completion of the uprate projects?

The Nuclear Regulatory Commission (NRC) regulates the maximum power level and other technical specifications under which nuclear power plants operate. The licensee can only change these documents after the NRC approves a License Amendment Request (LAR). FPL states that separate LARs will be issued for St. Lucie Units 1 & 2, due to the differences in nuclear fuel for the two units. Since Turkey Point Units 3 & 4 use the same fuel type and configuration the two units will be covered under a single LAR.

FPL states that the NRC approval process is the critical path item for the uprates, and that FPL licensing preparation alone, is approximately 18 months. The NRC acceptability reviews are expected to take approximately two months for each application. However, FPL states that, due to the magnitude of the uprates, the NRC review will take an additional 12 months before the final approval of the License Amendment Request is received. Included in that review period are responses to requests for additional information and an independent assessment by the Advisory Committee on Reactor Safeguards. FPL estimates that the License Amendment Requests for St. Lucie Units 1 & 2 and Turkey Point Units 3 & 4 will be submitted to the NRC in September 2009.

At the state level, Section 403.519, Florida Statutes, requires FPL to petition the Florida Public Service Commission and show the need to modify generation facilities to increase

capacity. FPL filed its petition with the Florida Public Service Commission on September 17, 2007, and received approval of the uprate request on January 7, 2008.¹

Florida Department of Environmental Protection approval of a Site Certification Application is required for plant uprates of 75 MW or more. As directed by Sections 403.501-401.518 of the Florida Statutes, the Department coordinates with other state and local agencies to assess public health and environmental aspects of the planned uprates.

Ultimately, site certification is decided by the Siting Board (Governor and Cabinet) or in a non-contested case by the Secretary of the Department of Environmental Protection on behalf of the Board. FPL submitted its site certification application for St. Lucie Units 1 & 2 in December 2007, with approval expected by the end of 2008. The site certification application for Turkey Point Units 3 & 4 was submitted in January 2008, with expected approval by February 2009.

FPL has considered the required permit, certification, and licensing amendments to assure county, state and federal regulatory approvals are received and the uprates are completed on schedule. FPL has also considered that the uncertainty of timely regulatory approvals could delay the uprate projects completion.

FPL has appropriately proceeded with the required regulatory approvals, scheduling, and preparation of applications in a manner that will accommodate the planned project completion dates.

Has FPL developed a project plan to meet the desired project completion date?

FPL has scheduled the St. Lucie and Turkey Point uprates to be completed during scheduled fuel outages in 2011 and 2012. The uprate schedule for each of the four units is the following:

- ◆ St. Lucie Unit 1 - Fall of 2011
- ◆ Turkey Point Unit 3 and St. Lucie Unit 2 - Spring of 2012
- ◆ Turkey Point Unit 4 - Fall of 2012

Uprate project scheduling is being completed through the use of Primavera scheduling software. The Controls Group, within the EPU Project Management organization, tracks the automated project schedule daily and updates the schedule weekly. Primavera allows FPL EPU Project Management and Plant Site Management to daily monitor and report the schedule status. Weekly project schedule updates include necessary adjustments to critical path activities and are reflected in executive management reports and update meetings.

¹ Order No. PSC-08-0021-FOF-EI.

Long-lead equipment purchases for the uprates have been reserved, and critical dates are entered into the uprate schedule. By entering into negotiations with long-lead vendors at an early point in the project, FPL secured a place in the suppliers' queues for delivery of turbine-generator equipment and services. FPL believes this early project activity secured advantageous turbine-generator pricing and a manufacturing slot that will support uprate project completion timeframes. Remaining long-lead equipment specifications are being completed for procurement based on the timing of their use in the project.

The Integrated Supply Chain (ISC) organization also works with EPU Project Management, nuclear engineering, and other subject matter experts to ensure procurement contracts are completed, and equipment is ordered in time to meet the project work schedule. FPL's schedule identifies the procurement, receipt, and installation timing for each major piece of equipment in the project schedule. The schedule tracks each component through its receipt and installation on site.

FPL states that its final engineering modifications are expected to be on-site at the plants approximately 18 months prior to the beginning of 2011 uprate work, and equipment is expected to be on-site three months prior to the planned outage. The completion of these critical engineering modifications are also entered into the project schedule and tracked through their completion.

Although FPL's project budget and schedule are in their early stages, FPL expects to have a completed first level project budget and schedule by the third quarter of 2008. According to FPL, subsequent iterations of the schedule will include additional detail of work to be completed and will add to the number of activities tracked in the automated project schedule.

FPL's approach to planning the uprate projects to date has been appropriate. Developing phase two and phase three project schedules will be critical to project planning.

Was FPL's risk evaluation for the uprate projects reasonable?

The FPL risk assessment process is vital to identifying and controlling potential risks associated with the Turkey Point Units 3 & 4 and St. Lucie Units 1 & 2 uprates. Unidentified risks may seriously delay the project schedule or considerably increase project completion costs. FPL risk assessment is performed from the initial project evaluation through the project implementation.

FPL's Risk Committee assists senior management in considering risk mitigation and financial decisions. This committee represents members from all aspects of the company's nuclear and generation operations. The Risk committee reviews and evaluates initial cost projections and any significant variances from the schedule and cost projections. This committee provides a forum of senior managers to critically assess and discuss the risks faced by the uprate projects from different departmental perspectives. The Risk Committee ensures that project risks and mitigants are identified, ownership is assigned, and actions are taken to manage or eliminate the assigned risk.

FPL has considered many different key potential risks to the uprate projects, including:

- ◆ Uprate management experience
- ◆ Lessons learned from previous industry uprates
- ◆ Experienced uprate vendors
- ◆ Regulatory permitting and licensing delays
- ◆ Global resource constraints

FPL believes that its corporate experience in uprate activity will benefit it in managing and controlling the risks associated with the St. Lucie and Turkey Point uprates. FPL states that, in 2006, FPL Energy completed successful uprates of its Seabrook and Duane Arnold plants. FPL has hired former FPL Energy employees to assist with managing the St. Lucie and Turkey Point uprates. FPL notes these key managers completed the Seabrook uprate on time and within budget.

FPL uprate management has developed risk mitigation strategies to reduce the possibility of different potential project conditions that could become problematic to the uprates. Based on its experience with other system uprates, FPL uprate management has reviewed "lessons learned" from other uprates completed in the United States nuclear industry to help mitigate risks associated with the complexity of the St. Lucie and Turkey Point uprate projects.

The company believes it has reduced its risk of contractor non-performance by contracting with experienced uprate contractors. For instance, FPL contracted with Shaw Stone & Webster as the engineering consultant to prepare the License Amendment Requests, balance of plant engineering evaluations, balance of plant licensing report, develop major equipment specifications, and prepare conceptual designs for plant modifications for the Turkey Point and St. Lucie uprates. FPL management states that SS&W is the most experienced uprate engineering firm in the US nuclear industry. FPL says that SS&W has completed power uprates for 46 operating nuclear units, including the Combustion Engineering Pressurized Water Reactor design in use at St. Lucie 1 & 2. SS&W was also contracted to do work at the Seabrook uprate project where they were part of the successful uprate contractors group.

FPL must continue to ensure compliance with FDEP rules and requirements during and after the uprate. At both the St. Lucie and Turkey Point plants, FPL has conducted a cooling water analysis of the power uprates' impacts on cooling systems and cooling discharge canals. Study results indicate the impacts of the increased heat exchange can be mitigated sufficiently to meet FDEP requirements at both plant uprate locations. FPL has completed scoping and feasibility studies to reduce the risks associated with regulatory permitting and licensing delays.

FPL recognizes that the increased volume of NRC licensing requests, both for uprates and new nuclear units being constructed, poses a risk of regulatory delays. FPL management observes that NRC resource constraints could slow approval of applications. FPL has included the risk of potential licensing delay in its schedule preparation and plans to monitor the approval process closely.

Similar schedule risks are posed by possible global resource constraints within the nuclear industry. Early in 2007, FPL prioritized equipment with long-lead manufacturing timeframes, and paid for manufacturing slots to assure key equipment is manufactured and delivered in time to meet the uprate schedule. FPL deals with Westinghouse on a daily basis for its existing nuclear plants, as well as on key projects such as the uprates. FPL management is satisfied that the selected vendors will have the capability to satisfy both current commitments and those required by the FPL uprates.

FPL's uprate Project Management organization uses the EPU Project Risk Management report to monitor project risks. This report is presented to executive management in weekly and monthly meetings for information and discussion. The EPU Project Risk Management report identifies potential project risks by, plant site, unit, priority (high, medium or low), probability (percent range), impact, economic cost, and risk owner. Additional information regarding the risk event includes: the root cause, the process or controls in place, mitigation actions, status, risk mitigation manager, expected completion date for actions, and mitigation costs. As risk items are mitigated they are closed, but remain on the report. FPL uses this report to identify risks, assign authority for mitigation actions, and track risks associated with the uprate project.

FPL has to date taken reasonable steps to identify, evaluate, and mitigate project risks. Successful project completion will require continued vigilance in risk management and re-assessment of project viability at key decision points.

2.2 Project Management and Organization

Is an appropriate project management organization in place for the uprate projects?

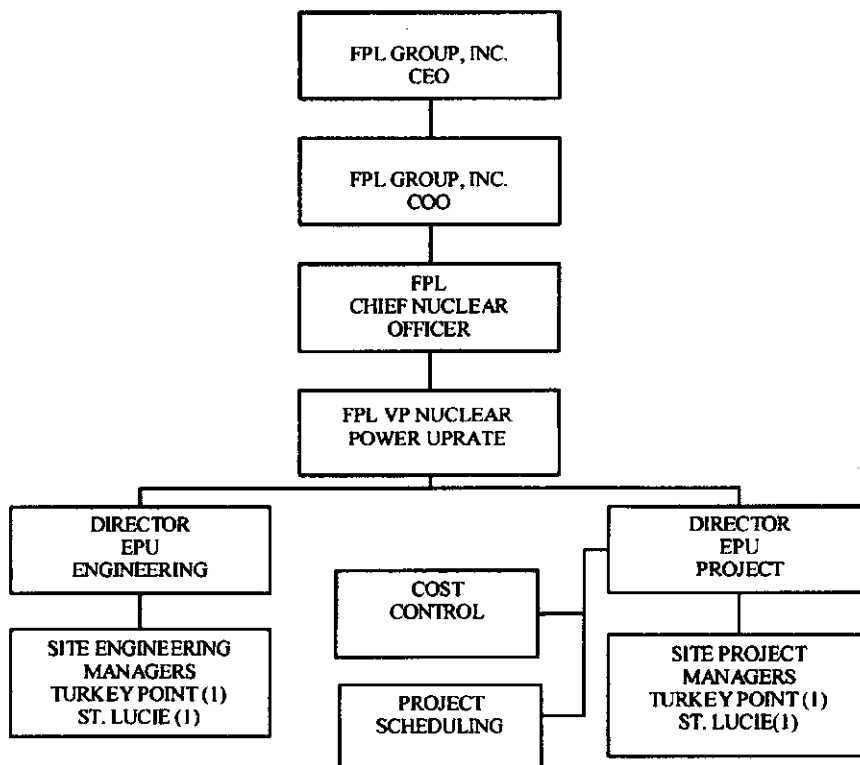
FPL has established a separate Uprate Organization within the Nuclear Division responsible for monitoring and managing uprate scheduling and costs. As shown in **Exhibit 1**, the nuclear uprate Project Management organization is headed by the Vice President Technical Services, who reports to the Chief Nuclear Officer. The Chief Nuclear Officer (CNO) reports to FPL's President.

The EPU Project Director and EPU Engineering Director share oversight responsibility for the St. Lucie and Turkey Point uprate projects. Both EPU Directors report directly to the VP Nuclear Power Uprate, and inform him daily on the uprate project status. The EPU Project Director is responsible for the overall implementation of the project, including implementation of all modifications, and managing the project schedule and budget. The EPU Project Director is also responsible for developing the processes and administrative controls necessary to complete the uprate projects. The Engineering Director directs all engineering, including system modifications essential to completing the uprates. The EPU Engineering Director is also responsible for all licensing and design activities related to the uprates.

Separate St. Lucie and Turkey Point EPU Project Managers direct uprate work at each plant site and report to the EPU Project Director. Similarly, separate St. Lucie and Turkey Point

EPU Project Engineers report engineering project status to the EPU Engineering Director. The EPU Project Managers each have on-site Uprate Team staff to assist in project management and engineering design activities necessary to support the uprate project at the plant.

FPL NUCLEAR UPRATE ORGANIZATION



- SYSTEM & COMPONENT EVALUATIONS
- MODIFICATIONS
- DOCUMENTATION UPDATES
- IMPLEMENTATION SUPPORT
- TESTING

- COST CONTROL
- INTEGRATED SCHEDULE
- MODIFICATION PLANNING
- TEMPORARY FACILITIES
- IMPLEMENTATION

EXHIBIT 1

Source: DR-5.8, DR-1.4a

Each on-site Uprate Team coordinates site activities with vendors to ensure the contracted work activities are completed on schedule and on budget. The teams will oversee contractor work activities and help resolve roadblocks that arise at the plant site during the uprates. On-site engineering design activities are related to specific system modifications and replacements performed at the plant during the uprate. If scope changes and design modifications require additional engineering, the on-site engineers identify corrections and make recommendations to the EPU Project Managers. Project delays or increases in costs are reported by the EPU Project Managers to the EPU Project Director and EPU Engineering Director, for review and reporting to executive management. The uprate organization currently numbers about 72 FPL employees and contract staff.

Other organizations also provide support activities to the on site Uprate Team as needed. For instance, the Integrated Supply Chain supports on site efforts through necessary procurement of components and services required for the uprate projects.

Oversight of the uprate project by FPL's EPU Project Management organization will be an essential element to project success. Though still being staffed, the organization appears to be appropriately structured and managed at this time.

Are appropriate oversight and accountability controls over project management in place?

EPU project oversight and accountability is the primary responsibility of the EPU Project Management organization. Oversight activities include the following:

- ◆ Informing senior and executive management of project status
- ◆ Procuring and delivering components and services to successfully implement the uprates
- ◆ Coordinating contractor activities within the plants
- ◆ Monitoring and updating the project schedule overseeing project budgets
- ◆ Identifying project risks and mitigation strategies
- ◆ Resolving challenges to timely and cost-effective completion of the project

These tasks are completed through the coordinated efforts of the EPU Project Management team, interdepartmental support, intercompany cooperation, and company oversight and steering committees.

Other major accountability and oversight activities include:

- ◆ Project reports and updates from Project Management
- ◆ Project reports to senior management
- Decision making reviews concluded by internal committees
- ◆ Project strategies for problem resolution
- ◆ Technical risks and issues

The EPU Project Management Directors report to the VP Nuclear Power Uprate, and provide: frequent updates on project milestones, budget summaries, material spending, vendor strategy, engineering strategy and evaluation, company and contractor staffing levels, weekly activity status by unit, weekly planned activities, scheduling of key events, monthly cash flow analysis, cost performance updates, contract log and cost analysis data, and risk management.

These informational reports are used by the VP Nuclear Power Uprate to manage the project on an ongoing basis and to inform executive management, steering committees, and senior management of the uprate project status. Project Management reports ensure that management at all levels are kept informed and have adequate information to make informed management decisions regarding the uprate project.

Several internal boards and committees provide input and expertise from different perspectives for decision-making and management of the project. FPL's Executive Steering Committee is responsible for approving large capital projects such as the uprate project. This committee consists of senior management officers including the Chief Operations Officer, Chief Financial Officer, Chief Nuclear Officer, Nuclear Chief Operations Officer and the Presidents of FPL and FPL Energy. This committee may also call upon the Risk Committee, as needed, to provide independent oversight and input regarding specific aspects of the project.

At a technical executive management level, FPL's Extended Power Uprate (EPU) Project Steering Committee manages the interface between organizations involved in the uprate. The EPU Project Steering Committee allows executive management to meet with FPL project management and contractors in a single meeting to discuss challenges to the project. It is chaired by the VP Nuclear Power Uprate, with the Nuclear Chief Operations Officer as the Vice Chairman. Other members of the Committee include the Vice President-Integrated Supply Chain, Nuclear Division Regional Operational Vice Presidents, Westinghouse Electric Company, Siemens, Shaw Stone and Webster, and other major vendors as needed.

This committee approves the final set of uprate plant parameters and thermal performance data for the uprates. It reviews project schedules, budgets, key assumptions, and significant deviations. The Committee reviews project risks for each site, reviews major milestones and modifications to the uprate projects, and provides an avenue for team members to identify challenges and issues where senior management assistance is needed. The EPU Project Steering Committee meets periodically, but generally every six weeks.

The FPL uprate organizational structure also includes the Nuclear Division Technical Challenge Board, which provides an independent technical oversight. The Board ensures proper

processes are followed, critical issues and major risks are reviewed by senior level management, and that industry experience is considered in the design and modification process. The Board is made up of senior members of the Nuclear Division providing expertise in plant safety and operations, engineering, licensing, and equipment modification.

A framework for adequate oversight of project management by senior management exists. Plans for communications within the project management organization appear to be appropriate at this time.

2.3 Cost and Schedule Monitoring Controls

Has FPL developed an adequate control system for monitoring project schedules and costs?

A key component of the Project Director's organization is the Project Controls Group. This group monitors both the project schedule and budget. The Project Controls Manager records schedule changes, project delays, project costs, and provides informational support to project management and contract administration. Project Management staff receives weekly updates of the project's schedule and costs from the Project Controls Group, and it informs executive management of the project status through weekly update meetings.

The FPL uprate budget is preliminary and considered to be a Level I budget. FPL states that the Level I budget is expected to be complete by the third quarter 2008. The Level I budget is based on FPL's initial project views, and it provides the basis for more refined versions of the expected costs as the project continues. Upon completing the Level I budget, FPL will begin further definition of all items within the budget and begin developing more granular line item estimates for a new Level II budget in 2009.

The Uprate Cost Engineer monitors and reports project costs associated with the uprate projects. The Cost Engineer receives contractor invoices and forwards them to the technical representative for the specific area to ensure the scope of work has been completed, and the deliverables have been accepted. The Cost Engineer checks the PASSPORT system to verify that adequate funding is available to make payment of the invoice. On fixed-price contracts, the Cost Engineer matches up the invoice amount and the deliverable work received from the subject matter expert. The completed package is then passed to the appropriate level for approval and payment.

Primavera software allows the Project Controls Group to make changes to the schedule and scope of project work as it is approved by management, and serves as a control for monitoring project scheduling updates. Approximately 25,000-35,000 project task items will ultimately be included in the uprate project schedule, which must be monitored daily and updated for weekly management review and consideration. Primavera also allows the Project Controls Group to develop additional reports specific to the requests of executive management. The flexibility of the scheduling system allows FPL management to examine the project status at any time and request specialized reports upon request.

Revisions for value-added scope changes are updated with the scope change information, and they are sent to the appropriate level for signature. Each line entry on the purchase order separates the change for the appropriate unit, thus specifying the change and approved dollar amount for the particular unit. Time and material contracts are verified by the Cost Engineer through time reporting and material requisition systems against contractor time reports and charges on the invoice. Once verified the invoice package is forwarded for appropriate executive approval and payment.

Cost and schedule monitoring controls are still in the process of development. Limited results are available for assessing the adequacy of these controls at this time.

2.4 Contractor Selection and Management

Has FPL's selection of the current set of contractors and vendors been reasonable?

Due to the highly technical and specialized nature of electric generation and the nuclear industry in general, many services and products are provided by a small number of major vendors worldwide. This configuration creates some concerns, since the possibility of price-fixing increases in markets where there are few suppliers.² Industry mergers, partnerships, and corporate consolidations also present challenges that will require vigilance by FPL management to ensure the company receives fair pricing.

FPL's current vendors and contractors for the uprate projects were selected both through the competitive bid process and through the use of sole sourcing. In maintaining or enhancing an existing plant, the utility often must consult with and/or employ the original designer or original equipment manufacturer. Usually, these vendors continue to play major roles in the plant over its useful life.

FPL's Integrated Supply Chain organization maintains established vendor lists to use for competitive bidding situations. FPL's Nuclear Policy 1100, states that competitive bidding is FPL's standard approach for the procurement of materials and services with an estimated total value greater than \$25,000.³ FPL nuclear procedures also state that bids should be requested from as many bidders as considered reasonable and practicable, but not more than ten. The procedure further states that in all bid situations, bids should be solicited from at least three bidders.⁴

² In 2007, the European Union fined a group of major electric industry plant engineering firms and component suppliers for price-fixing. The fines totaled nearly one billion dollars. Several of the companies fined are either contractors for the new PEF and FP&L nuclear units, or have bid on components for these projects. "Siemens Hit with £400 Million Fine," *Der Spiegel* Jan 25, 2007 <<http://www.spiegel.de/international/0,1518,druck-462199,00.html>>, "EU Fines Siemens, AREVA, Alstom for Price Fixing," *The Economic Times* Jan 25 2007 <<http://economictimes.indiatimes.com/articleshow/msid-1438615,prtpage-1.cms>.

³ FPL Procedure NP-1100, section 1.2

⁴ *Ibid.*, sections 2.1 and 3.5

However, FPL's nuclear policy does not exclude the approved use of sole source, single source, and Original Equipment Manufacturer providers in certain situations. Sole or single source procurements should be used on a limited exception basis, only when they can be justified.⁵ FPL procedures state that if FPL Integrated Supply Chain is unable to identify more than one bidder, or the bid process only results in one bidder, it is not considered single or sole source, and the requirements for documenting sole or single source justification are not required.⁶

FPL nuclear policies note that in cases where a nuclear department believes valid business reasons support making a sole or single source purchase, a sole or single source justification will be provided by the requestor, and it will be incorporated within the purchase requisition.⁷ The justification may also be by separate memo and be included in the purchase file.

Original Equipment Manufacturer procurements for materials and equipment where no other provider exists need not be reported as sole source. Nuclear policies specify that when Original Equipment Manufacturer equipment is specified, it must be documented in the purchase requisition or the purchase order file by the Purchasing/Contracts agent.⁸ Original Equipment Manufacturer documentation may also be made by separate memo, included within the purchase file.

FPL has included four uprate contracts in excess of one million dollars in its current nuclear cost recovery filings. As shown in Exhibit 2, the largest contracted dollar amount is with Westinghouse Electric Company, for engineering support of the nuclear fuel parameters, fuel burn uprates, primary system pressure and temperature operating parameters. The second largest contract is with Shaw Stone & Webster, for engineering support associated with steam and feed water systems and the turbine generator electrical capacity. FPL has two contracts with Siemens Corporation. One contract reserves manufacturing forging slots for the St. Lucie Units 1 and 2 Low Pressure Turbine rotors, and the other contract is for the Turkey Point Unit 3 Generator rotor.

Westinghouse was selected for a sole source fixed-price contract to provide the initial Nuclear Steam Supply System critical path activities in support of the EPU, to evaluate and analyze performance of design basis accident analysis, and to design upgrades for the Nuclear Steam Supply System components and fuel design for the uprates at both units. FPL notes that as the original manufacturer, and owner of the units' design and detailed safety analysis, Westinghouse is the only choice for this work on Turkey Point Units 3 & 4 and St. Lucie 2. AREVA owns the Babcock & Wilcox safety analysis for St. Lucie Unit 1 and was selected as the sole source supplier for fuel related engineering, licensing, design, and analyses for that unit.

⁵ Ibid., section 1.2

⁶ Ibid., section 2.1

⁷ Ibid, section 2.2

⁸ Ibid, section 2.3

**St. Lucie and Turkey Point Uprate Project
Contracts Greater Than \$1 Million 2007-2008**

Westinghouse Electric Company	NSSS Engineering Support for all four units	8/1/07	Sole Source	Fixed Price	\$1,100,000	\$5,600,000
Shaw Stone & Webster	BOP Engineering Support for all four units	10/2/07	Sole Source	Time and materials	\$1,853,591	\$3,291,200
Siemens	SL 1&2 Low Pressure Turbine Rotor Forging Reservation	11/15/07	Sole Source	Fixed Price	\$1,100,000	\$1,100,000
Siemens	TP 3 Generator Rotor Forging Reservation	1/30/08	Sole Source	Fixed Price	\$3,675,000	\$3,675,000
Total					\$7,728,591	\$13,666,200

EXHIBIT 2

Source: Schedule AE-8

Shaw Stone & Webster is another single source supplier, selected to complete the initial Balance of Plant scoping support for the EPU of St. Lucie and Turkey Point units, Balance of Plant engineering report, and licensing report for St. Lucie and Turkey Point uprates. An additional EPU Phase 2 Scoping Study was added to the initial contract to develop information on scope modifications and costs to achieve target EPU power levels for Turkey Point and St. Lucie uprates. FPL states that SS&W has participated in between 40 and 50 uprates of the approximately 100 completed in the U.S. nuclear industry. SS&W was also the low bidder on the previous Turkey Point uprate, and was the low bidder at Seabrook's uprate. Therefore, FPL has confidence that SS&W can perform well in its project roles and FPL reduces project risks by using a proven performer in uprates

In the Fall of 2007, FPL met separately with suppliers of turbine-generators who had responded to its Request For Proposals. Five qualified vendors made presentations to FPL and offered to meet the uprate projects' turbine-generator needs. Presentations from prospective vendors were reviewed by appropriate Integrated Supply Chain and Nuclear Management personnel. In some instances, vendors' proposals would have required FPL to modify additional portions of its systems to make the uprate components compatible with FPL's existing plant. According to FPL, these additional modifications would cause significant additional costs.

Through its evaluation of the presentations, FPL identified only one prospective vendor that could provide the turbine generator equipment and experience it requested to meet the uprate schedule. Based on the review of prospective vendor presentations by Toshiba, Mitsubishi and

Alstom, FPL management selected Siemens as the turbine-generator vendor for the uprates. FPL has since provided a binder payment to secure a long-lead manufacturing slot with Siemens, and was negotiating a final contract as of May 2008.

Siemens was the sole-source vendor for the initial engineering study of the turbine generator replacement evaluation, development of preliminary heat balances, and analysis of the turbine generator components and upgrades for the St. Lucie and Turkey Point units. Siemens received two lump sum contracts reserving the manufacturing slots for one generator rotor forging for the Turkey Point Unit 3 main generator rotor and for four low pressure rotors for the St. Lucie uprate. FPL states that Siemens was not truly a sole sourced vendor because it was selected as turbine generator supplier after FPL reviewed other potential Request For Proposals.

FPL appears to have followed its contractor selection procedures. Given the unique challenges and circumstances of the nuclear industry, FPL's use of sole source selections for the uprate project to date is in keeping with reasonable business practices.

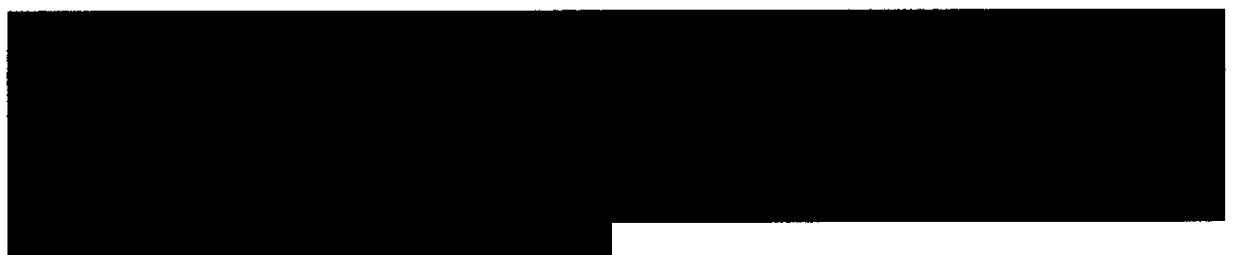
Is an appropriate set of internal controls for contractor management and evaluation in place for the uprate project?

FPL procedures provide for basic contractor oversight by the EPU Site Project Manager, the site Technical Representative, and Contract Coordinators who administer site services. These functions coordinate contractor reviews of performance while contractors are on the site working. Upon completion of the authorized work, the Site Technical Representative verifies the contractor has met all obligations and determines whether any outstanding contract deliverable issues exist. Technical Representatives also determines whether billed work was completed and what level of approval is needed for payment.

The EPU Site Project Manager will provide oversight of the contractor progress and project work performance while the contractor is on site. If schedule delays are anticipated due to contractor challenges, the EPU Site Project Manager attempts to resolve the contractor challenge on site. If necessary, the Site Project Manager will bring in the EPU Project Director to help resolve issues and involve executive management.

In addition to providing assistance with developing and administering contracts, FPL's Nuclear Sourcing and Integrated Supply Chain completes weekly updates to the Project Contract Log and reports updated contract status to FPL executives and Project Management. Nuclear Sourcing also completes annual vendor scorecards for a selected group of FPL's largest vendors. These scorecards provide an overall rating for system-wide vendor performance for the year across all areas of FPL operations. Performance is indicated using a color rating system of: green for good performance, yellow for questionable performance, and red for poor performance. The process is intended for FPL to identify vendor performance strengths and weaknesses and to use in discussions with vendor management when improvement is needed.

[REDACTED]



EPU Project Management indicated to audit staff that it would take aggressive steps to mitigate similar performance issues. Siemens is one of the few suppliers capable of providing the turbine equipment and services needed, and the only one evaluated by FPL that was able to meet the outage schedule for the uprate projects. FPL EPU Project Management also noted that this knowledge is helpful to management as they negotiate vendor contracts to include protection provisions. FPL noted that the need for close supervision of vendor performance, and early detection of schedule and cost related issues is understood by the EPU Project Management team.

FPL's approach to contractor oversight and evaluation appears to be appropriate to date. Proactive project management by FPL should require frequent communication and updates, demand contractor accountability, and challenge information provided by contractors.

Has FPL implemented appropriate protections from contractor cost overruns or poor performance on the uprate projects?

To protect itself from substandard and contractor work, FPL maintains a qualified vendor list and evaluates contractor work after major projects. Documentation of contractor performance allows FPL to identify poor performance trends with contractors and provides a tool to use in correcting contractor performance or denying the contractor future work. The Quality Assurance function also reviews contractor performance for safety-related contracts, while the contractor is on site as discussed further in Section 2.5.

In addition to the contractor management and evaluation process previously discussed, FPL has structured its contracts and purchase orders to identify specific scope, deliverables, completion dates, terms of payment, operational terms and conditions, reports from the contractor, and work quality specifications. Standard contract terms include suspension/termination for cause or suspension/termination for convenience address the conditions under which a contractor's services may be suspended or terminated. Limit of Liability clauses specify the liability of the company and the contractor under specific conditions and situations. Contract clauses addressing changes to scope of work and schedule changes state the conditions under which changes to work scope will be accomplished. These and other FPL contract provisions help protect the company against contractor overruns and ensure that contractors perform work on time as specified.

In some cases, FPL contracts include performance incentives for completing quality work ahead of schedule or penalties for late work. FPL contracts generally include specified provisions for liquidated damages to provide protection against contractors causing damage to company property or facilities, and for non-performance impacting company generation capabilities.

The EPU Site Project Manager will coordinate all contractor work completed on the project and reports potential project work stoppage or delays upward to the EPU Project Directors. If project scheduling or budgeting are seriously jeopardized by contractor non-performance, the EPU Project Directors may remove non-performing contractors and secure other contractors to perform the scope of work. Based on the scope of work and seriousness of contractor non-performance, FPL senior management may be involved to work with senior management of the contractor's company, as well.

To help protect against major cost overruns, FPL has structured its major uprate project contracts to include fixed price and lump sum contracts where possible. These contracts specify a fixed price for completing a specific scope of work, thus assuring that the cost for that scope of work is known. The contractor is paid a fixed sum for completing the work and is locked into that price.

In other cases, FPL has used target price contracts as a basis for controlling costs. The target price is given as a contract amount for completing a scope of work that is known, but it may be expanded by the company. The contracted work will be completed for a target price, but it may be negotiated further, due to work scope change, additional scope, or modifications to the work scope. The contract price is agreed to be the target for the specified scope to limit the cost of that specific work. FPL also uses time and materials contracts when the requesting business unit recommends its use and when the firmness of scope is less certain.

Examples of FPL's uprate contracts greater than \$1 million include, a fixed-priced contract with Westinghouse, two fixed-price contracts with Siemens Corporation, and a time and materials contract with Shaw Stone & Webster. Each of these contracts perform different scopes of work, therefore, different types of contracts are used by FPL to control costs.

FPL has made efforts to ensure effective contractor performance by means of contract provisions and structure. This approach appears to appropriately seek control of contract costs through the use of contracts structured to encourage contractor performance.

2.5 Auditing and Quality Assurance

Does FPL have appropriate auditing and quality assurance functions in place for the uprates?

FPL's Internal Audit Group completes scheduled and management requested audits of all company operations. The Annual Audit Plan is based on operational and financial risks associated with the annual corporate business plan. Internal Audit discusses the potential list of annual audits, rated as low, medium, and high risk, and discusses those with the Vice President of each Business Unit.

To date, FPL has completed one internal audit of the St. Lucie and Turkey Point uprates. In July 2008, FPL Internal Audit completed an audit of expenses for St. Lucie and Turkey Point uprates, to ensure costs associated with the uprate were correctly charged to each project. The audit scope also included an examination of support documentation for expenditures, and whether unauthorized regular maintenance costs were charged to the uprate. The audit examined project charges made during May 2007 through March 2008.

During this review, audit staff reviewed purchasing audits related to nuclear operations during the period 2005 through 2007, to determine the number and areas of purchasing audits conducted. During the three-year period, eight nuclear purchasing audits were completed. Of the eight audits performed, the level of findings were not significant, and FPL management appears to have responded adequately to the audit findings issued by implementing all audit recommendations.

In addition to FPL's internal auditing effort, FPL's Quality Assurance (QA) function performs safety-related vendor audits and QA contractor performance evaluation reports. FPL procedures⁹ require that once the contractor is on site, the QA Manager should review the contractor's QA program procedures and personnel qualifications. The QA Manager is to review contractor on-site procedures for compliance with FPL's QA Program commitments and special certifications for compliance with FPL committed codes. The QA Manager also coordinates the resolution of any contractor conflicts with the Quality Program. FPL's QA organization is responsible for performing audits or surveillances on safety-related and quality-related services, where they are performed under the contractor's QA Program.

QA Managers have independent on-site oversight of each plant and target key areas of risk for surveillance efforts. The QA Supervisor is embedded within the on-site organization, and is involved in on-site and off-site meetings to remain aware of key risks and issues impacting the project schedule, cost, and quality. QA Supervisors conduct periodic assessments of contractor work being performed and report results to site management and QA management for information and corrective actions. The QA Supervisor completes both planned and management requested audits of risk areas identified with the uprate project.

⁹ FPL Quality Instruction No. QI 7-PTN-5.

The QA Manager at each site for the uprate project is to complete a daily quality summary, and meets daily with management to address operational concerns with the project. Currently the QA Manager is completing an Oversight Plan for the uprates. This Plan will document specific risk areas to be audited at the St. Lucie and Turkey Point uprates. The Quality Manager is identifying key risks at each plant, and is expected to complete the Oversight Plan during the summer of 2008. FPL EPU Project Management notes that the EPU project is in its early stages, and has not used the quality documents at this time in the project.

In future years, audit staff expects to see increasingly frequent audit activity. Quality assurance audits and internal audits should provide adequate depth and breadth of coverage to support the company's cost recovery filings by documenting adequacy of internal controls, adherence to procedures, and reasonableness of project management efforts.

FPL's internal audit effort for the uprates is in the early stages, but the structure and plans for the audit function appear adequate. As the project progresses, frequent internal audits and quality assurance audits will be necessary to ensure successful completion of the uprates.

3.0 Turkey Point Units 6 & 7 New Construction Projects

3.1 Project Planning

Was the company site selection process for Turkey Point Units 6 & 7 reasonable?

According to FPL, during the summer of 2006, a core project team was formed and FPL initiated several key investigations to consider project activities for the proposed addition of two new nuclear generation units. These investigations included, site analysis, project organization, transmission integration, project scheduling and budget development.

In the third quarter of 2006, FPL contracted with Enercon Services, Inc. to conduct a site selection analysis and to prepare an alternate site analysis for a nuclear power project in the state of Florida. The project, known by FPL as Project Bluegrass, considered all existing FPL generation sites, and 15 additional sites, as potential locations for two potential new nuclear generation units. By the end of 2006, the study was completed. According to FPL, the Site Analysis Study combined with site specific investigations, led to the selection of the existing Turkey Point site as the best location for the two new nuclear units.

Some of the major considerations for the proposed site location were:

- ◆ Site proximity to high load demand
- Proximity to land and water delivery
- ◆ Adequate land for future expansion of the two new units
- ◆ Strong base foundation to support plant and other facilities
- ◆ Proximity to other company generation units allowing for shared infrastructure

FPL studied its system load characteristics and concluded that the system would benefit if the new units were close to the high load demand center of Miami/Dade, Broward, and Palm Beach counties. These Southeast Florida counties are heavily populated, and they represent a large portion of FPL's increasing electrical load demand. The close proximity of Turkey Point to these high load populations places the new generation source close to the markets having the heaviest requirements.

FPL considered the new units' proximity to available transportation routes to support large equipment delivery and the increased work force required for constructing the units. Sufficient company-owned land for the two new units exists at the Turkey Point site. FPL noted that the same advantages that had led it to select the Turkey Point site for its earlier fossil and nuclear units met the current needs for expansion. FPL's study concluded that the Turkey Point site provides advantages for deliveries of plant equipment via land and water, since the current plant site is located close to U.S. Highway 1 by land and to Biscayne Bay by water.

FPL management notes that the current Turkey Point site was initially planned to support six nuclear units, when the property was purchased years ago. FPL believes that multiple

generation units within the same site may allow sharing of some plant infrastructure costs. FPL has considered the potential effects of the two new nuclear units on existing Units 3 & 4, and has determined that if an accident occurs at one unit it will likely be contained without impacting the other units at the site. Regarding site selections involving multiple units, the NRC requires the utility to determine whether the reactors are independent so that an accident in one reactor would not cause an accident in another, and to show that simultaneous operation of multiple reactors will not put public safety at risk.¹⁰ FPL notes that the NRC approved reactor design is such that it will contain an event within the containment facility and not impact other units on the site. The NRC includes this consideration in its certification of reactor technology. Therefore, NRC approved reactors have already been certified to meet these requirements. FPL also states that the requirement is satisfied within the Combined Operating License Application (COLA) submittal to the NRC.

The Turkey Point site is located on a deep base of limestone that is likely to provide a strong foundation for the reactor containment building, turbine generator facilities, feed water heaters, cooling systems, and other supporting plant facilities. Approximately 4,000 employees and contractors will be on-site for plant construction at its high point. FPL believes the additional property at the site will allow the company to create additional parking areas to accommodate workers, or allow the company to create staging areas to bring workers back and forth to the plant each day.

Additional site logistics and needs, such as fill dirt and cooling water, are being studied by FPL. The new Turkey Point site will have to be raised approximately 20 feet to bring the new units to the same grade as the existing units, and will provide the foundation for the new reactor containment buildings and plant support facilities. To accomplish this task, millions of tons of phosphate rock fill will be brought to the site. FPL is examining the use of on-site fill capabilities to help supplement the fill being brought in by off site sources. The company is also pursuing the use of reclaimed water from Dade County, and other practical sources, to help meet the requirement of millions of gallons of water used daily by the new plants. FPL knows that it must also consider the infrastructure and roads needed to support the construction of the new units at Turkey Point. As each new challenge arises, FPL includes them into the project schedule to assure the site is prepared and ready for construction, once licensing approval has been received.

FPL's site selection process appears to have been reasonable and in keeping with good business practices.

Was the process for plant design selection of the new Turkey Point Units 6 & 7 reasonable?

FPL began its process of identifying the project technology by completing a technical analysis of nuclear reactor designs available in the industry. FPL originally studied five primary

¹⁰ Title 10, Code of Federal Regulations 100.11

reactor technology options. FPL management said that, in addition to technological considerations, FPL's analysis included the following three key selection criteria:

- ◆ The capital cost of total construction
- ◆ The vendor's ability to manage cost and schedule risk throughout the project
- ◆ The execution capabilities of the Vendor/Engineer/Constructor that would construct and commission the project

Reviewing the benefits of each technology and the associated vendors, FPL narrowed the best-suited nuclear technology choices to two: the General Electric ESBWR and Westinghouse AP1000. FPL's analysis ultimately identified the Westinghouse AP1000 as the most practical and cost effective selection for FPL.

FPL chose the Westinghouse AP1000 technology as its preferred reactor technology design because it has received certification by the NRC, employs a proven pressurized water reactor technology, and includes an advanced passive design safety system. The General Electric ESBWR is under consideration for design certification by the NRC, but as of June 2008, this designation had not yet been granted.

To verify the reasonableness of its approach to the technology decision, FPL engaged MPR Associates, Incorporated to check its technology selection logic. After reviewing FPL's process to arrive at a technology selection, MPR concluded that FPL assessments and considerations were appropriate and support their decisions to date.

FPL's plant design selection process was reasonable and effective in positioning the company to meet the anticipated need for capacity in 2018.

Is FPL's approach to negotiating an engineering, procurement and construction contract for the new Turkey Point Units 6 & 7 reasonable?

Based on current information, FPL believes it is likely to be about the fifth U.S. utility to begin construction of a Westinghouse AP1000 reactor design. FPL believes the company will benefit from the early wave of AP1000 construction projects. Company management views this position as advantageous, since first-of-a-kind production can involve considerably more risks. These factors may allow the company time to negotiate cost savings in its engineering procurement and construction contract for Turkey Point Units 6 & 7.

FPL is currently negotiating with the team of Westinghouse and Shaw Stone & Webster (SS&W) to develop an engineering and procurement contract for the project. In the meantime, FPL management has chosen to delay its decision on a construction contractor while evaluating its options. FPL does not believe this will result in delays for the overall project schedule, and may still opt to use the combined Westinghouse/SS&W team for engineering, procurement and construction.

The company states that it has historically used this approach to vendor contracting, and notes that it is a conservative means to stimulate competition for project services. Some utilities may be seeking the full range of engineering, procurement, and construction services, through an Engineer Procure and Construct contract. However, FPL notes that viable alternatives exist to selecting SS&W to construct the units. Exploring these alternatives may allow FPL to obtain construction services at a lower cost by motivating SS&W to reduce its price. FPL also points out that it is not irreversibly tied to the AP1000 technology selection at this early date.

FPL has secured a manufacturing slot during 2008. FPL is considering a request to the NRC for a Limited Work Authorization that would allow it to perform limited construction on the Turkey Point site for Units 6 & 7. Major safety-related Unit 6 & 7 construction is not expected to begin until mid 2012 or 2013.

FPL's development of the option to consider separate contracts for project construction and for engineering and procurement may reduce total construction costs. FPL should continue to evaluate the impact of the timing of contractor selection on the overall project schedule.

What regulatory approvals are required for completion of the project?

The most important federal approval for FPL's new Turkey Point Units 6 & 7 comes from the NRC. A Combined Operating License Application (COLA) approval provides NRC authorization for both the construction and conditional operation of a nuclear power facility. The COLA is the long-lead regulatory item in the completion of Turkey Point Units 6 & 7.

On November 16, 2007, FPL awarded Bechtel Power Corporation a contract to complete the COLA for Turkey Point Units 6 & 7. FPL estimates two years for the NRC review, including an additional year of public meetings and review, for a lead time of between 36 and 42 months for the COLA approval. FPL notes that it has a tight COLA completion schedule, but is working toward completion of the application by March 2009. FPL indicates that there may be fiscal year 2009 budget constraints at the NRC, which could delay COLA applications submitted after October 31, 2008. FPL says that COLA applications are taken in the order of submittal to the NRC, and are docketed after that date. FPL believes application submittals after October 1, 2008 may be slowed for NRC review. FPL is estimating a 42-48 month approval window, if there are potential delays in the start of the review.

FPL and other NuStart member companies have sponsored the development of the Tennessee Valley Authority's Bellefonte COLA as a reference to streamline the NRC approval process for other member companies. NuStart is a consortium of nuclear power companies that have joined together to sponsor a reference COLA for the Westinghouse AP1000. The reference COLA will reduce processing time for subsequent AP1000 applications. The NRC will approve all generic AP1000 COLA chapters once, and then will separately approve the customized chapters for each proposed unit.

On a state level, FPL is developing input for state licensing and permitting requirements for the Florida Department of Environmental Protection (FDEP). State environmental permitting takes approximately 15 months, and is ultimately approved by the Power Plant Siting Board, including the Governor and Cabinet, or in a non-contested case, by the Secretary of the Department of Environmental Protection on behalf of the Board.

The company must ensure continued compliance with that department's regulatory requirements under the addition of increased power levels and operations at the Turkey Point site. In addition to the COLA submittal, FPL has contracted with Bechtel Power Corporation to complete a cooling water study to identify and evaluate alternative circulating water systems for the two new units to be constructed at the Turkey Point site. FPL's cooling towers will be designed to reduce the discharge temperature range to permitted levels, additional permit information and communication with the FDEP regarding the environmental impact and tower placement will be necessary.

Another state regulatory requirement is the submittal of a Petition of Need to the Florida Public Service Commission. Before proceeding with the construction of any new generation facilities in Florida, Section 403.519(4), Florida Statutes, requires the Certificate of Need to be approved. After consideration of FPL's petition for need determination, for the addition of Turkey Point Nuclear Units 6 & 7, in Docket No. 070650-EI, the Florida Public Service Commission gave its approval.

Among the issues reviewed in the FPSC Need Determination Hearing was FPL's advanced forging reservation payment to Westinghouse. The Commission was in agreement with FPL and OPC that all specific contractual terms, including price, portability, and other compensating aspects of such payments would be the subject of the prudence review in future Nuclear Cost Recovery Clause proceedings.

FPL has appropriately proceeded with the required regulatory approvals, scheduling, and preparation of applications in a manner that will accommodate the planned project completion dates.

Has FPL developed a project plan to meet the desired project completion date?

As the project matures, FPL will transition through different steps of development of its schedule and budget. Ultimately, the project schedule and budget will transition from a Level I preliminary stage to a more detailed and refined Level II budget, and then to a final Level III schedule and budget. Currently FPL is working toward completing a Level I budget and has begun working on the COLA application. As additional engineering studies and detailed feasibility scoping reviews are conducted, the schedule will advance to a Level II and a Level III schedule. FPL states that a Level III schedule and budget will require the monitoring of between 25,000 and 35,000 project activities.

The schedule and costs for Turkey Point Units 6 & 7 are monitored and tracked by the Project Controls Group, and are reported weekly and monthly to executive management. While no construction has been completed at this time, FPL continues to assess and re-assess the scheduling of activities supporting the successful implementation of Turkey Point Units 6 & 7. Scheduling for project activities is completed through the use of Primavera scheduling software. Primavera allows FPL Project Management and Plant Management to daily monitor and report the schedule status. It also allows Project Management to adjust the schedule as needed.

In the early stages of the Turkey Point Units 6 & 7 project, FPL is primarily involved in preliminary site work, including gathering geological and meteorological data for licensing submittals. Major studies and preliminary work currently underway include the following:

- ◆ Securing the AP1000 manufacturing slot
- Development of plant operator training curriculum
- ◆ Completion of the cooling water use study
- ◆ Completion of Transmission studies

FPL has recently secured a manufacturer's slot for the AP1000. During the remainder of 2008, FPL expects to complete additional work and negotiations on the project construction contract and to develop site prep work scope for the 2011 site activity. As mentioned earlier, safety-related construction is not expected to begin until 2013, after the COLA and site preparation work phases are completed.

In the interim, FPL states that it must plan for plant operator training. The AP1000 Owners Group (APOG) will likely coordinate the training for the new plants. The first steps are the development of training curriculum and the "training of the trainers." Once the curriculum has been developed, it will take approximately three and a half years to train the new operators for Turkey Point Units 6 & 7.

FPL has completed transmission studies and assessments for both the uprate and the new Turkey Point Units 6 & 7. Route studies are under way for the transmission lines to serve the new Turkey Point units. The technical studies of system lines, the sizing of lines, transformers needed, and connection of the plant generator(s) to the transmission system have been performed. These studies are further assessed for overall constructability, reliability, maintainability, and potential risk of off-site power loss to the generating unit(s). Based on when the project is needed, the scoping, scheduling, engineering, and construction resources to complete the project are determined.

FPL states that for Turkey Point Units 6 & 7, two of three transmission studies have been completed. The transmission studies are being conducted to assess the detailed requirements of taking transmission from the plant to different substation locations. According to FPL, the studies of different alternatives for the new Turkey Point Units 6 & 7 should be completed by the end of 2008. The results of the 2008 facilities route studies will go into the FDEP site certification submittal in 2009. FPL states that the project budget and schedule will be revised as the transmission route costs and construction schedule for the approved route become clearly defined.

FPL is currently studying the technical and economic considerations of water use for cooling the new units. FPL is reviewing the possible use of treated wastewater for a portion of its system cooling needs. The company is negotiating with Dade County to use treated wastewater as a source of cooling water for the new units. FPL is also considering the need to modify infrastructure to and from the Turkey Point Units 6 & 7 plants, including the widening of roads and bridges. During the construction phase of the project, FPL will need expanded parking and transportation facilities to accommodate the large influx of workers on site. The company has scheduled studies of the possible alternatives for modifying infrastructure and providing additional site access for construction workers for the construction phase ahead.

FPL has taken a reasonable approach to developing project schedules at this early stage.

Was FPL's risk evaluation for the Turkey Point Units 6 & 7 project reasonable?

Since the development of the initial *Project Plan for New Nuclear Power Generation*, completed in September 2006, FPL has been assessing the risks associated with the Turkey Point Units 6 & 7 project. According to FPL, the scope of the project plan was limited to the development, submittal, and support of the NRC review of the COLA. The company noted that the scope of the project included site selection, technology selection, and the evaluation of associated project risks. These risks included water source, potential litigation, accuracy of cost projections, supply chain constraints, and technical due diligence. FPL's Project Management procedures require such a project risk assessment to be included when the project is sent to executive management for approval.¹¹

FPL evaluated the risks associated with each site location in its site selection study, and chose the existing Turkey Point site as the best solution for locating the two new nuclear units. FPL considered and evaluated the risks associated with over 15 greenfield locations, in addition to its existing power generation sites, to identify Turkey Point as the optimum location for the new units.

To address the risk of potential regulatory approval delays, FPL has structured the Project Development organization described in Section 3.2 below. Project Development focuses on project management, state regulatory, and non-NRC licenses and approvals.

FPL also identified the potential risks of not providing for additional generation power, fuel diversity, and meeting its required regulatory reserve margin of 20% for system reliability. FPL's load forecast considered the risks associated with not moving forward with new generation capacity at this time. The company also evaluated the associated risks and costs of using fuels other than nuclear power, and determined other alternatives as being less cost effective to both its customers and the company.

¹¹ FPL Nuclear Division, Nuclear Administrative Procedure 401, page 15 of 59.

FPL has evaluated and considered the risks associated with the selection of its reactor technology for the two new units, and has had that decision evaluated by an independent nuclear industry consultant to assess the decision's reasonableness.

FPL has also considered the risk of selecting an engineering, procurement, and construction contractor. Due to its position within the nationwide queue of new unit construction, the company has elected to move carefully in selecting a contractor that may be stretched thin by the challenge of simultaneously building several units. This approach may allow FPL to assess the status of other plant construction underway before making this important decision.

The company has followed a step-by-step approach to evaluating the impacts of increased costs, schedule delays, and resource limitations on the project success. FPL has also adopted the concept of using an "off ramp" from the project, as a means of analyzing whether the project should continue. In the event severe project delays or severely increased costs no longer support the project cost effectiveness, FPL is prepared to delay the project or take an off ramp to stop the project.

As described in earlier sections of this report, additional project risks and alternatives will continue to be assessed by FPL, through detailed scoping and feasibility studies. Each phase of the project will require FPL to evaluate risks associated with new challenges and alternatives. In addition, FPL's Risk Committee and senior management level committees review the status of the project as needed, and provide project oversight.

FPL cannot eliminate the risks inherent in completing a project such as Turkey Point Units 6 & 7, but it can manage and mitigate them. In addition to FPL feasibility studies, vendor scoping studies, and consultant studies, FPL has established daily, weekly, and monthly reports to management for monitoring the progress of the project. These ongoing reports include monthly at-a-glance project risk assessments and project status updates. The combination of these and other controls discussed in this report indicate that a satisfactory and reasonable level of project risk assessment and evaluation is completed by FPL.

FPL has to date taken reasonable steps to identify, evaluate, and mitigate project risks associated with successful completion of the Turkey Point Units 6 & 7 project. Successful project completion will require continued vigilance in risk management and re-assessment of project viability at key decision points.

3.2 Project Management and Organization

Is an appropriate project management organization in place for the Turkey Point Units 6 & 7 project?

FPL has established a separate project organization for the oversight and management of Turkey Point Units 6 & 7. As shown in **Exhibit 3**, the organization consists of two key groups, Project Development and New Nuclear Projects. Project Development is headed by the Senior Director Project Development, and it has the overall responsibility for the management and organization of the project. It is focused on overall project management, state regulatory processes, environmental services, transmission planning, and non-NRC licenses and approvals.

The Vice President of New Nuclear Projects, within the Construction and Corporate Services organization, leads the portion of the new organization responsible for managing the COLA, project engineering, procurement, site preparation, and construction activities.

Both the Project Development and New Nuclear Projects organizations share the same Project Controls Group, Legal and Supply Chain support. The Project Controls Group tracks the schedule and budget status for the new nuclear units, completes regular updates and status reports on the projects, and provides financial data associated with the project budget. The legal support organization assists in the areas of cost recovery, land use, and NRC licensing. The Supply Chain organization provides support for contract development and negotiations, RFP bid processing, procurement, contract administration and contractor evaluation. The new Turkey Point Units 6 & 7 project organization consists largely of FPL employees that have previous experience in power plant projects and ongoing plant operational experience.

The company states that it leverages its many years of successful power project development and construction, and approaches the Turkey Point Units 6 & 7 project with an understanding of the power plant Project Management process that has been tested in other large construction projects. FPL is still currently staffing the new project organization and building the project schedule and budget for the project.

Effective oversight by the Turkey Point 6 & 7 Project Management organization will be an essential element to success. Though still being staffed, the Project Management organization appears to be appropriately structured and managed.

FPL NEW NUCLEAR ORGANIZATION

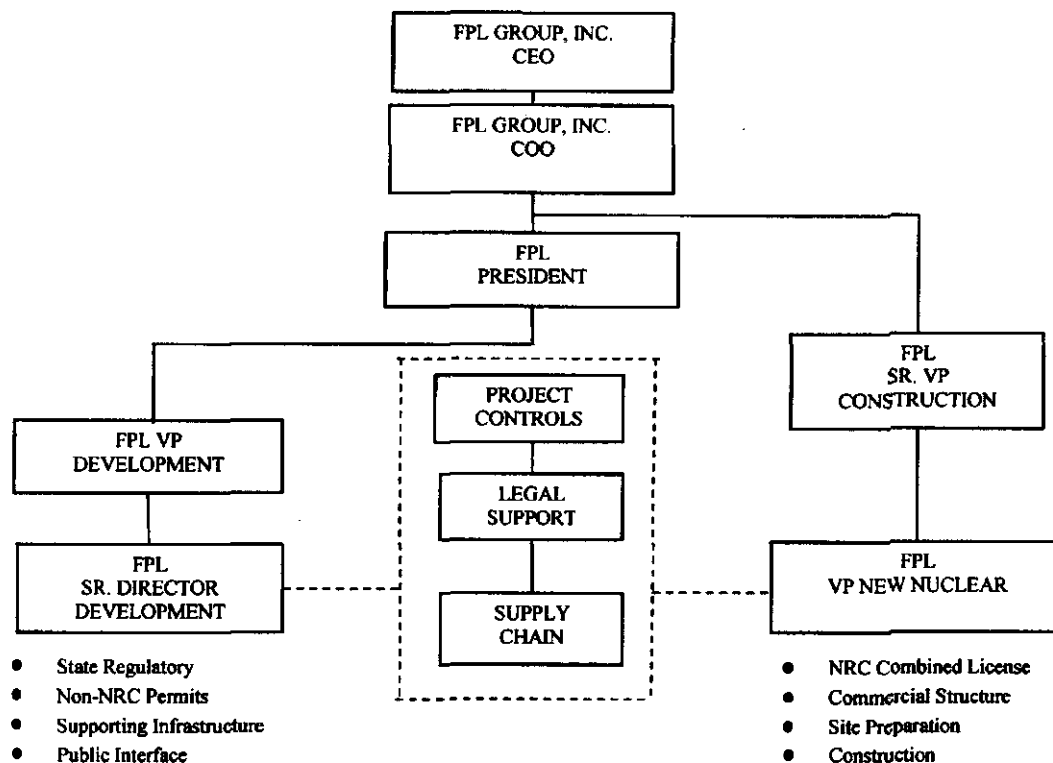


EXHIBIT 3

Source: DR-5.8

Are appropriate oversight and accountability controls over project management in place?

The new organization structure for Turkey Point Units 6 & 7 uses a matrix approach to managing the project. Oversight and accountability of Project Management is shared with the Senior Director Project Development, the VP New Nuclear Projects and the Senior VP Construction, having direct reporting responsibility for the Project Controls Group. Support functions serve both the VP New Nuclear Projects and the Senior Director Project Development. Oversight of the VP New Nuclear Projects and the Senior Director Project Development is provided by the VP Construction and the VP Development, who in turn report to the Chief Operations Officer and the President.

FPL states that it uses a series of weekly, monthly, quarterly, and as-scheduled meetings to assess project status, to evaluate key risk areas, and to examine where the schedule and budget are, at that point in the project. The Corporate Risk Committee provides comprehensive reviews of major projects and discusses potential risks, on an as-scheduled basis. The Corporate Variance Report is used to monthly assess the project budget and variances. The Operating Committee, comprised of FPL senior management, provides oversight and direction for major

company projects and initiatives on an as scheduled basis. FPL's Board of Directors reviews and approves major strategies, financial objectives, and plans of the Company as-scheduled, and from time to time is updated on the new project.

Other meetings that FPL states provide oversight and accountability for the project include the following:

- ◆ Monthly Coordination Meetings between the New Nuclear and Project Development groups used to discuss and coordinate activities for the organization
- ◆ The Bechtel Monthly COLA Project Review Meeting gives FPL managers a review of where the vendor is in completing the COLA licensing effort
- ◆ Monthly Senior Management Vetting Sessions held with senior management meeting to vet and discuss current project status, key activities, and project issues
- The Due Diligence Report is a quarterly report summarizing project status and potential challenges.
- ◆ Weekly Development Meetings to provide the status of project activities and highlight project issues
- ◆ Monthly Project Review Meetings to provide a comprehensive project report covering status, budget, costs, performance, permitting, safety and potential risk

The Project Controls Group will continue to assist both sides of the organization with Project Management information and provide executive level reports for updated project status and cost updates. Additionally, executive and senior management oversight through the meetings and committees listed above will provide adequate oversight and accountability reviews for the new Turkey Point Units 6 & 7 project.

Reporting tools for the new organization are still being completed, but thus far appear to provide adequate project oversight.

3.3 Cost and Schedule Monitoring Controls

Has FPL developed an adequate control system for monitoring project schedules and costs?

As already discussed, the Project Controls Group monitors the project schedule and budget. The Project Controls Group is led by the Manager Construction/Business Services, responsible for reporting the monthly project financials to Turkey Point Units 6 & 7 project management and FPL executive management. The monthly financial view is reviewed in Monthly Project Meetings, including executive management. The Manager Construction and Business Services also provides monthly views of the approved budget versus actual costs, a

cash flow forecast to actual view, and answers specific management requests for financial reporting data.

The Project Controls Manager supports the organization by reporting the weekly and monthly project schedule status. A monthly at-a-glance view of the project is provided to executive management to keep them aware of the project progress and performance measurements. The at-a-glance report summarizes key project events, provides a summary status and indicates potential risks associated with the project.

The Project Controls Group conducts monthly meetings to review contractor performance and adherence to the schedule. Weekly contractor update calls are also conducted on Mondays to determine whether there are any contractor problematic areas to complete for the week. Critical path events and scope changes affecting the schedule are also monitored by the Project Controls Group. The Risk Tracker program provides updates of project primary risks to identify possible mitigates and assure unauthorized cost overruns do not occur.

The Project Controls Group tracks all scope changes on a trend ledger which indicates the number of changes and dollars for scope changes for each vendor. For instance, the COLA vendor issued scope changes due to the wet site conditions at Turkey Point Units 6 & 7, which slowed the core boring work for the COLA. While this had short term impacts to the schedule, the scope changes did not impact the long term completion schedule. This information is provided to executive management in update meetings to keep them informed. The Project Controls Group also monitors vendor contracts and amendments against vendor performance and vendor invoicing to assure vendors are paid only for work completed satisfactorily.

Cost and schedule monitoring controls specific to Turkey Point Units 6 & 7 are still in the process of development. Limited results are available for assessing the adequacy of these controls at this time.

3.4 Contractor Selection and Management

Has FPL's selection of the current set of contractors and vendors been reasonable?

FPL Integrated Supply Chain maintains established vendor lists to use for competitive bidding situations. FPL nuclear procedures require departments and project teams desiring to issue a Request for Proposal to go through the Integrated Supply Chain organization. Procurement policies and procedures require that all sole source and single source contracts be supported by written justifications.

Turkey Point Units 6 & 7 Project
Contracts Greater Than \$1 Million 2007-2008

Comensura	Corporate supplier of contract personnel	12/21/06	Single Source	Firm Fixed Percentage	\$1,611,731	\$2,541,093
Bechtel Power Corporation	Development of Combined License Application	11/16/07	Competitive	Time and Materials/ Target price with incentive	\$26,064,451	\$27,736,274
NuStart Energy Development, LLC	Preparation of Reference Combined License Applications for Westinghouse and GE Designs	4/18/04	Membership Agreement	N/A	\$1,000,000	\$3,000,000
Total					\$28,676,182	\$33,277,367

EXHIBIT 4

Source: Schedule AE-8

FPL has selected three contractors for Turkey Point Units 6 & 7 with contracts greater than \$1 million. As shown in **Exhibit 4**, Comensura (now known as Guidant) provides contract personnel services under an existing master contract. FPL's justification for using Comensura was that the company has operated and managed the Managed Service Provider program for FPL Human Resources, and it has performed well.

The Bechtel Power Corporation contract for preparing FPL's COLA was a competitive bid award. FPL received two bids for this contract.

The contract with NuStart Energy Development LLC is a membership agreement in an industry organization. As noted, through cooperative efforts potential AP1000 owners are attempting to reduce costs through standardization of COLA submittal, training, and other activities.

FPL has not yet submitted a contract for the engineering, procurement, and construction of Turkey Point Units 6 & 7. FPL is negotiating a contract with Westinghouse-Shaw Stone & Webster for the engineering and procurement portions of the project. As discussed previously, FPL is considering using another contractor to build the new units.

FPL appears to have followed its contractor selection procedures. Given the unique challenges and circumstances of the nuclear industry, FPL's use of sole source selections for the new Turkey Point Units 6 & 7 project to date is in keeping with reasonable business practices.

Is an appropriate set of internal controls for contractor management and evaluation in place for the Turkey Point Units 6 & 7 project?

The Integrated Supply Chain maintains vendor performance statistics for selected major vendors, and manages non-safety-related contracts. For long-term vendors, contractor reviews are conducted quarterly or semi-annually. If FPL experiences a problem with a non-safety-related vendor, Integrated Supply Chain works with the Risk Department to remedy the situation.

Safety-related contractors are evaluated through Quality Assurance (QA) audits. These audits examine whether the vendors QA program for on site operations is compliant with the NRC QA requirements and FPL's own QA requirements. If the contractor QA program is not in compliance, it must be revised accordingly before beginning any work on site.

The assigned Integrated Supply Chain Contract Manager is responsible for evaluating the overall vendor work performance of each major contractor while on site. The Technical Representative assigned to each contractor is responsible for assessing the contractors performance and reporting any problems arising with the vendor while on site. Additionally, the Project Controls Group conducts monthly meetings to review contractors' performance and adherence to the schedule. Weekly contractor update calls are conducted on Mondays with contractors to determine whether there are any anticipated contractor problem areas. Critical path events and scope changes affecting the schedule are also monitored and reported through the Project Controls Group. FPL has previously established procedures for monitoring and evaluating contractor performance on the plant site. However, as the Turkey Point Units 6 & 7 project continues to progress, and more contractors begin work, the contractor management and evaluation controls should be reviewed and audited to evaluate their effectiveness.

FPL's approach to contractor oversight and evaluation appears to be appropriate to date. Proactive project management by FPL should require frequent communication and updates, demand contractor accountability, and challenge information provided by contractors.

Has FPL implemented appropriate protections from contractor cost overruns or poor performance on the Turkey Point Units 6 & 7 project?

In addition to the contractor management and evaluation process previously discussed, FPL has structured its contracts and purchase orders to identify specific scope, deliverables, completion dates, terms of payment, operational terms and conditions, reports from the contractor, and work quality specifications. Standard contract terms include suspension/termination for cause or suspension/termination for convenience address the conditions under which a contractor's services may be suspended or terminated. Limit of

Liability clauses specify the obligations of the company and the contractor under specific conditions and situations. Contract clauses addressing changes to scope of work and schedule changes state the conditions under which changes to work scope will be accomplished. These and other FPL contract provisions help ensure contractors perform work on time as specified.

FPL has also attempted to ensure contractor management through the use of fixed-price and target price contracts where possible. FPL uses fixed price contracts where a well-defined scope of work can be specified, with specific deliverables. Target price contracts are used to limit the price for work with variable scopes, scope modifications, or additional scope work may be assigned. FPL uses time and materials contracts when the timeframe and scope of work is less certain.

FPL's Bechtel contract for Phase I of the COLA development uses a target price approach. The compensation section of the Contract for Development of the Combined Operating License Application, provides a target price for Phase I with performance incentives, and an at risk value of based on contractor performance in the areas of cost, schedule, quality, and safety. Based on the level of performance in each area, the contractor either receives an incentive for achieving performance or pays FPL a portion of the at risk dollars for not reaching performance milestones. Any change in scope requiring a change order that impacts the target price, the parties will determine an adjustment to the incentive and at risk value.

Since the types of services and volume of work provided under the Comensura contract are variable, this contract is structured on a time and materials basis. Separate purchase orders control the amount and types of work requested by FPL.

FPL procurement procedures state that, in the event contract scope changes occur, the contract or associated purchase order must be reflective of the scope changes. FPL also monitors contractor scope change trends to manage contractors excessively requesting modifications of scope for possible company action. These requirements add further management review points to assess whether the contractor is performing to contract specifications.

FPL has established Nuclear Engineering and Construction procedures to guide personnel in monitoring and evaluating contractors' performance. As explained previously, FPL contractor management is completed at both the site and staff level. FPL states these controls will be reviewed periodically, when necessary to reflect changing control needs and conditions of the project.

FPL has made efforts to ensure effective contractor performance by means of contract provisions and structure. This approach appears to appropriately seek control of contract costs through the use of contracts structured to encourage contractor performance.

3.5 Auditing and Quality Assurance

Does FPL have appropriate auditing and quality assurance functions in place for the Turkey Point Units 6 & 7 project?

The first internal audit of the Turkey Point Units 6 & 7 project was scheduled to begin in June 2008. The audit was planned to focus on expenditures to date for the new units, and is expected to be complete by September 2008.

In addition to the FPL Internal Audit financial and operational audits, Quality Assurance (QA) completes Vendor Audits and Contractor Performance Evaluation Reports for safety-related contractors. Quality Instruction No. QI 7-PTN-5 states that once the contractor is on site, the QA Manager should review the contractors QA program procedures and personnel qualifications. FPL has a separate QA Manager responsible for Turkey Point Units 6 & 7 to identify and conduct QA audits.

FPL Quality Instructions note that the QA Manager should review contractor on site procedures for compliance with FPL's QA Program commitments, and any special certifications required for contractor compliance with FPL committed codes. Quality Instructions state that, the QA Manager coordinates the resolution of any contractor conflicts with the Quality Program. The QA organization also performs audits or surveillances on safety-related and quality-related services where they are performed under the contractor's QA Program.

The QA Manager for the new Turkey Point units will complete a daily quality summary, and meet with management to address operational concerns with the project. The Quality Manager is responsible for identifying key risks at each plant and for completing on-site evaluations of contractors' QA programs.

FPL's QA organization also participates in Nuclear Procurement Issues Committee (NUPIC) sponsored supplier audits. NUPIC is a nuclear industry organization that conducts audits with member companies to evaluate suppliers furnishing safety related products and services to the industry. Many of the same vendors that FPL uses in both the uprates project and the new Turkey Point Units 6 & 7 have been the subject of a NUPIC audit in the last three years.

In future years, audit staff expects to see increasingly frequent FPL audit activity. Quality assurance audits and internal audits should provide adequate depth and breadth of coverage to support the company's cost recovery filings by documenting adequacy of internal controls, adherence to procedures, and reasonableness of project management efforts.

The audit effort for Turkey Point Units 6 & 7 is in the very early stages, but the structure and plans for the audit function appear adequate. As the project progresses, more frequent internal audits and quality assurance audits will be necessary to ensure successful completion of Turkey Point Units 6 & 7

**FLORIDA POWER AND LIGHT COMPANY
DOCKET NO. 080009 EI
OFFICE OF PUBLIC COUNSEL - LATE FILED EXHIBITS - HALE/LABBE**

Late filed Exhibit # **	Topic	Confidential (1)	Basis for Confidentiality	Witness	Date Provided to OPC
2	Project Charter/ Governance Document	No	N/A	Hale/Labbe	7/15/2008
3	Level 2 Schedules	Yes	Contains detailed project milestones. Would harm FPL ability to negotiate and could also pose security risk.	Hale/Labbe	7/15/2008
5	JES Support for Golder Single Source analysis	No	N/A	Hale/Labbe	7/15/2008
6	TSSD Single Source analysis	Yes	Contains employee rate per hour information. Would harm FPL's ability to negotiate if released.	Hale/Labbe	7/15/2008
7	Benchmarking of cost for low pressure rotors	Yes	Contains proprietary vendor cost information.	Hale/Labbe	7/15/2008

**Items 1 and 4 were provided by OPC to the Court Reporter as Exhibits during the deposition.

Exhibit #	Topic	Confidential (1)	Basis for Confidentiality	Witness	Date Provided to OPC
1	NP and NAP Index	No	N/A	Hale/Labbe	N/A
4	Sole Source Justifications	Yes	N/A	Hale/Labbe	N/A

[CLK note: Portion of exhibit is CONFIDENTIAL and has been document numbered and placed in confidential lock-up.] *MM*

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080009-EI (Portion of) EXHIBIT NO. 41
COMPANY/ FPL Composite Exhibit
WITNESS:
DATE: 9/11/08

Response to OPC Outstanding Document Request – Late Filed Exhibit # 5

Topic: JES Support for Golder Single Source Analysis

At the time that the single source justification was generated, FPL did not formally document a quantitative analysis to substantiate Golder's cost-competitiveness. Therefore, no documentation can be produced specifically to address the statement in the single source justification.

However, prior to the awarding of the Golder contract, FPL had competitively bid a similar scope for the Site Certification Application (SCA) for the FPL West County Energy Center. Golder was awarded the contract.

Other contemporary projects, specifically for the Canaveral and Riviera Conversions, competitively bid by FPL after the subject single source justification reinforced FPL's experience that Golder was cost competitive in SCA projects.

In addition, FPL understood that Golder had performed the SCA for the recent uprate at the Crystal River Plant owned by Florida Progress.

FPL evaluated the scope and the history of the key focus areas and experience offered by this consultant and determined that Golder was the appropriate choice. FPL experience was the basis for the cost-competitive statements in the single source justification.

Late Filed Exhibits
Scroggs - Nos. 1-12

FLORIDA POWER AND LIGHT COMPANY
DOCKET NO. 080009 EI
OFFICE OF PUBLIC COUNSEL, LATE FILED EXHIBITS - SCROGGS

Late filed Exhibit #	Topic	Confidential (1)	Rationale for confidentiality	Witness	Owner	Date Provided to OPC	Notes
1	Long-lead procurement cost analysis	No	N/A	Scroggs	NNP	7/15/2008	Basis for concluding reasonableness of cost from p. 23 Lines 21-23 of testimony
2	Licensing cost analysis	No	N/A	Scroggs	NNP, JES	7/15/2008	Basis for concluding reasonableness of cost from p. 19 Lines 7-9 of testimony, Line 17 of testimony
	Permitting cost analysis	No	N/A	Scroggs	NNP	7/15/2008	Basis for concluding reasonableness of cost from Page 20 lines 17-19 of testimony
	Bechtel costs analysis	No	N/A	Scroggs	NNP	7/15/2008	Basis for concluding reasonableness of cost from Page 19, lines 7-9 of testimony
3	Engineering & design activity analysis	No	N/A	Scroggs	NNP	7/15/2008	Basis for concluding reasonableness of cost from Page 23 lines 21-23 of testimony
4	Reasonableness of Cost: Sole Source Justification, COL - Westinghouse - Application Development	No	N/A	Scroggs	NNP	7/15/2008	Bates #017150 OPC 47
5	Reasonableness of Cost: Sole Source Justification, COLA - Bechtel Contract, Site Certification Application	No	N/A	Scroggs	NNP	7/15/2008	Bates # '017122 OPC 47
6	Reasonableness of Cost: Sole Source Justification, COLA - Bechtel Contract, Subsurface Application	No	N/A	Scroggs	NNP	7/15/2008	Bates # '017124 OPC 47
7	Reasonableness of Cost: Long Lead Material Production - Westinghouse reservation payment	No	N/A	Scroggs	NNP	7/15/2008	Bates # '017121 OPC 47
8	Reasonableness of Cost: Bechtel Single Source Justification - Groundwater Monitoring	No	N/A	Scroggs	NNP	7/15/2008	Bates # '017126 OPC 47
9	Reasonableness of Cost: Single Source Justification - Bechtel Non-COLA Permit Work	No	N/A	Scroggs	DEV	7/15/2008	Bates # '017130 OPC 47
10	Reasonableness of Cost: Single Source Justification - McNabb Hydrogeologic Consulting Contract, Inc. Contract	No	N/A	Scroggs	JES	7/15/2008	Bates # '017133 OPC 47
11	Reasonableness of Cost: Single Source Justification - Environmental Consulting & Technology Contract, Inc. Contract	No	N/A	Scroggs	JES	7/15/2008	Bates # '017135 OPC 48
12	Reasonableness of Cost: Single Source Justification - Golder Associates Contract	No	N/A	Scroggs	JES	7/15/2008	Bates # '017138 OPC 49
13	April and May 2008 monthly reports submitted to senior management	Yes	Possible impairment of FPL negotiating abilities. Contains vendor strategy, project execution strategy and financing strategy.	Scroggs	DEV	7/15/2008	

OPC Late Filed Exhibit- Scroggs

Late Filed Exhibit #1

Costs associated with Long Lead Items

FPL has experience in the procurement of equipment and vendor services associated with the design, construction, operation and maintenance of nuclear generating plants. That experience involves the procurement of long lead materials to support large component replacements, such as the Reactor Vessel Head or Steam Generators. FPL evaluated the estimated long lead procurement expenses provided by Westinghouse for the Forging Reservation Fee and the projected long lead items scheduled for fourth quarter 2008.

Given the current market demand for Ultra Heavy Forgings, FPL judged that the fee charged to obtain the reservation of manufacturing space for the two unit project (supporting the 2018 and 2020 commercial operation dates) was reasonable. No specific information is available to compare this fee to other transactions, as these are confidential to the parties involved. Information filed in the FPL Turkey Point 6 & 7 need filing identifies the potential cost of delay to the project to be significant. An expenditure of \$10.8 million is a reasonable investment to preclude delay from manufacturing issues.

FPL applied its general familiarity with the market for nuclear components to evaluate the reasonableness of the estimated costs for the other items. This includes recent procurement activity for FPL and FPLE operating units.

Late Filed Exhibit # 2

Costs associated with Licensing

FPL has experience in the licensing of conventional and nuclear power generating facilities. Recently FPL completed the successful licensing and permitting of Turkey Point and West County Energy Centers and has pursued coal, solar, wind and other generation technologies in the state of Florida and nationally. FPL has also recently successfully completed the license extension of the Turkey Point facility with the Nuclear Regulatory Commission and is continually involved in maintaining licenses and permits for operating reactors throughout the US. In developing the budgets for the Turkey Point 6 & 7 project, FPL has relied on the experience of a wide range of experts. The challenges presented by the Turkey Point 6 & 7 project are unique as a whole, but have been conducted by FPL in recent years in similar processes and jurisdictional venues. Additionally, FPL has drawn on the experience of other utilities involved in nuclear power plant licensing efforts to validate our estimates through industry networking. The costs estimated to conduct the licensing activities are reasonable in comparison to FPL's experience.

Late Filed Exhibit # 3

Costs associated with Engineering and Design

FPL has experience in the procurement of vendor services associated with the design and engineering of nuclear generating plants. That experience involves the procurement of engineering and design services related to existing operating units in Florida and the US. FPL reviewed the vendor billing rates that are to be applied to the engineering and design scope of work from various suppliers and compared them to the rates being charged for similar work in progress with FPL or FPLE projects. The rates to be charged were found to be reasonable.

Late Filed Exhibit # 4

SSJ for Westinghouse COLA Support

Westinghouse, as owner of the design for the AP1000, is the only entity that can capably provide design support for FPL's COLA. No specific comparative analysis was conducted to support this conclusion, as it

is self-evident. That said, FPL again reviewed the Westinghouse rate schedule and ensured that the rates to be charged were reasonable in comparison to similar work being done on FPL and FPLE projects. The Sole Source Justification memo (Bates Number 017150) summarizes the results of the analysis for this item.

Late Filed Exhibit # 5

SSJ for Bechtel COLA Support of Site Certification Application

FPL selected Bechtel to develop the COLA for the Turkey Point 6 & 7 project through a competitive process. Incremental scope has been identified and it is logical that Bechtel be selected to provide this necessary incremental scope in addition to the base scope that was the subject of the competitive selection process. The Sole Source Justification memo (Bates Number 017122) summarizes the results of the analysis for this item.

Copies of all RFP's issued for Units 6 and 7 along with responses, bids and proposals received from potential contractors or suppliers were provided in OPC's Third Request for Production of Documents #21. See FPSC Internal Controls Data Request 3-12 (Bates Numbers 8789-10145).

Late Filed Exhibit # 6

SSJ for Bechtel Support - Subsurface Investigation

FPL selected Bechtel to develop the COLA for the Turkey Point 6 & 7 project through a competitive process. Incremental scope has been identified and it is logical that Bechtel be selected to provide this necessary scope in addition to the base scope that was the subject of the competitive selection process. The Sole Source Justification memo (Bates Number 017124) summarizes the results of the analysis for this item.

Copies of all RFP's issued for Units 6 and 7 along with responses, bids and proposals received from potential contractors or suppliers were provided in OPC's Third Request for Production of Documents #21. See FPSC Internal Controls Data Request 3-12 (Bates Numbers 8789-10145).

Late Filed Exhibit # 7

SSJ for Long Lead Reservation Fee

See response to Late Filed Exhibit 1.

Late Filed Exhibit #8

SSJ for Bechtel Support - Groundwater Monitoring

FPL selected Bechtel to develop the COLA for the Turkey Point 6 & 7 project through a competitive process. Incremental scope has been identified and it is logical that Bechtel be selected to provide this necessary incremental scope in addition to the base scope that was the subject of the competitive selection process. The Sole Source Justification memo (Bates Number 017126) summarizes the results of the analysis for this item.

Late Filed Exhibit # 9

SSJ for Bechtel Support - Non-COLA Licensing

FPL selected Bechtel to develop the COLA for the Turkey Point 6 & 7 project through a competitive process. Incremental scope has been identified and it is logical that Bechtel be selected to provide this necessary incremental scope in addition to the base scope that was the subject of the competitive selection process. The Sole Source Justification memo (Bates Number 017130) summarizes the results of the analysis for this item

Late Filed Exhibit # 10
SSJ for McNabb Support

FPL has recent experience in the development of Underground Injection Control (UIC) wells and well permit applications. The area of UIC design and engineering is highly specialized, and there are limited quality practitioners in the region with relevant Florida experience. David McNabb is a noted expert and is highly regarded by the industry and FDEP, the evaluating agency. He has successfully supported FPL in obtaining the necessary permits and authorizations for UIC at FPL's West County Energy Center in western Palm Beach County.

In past processes, FPL has competitively bid similar consulting scope and evaluated the responses. No firms were found that could provide the quality, credibility and cost-effective service offered by Mr. McNabb in this area. Mr. McNabb's estimates were reviewed relative to other engineering service providers in power plant licensing and were found to be reasonable. The Sole Source Justification memo (Bates Number 017133) summarizes the results of the analysis for this item.

Late Filed Exhibit #11
SSJ for ECT Support

FPL has considerable experience in the development of transmission facilities and associated permit applications. The area of transmission facility siting is highly specialized, and there are limited quality practitioners in the region with relevant Florida experience. Environmental Consulting & Technology, Inc. (ECT) is a noted expert consultancy and has demonstrated their capability, flexibility and value-added service in eight recent FPL transmission line siting projects, including the recent Bobwhite-Manatee transmission line project. In past processes, FPL has competitively bid similar consulting scope and evaluated the responses. ECT's estimates were reviewed relative to FPL's recent experience in this area and were found to be reasonable. The Sole Source Justification memo (Bates Number 017135) summarizes the results of the analysis for this item.

Late Filed Exhibit # 12
SSJ for Golder Support

FPL has considerable experience in the development of power generation facilities and associated permit applications. Power facility siting is highly specialized endeavor, and there are limited quality practitioners in the region with relevant Florida experience. Golder is a noted expert consultancy and has demonstrated their capability, flexibility and value-added service in multiple FPL projects, including the recent West County Energy Center and Turkey Point Unit 5 power generation facility projects. In past processes, FPL has competitively bid similar consulting scope and evaluated the responses. Specifically, FPL recently competitively bid the scope of work for its Cape Canaveral and Riviera Modernization projects to five environmental consulting firms including Golder. Golder's proposal was 30% lower than the next lowest cost provider and was judged to be technically superior. A similar result was obtained when competitively bidding the environmental consulting scope for the West County Energy Center. Golder's estimates for the PTN 6 & 7 project were reviewed relative to FPL's recent experience in this area and were found to be reasonable. The Sole Source Justification memo (Bates Number 017138) summarizes the results of the analysis for this item.

Late Filed Exhibit # 13 (Confidential)
Monthly Reports to Senior Management
*See attached



Levy County Nuclear Project

Revenue Requirements as filed	\$(2006)	\$(2007)	\$(2008)	True-up	Actual/Estimated	Projection	Total
Site Selection Revenue Req. (1)	3,491,739	14,036,210	19,721,001	-	-	-	37,248,950
Preconstruction Revenue Req. (2)	-	-	-	-	198,367,692	109,280,698	307,648,390
Construction Carrying Cost Rev Req. (3)	-	-	-	1,713,284	7,551,759	30,217,903	39,482,946
Recoverable O&M Revenue Req.	-	547,473	124,485	-	1,355,147	1,243,114	3,270,219
DTA (4)	-	(6,170)	(26,349)	(1,841)	(137,271)	7,165,740	6,994,109
Other Adjustments	-	-	-	-	-	-	-
Total Period Revenue Req.	3,491,739	14,577,513	19,819,137	1,711,443	207,137,327	147,907,455	394,644,614

(1) Site Selection costs include all preconstruction costs that were incurred up to the date of the Need filing.

(2) Includes COL costs and payments for long lead time equipment

(3) This amount represents the carrying costs on construction expenditures (land costs are included as construction expenditures and this amount includes the carrying costs on the land)

(4) This amount represents the return on the deferred tax asset.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-FI EXHIBIT 42

COMPANY Progress Energy

WITNESS Lori Cross Schedule of All Costs

DATE 09/11-12/08



Crystal River Uprate Project

Revenue Requirements as filed	True-Up	Actual/Estimated	Projection	Total
Construction Carrying Cost Rev Req. (a)	925,842	6,006,160	14,587,810	21,519,812
Recoverable O&M Revenue Req.	-	261,632	304,128	565,760
DTA (b)	3,053	63,318	332,755	399,126
Other Adjustments (c)	-	1,181,822	-	1,181,822
Total Period Revenue Req.	928,895	7,512,932	15,224,693	23,666,520

(a) This amount represents the carrying costs on construction expenditures.

(b) This amount represents the return on the deferred tax asset.

(c) This amount represents the revenue requirements associated with the MUR.

**In re: Nuclear Power Plant
Cost Recovery Clause**

ERRATA SHEET

<u>PAGE #</u>	<u>LINE#</u>	<u>CHANGE</u>
1	20	"\$258,979,772" to "\$220,529,243"
8	9	"\$20,494,432" to "\$20,286,022"
8	11	"\$3,746,283" to "\$3,733,003"
8	12	"\$16,748,149" to "\$16,553,019"
9	5	"\$74,566,687" to "\$74,566,646"
10	15	"\$228,137,689" to "\$189,928,281"
10	17	"\$104,561,783" to "\$69,707,855"
10	18	"\$3,879,731" to "\$3,334,698"
10	19	"\$10,155,260" to "\$7,344,813"
11	1	"\$105,000,000" to "\$70,000,000"
16	17	"\$258,979,772" to "\$220,529,243"
16	19	"\$9,082,737" to "\$9,082,406"
16	21	"\$142,188" to "\$141,857"
17	1	"\$112,917,360" to "\$77,499,042"
17	2	"\$104,561,783" to "\$69,707,855"
17	2	"\$729,563" to "\$723,485"
17	3	"\$3,879,731" to "\$3,334,698"
17	4	"\$3,746,283" to "\$3,733,003"
17	5	"\$136,979,675" to "\$133,947,797"
17	6	"\$10,155,260" to "\$7,344,813"
17	7	"\$535,351" to "\$509,050"
17	8	"\$16,748,149" to "\$16,553,019"

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080009-ET EXHIBIT 43
COMPANY FPL
WITNESS K. DUSDAN Errata Sheet
DATE 09/11-12/08

CERTIFICATE OF SERVICE

Docket No. 080009-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail and First Class U.S. Mail on the 10th day of September, 2008, to the following:

Keino Young
Jennifer Brubaker
Lisa Bennett, Esq.
Division of Legal Services
Florida Public Service Commission
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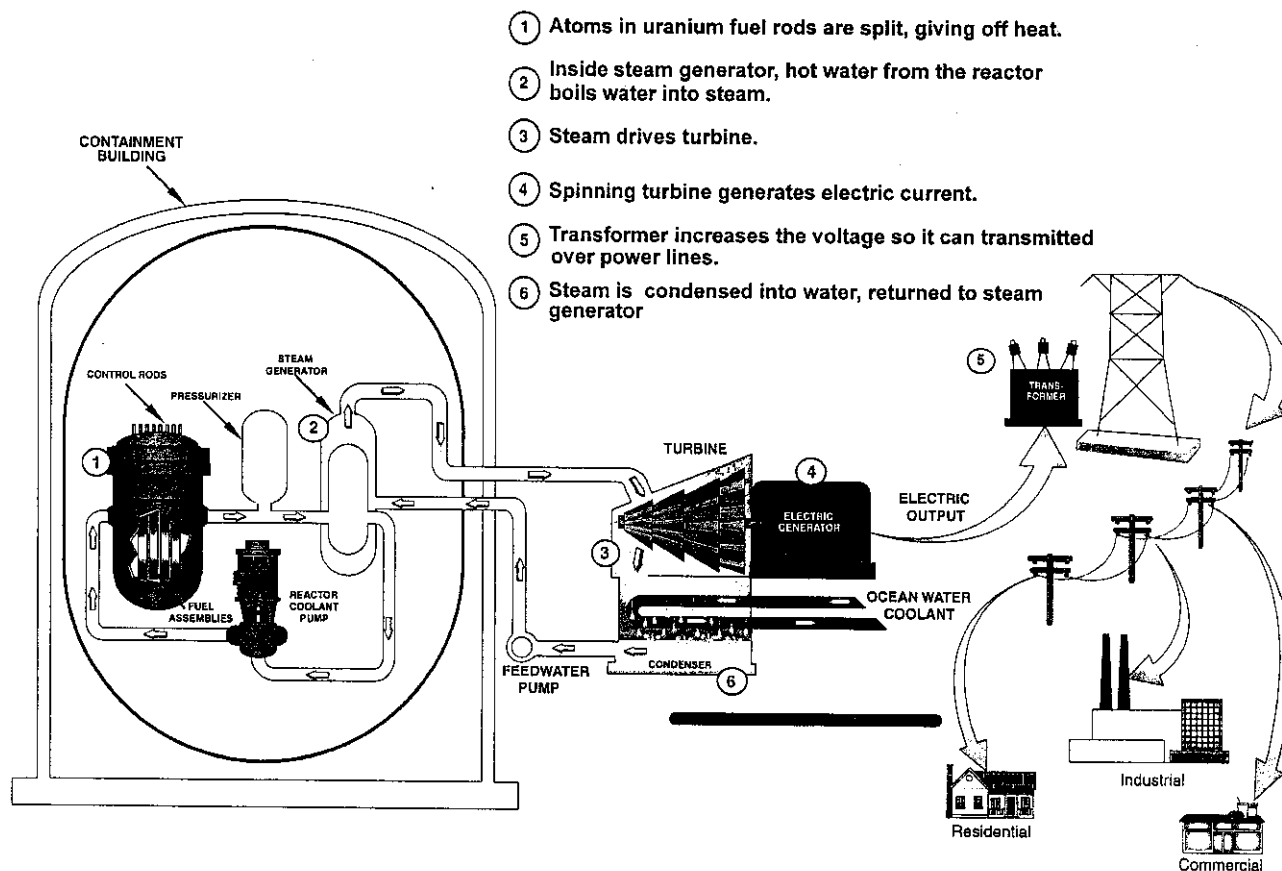
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44

Nuclear Plant Overview



Basic Nuclear Steam Cycle

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 080009-EE EXHIBIT 44
COMPANY FP&L Co. - Nuclear Overview-
WITNESS + Sole Source Justification
DATE 09/11 + 12/08

**Summary of Reasons for Choosing Westinghouse:
(Per Sole Source Justification)**

1. Cost Effectiveness –

- “Possesses all of the required design information”
- “No other vendor has the required design documentation for St. Lucie or Turkey Point”
- “Performing this scope of work with another vendor would not be cost-effective or prudent from a schedule perspective”

2. Experience –

- “Has performed all of the current licensing basis analyses for the major NSSS components, nuclear fuel (excluding St. Lucie 1), and systems which are required to perform this work”
- “Has performed this scope of work in the past for numerous uprates, including the Turkey Point uprate in the mid-1990’s and the recent Seabrook Station uprate”

3. Efficiencies – “Has performed all of the current licensing basis analyses for the major NSSS components, nuclear fuel (excluding St. Lucie 1), and systems required to perform this work”

4. Success - “Has performed this scope of work in the past for numerous uprates, including the Turkey Point uprate in the mid-1990’s and the recent Seabrook Station uprate”

Source: OPC Witness Jacobs’s Exhibit WRJ-2

WPL Display Exhibit 1A

104980

SOLE SOURCE JUSTIFICATION

Description of Procurement

In accordance with Revision 14a of FPL Nuclear Policy NP-1000 "Procurement Control" this document provides the sole source justification for Westinghouse to perform nuclear steam supply system (NSSS) Engineering, Licensing, and Design activities for the St. Lucie and Turkey Point Extended Power Upgrades (EPUs). This scope of work is defined in the Contractor/Engineering Services Project Scope Document associated with Procurement Requisition (PR) 274429. Contact Steve Hale at (561) 694-4016 or Bill Labbe at (603) 773-7652 for additional information.

Name of Supplier

Westinghouse Electric Company, LLC

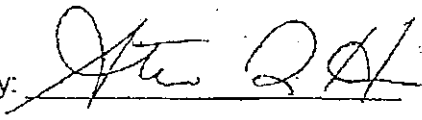
Justification

It is recommended that the subject scope of work be procured from the above sole source supplier for the following reasons:

A proposal to increase the power output of St. Lucie Units 1 & 2 and Turkey Point Units 3 & 4 was provided to executive management on June 21, 2007. These Extended Power Upgrades (EPUs) would increase the St. Lucie plant output by approximately 11% and the Turkey Point plant output by approximately 14%. Conditional approval was given to proceed with the EPUs based on the benefits of the project. The project schedule assumes implementation of the EPUs in 2011 and 2012. Meeting this schedule requires performance of the technical work on a very aggressive timeline in order to receive the necessary regulatory approvals.

The requested work scope involves evaluation and analysis of NSSS systems and components, performance of design basis accident analysis, and the identification of any required design upgrades for NSSS components and fuel designed, analyzed and supplied by Westinghouse (Note that Areva NP Inc. is the fuel supplier for St. Lucie Unit 1. Accordingly, the Westinghouse scope does not include fuel related upgrade activities for St. Lucie Unit 1). Westinghouse possess all of the required design information and has performed all of the current licensing basis analyses for the major NSSS components, nuclear fuel (excluding St. Lucie Unit 1), and systems (e.g., Emergency Core Cooling Systems), which are required to perform this work. Westinghouse has performed this scope of work in the past for numerous uprates, including the Turkey Point uprate performed in the mid-1990s and the recent Seabrook station uprate. No other vendor has the required design documentation for St. Lucie or Turkey Point. Performing this work scope with another vendor would not be cost-effective or prudent from a schedule perspective. Therefore, it is recommended that the contract for the St. Lucie and Turkey Point EPU NSSS

Engineering, Licensing and Design be awarded on a sole source basis to Westinghouse.

Recommended By:  Date: 7/17/07

Stephen T. Hale
Uprate Project Manager

Approved By:  Date: 7/19/07

Rajiv S. Kundalkar
Vice President
Technical Services

Summary of Reasons for Choosing Areva:(Per Sole Source Justification)

1. Schedule – “Performing this work scope with another vendor would not be cost-effective or prudent from a schedule perspective”

2. Experience – “Has performed all of the current transient and accident analyses affected by the EPU”

3. Cost Effectiveness –

- “Possesses all of the required design information”
- “No other vendor has the required design documentation for St. Lucie Unit 1”
- “Performing this work scope with another vendor would not be cost-effective or prudent from a schedule perspective”

4. Efficiencies – “Current nuclear fuel supplier for St. Lucie Unit 1”

Source: OPC Witness Jacobs’s Exhibit WRJ-4

WPL Display Exhibit 2A

SOLE SOURCE JUSTIFICATION

Description of Procurement

In accordance with Revision 14a of FPL Nuclear Policy NP-1000 "Procurement Control" this document provides the sole source justification for Areva NP, Inc. to perform fuel related nuclear steam supply system (NSSS) Engineering, Licensing, and Design activities for the St. Lucie Unit 1 Extended Power Upgrades (EPU). This scope of work is defined in the Contractor/Engineering Services Project Scope Document associated with Procurement Requisition (PR) 274432. Contact Steve Hale at (561) 694-4016 or Bill Labbe at (603) 773-7652 for additional information.

Name of Supplier

Areva NP, Inc.

Justification

It is recommended that the subject scope of work be procured from the above sole source supplier for the following reasons:

A proposal to increase the power output of St. Lucie Units 1 & 2 and Turkey Point Units 3 & 4 was provided to executive management on June 21, 2007. These Extended Power Upgrades (EPUs) would increase the St. Lucie plant output by approximately 11% and the Turkey Point plant output by approximately 14%. Conditional approval was given to proceed with the EPUs based on the benefits of the project. The project schedule assumes implementation of the EPUs in 2011 and 2012. Meeting this schedule requires performance of the technical work on a very aggressive timeline in order to receive the necessary regulatory approvals.

The requested work scope involves nuclear fuel related analyses and evaluations for the St. Lucie Unit 1 EPU. Specifically, all St. Lucie Unit 1 NSSS transient and accident analyses, radiological analyses and nuclear fuel analyses (fuel design, nuclear design, and thermal-hydraulic design) are considered to be in scope. Areva NP, Inc. is the current nuclear fuel supplier for St. Lucie Unit 1. Accordingly, Areva NP, Inc. possess all of the required design information and has performed all of the current transient and accident analyses affected by the EPU. No other vendor has the required design documentation for St. Lucie Unit 1. Performing this work scope with another vendor would not be cost-effective or prudent from a schedule perspective. Therefore, it is recommended that the contract for the St. Lucie Unit 1 EPU fuel related NSSS Engineering, Licensing and Design be awarded on a sole source basis to Areva NP, Inc.

Recommended By: Stephen T. Hale

Date: 7/18/07

Stephen T. Hale
Uprate Project Manager

Approved By: Rajiv S. Kundalkar

Date: 7/19/07

Rajiv S. Kundalkar
Vice President
Technical Services

**Summary of Reasons for Choosing
Shaw Stone and Webster (SSW):
(Per Sole Source Justification)**

1. Schedule –

- “A BOP contractor with previous power uprate experience in addition to knowledge of St. Lucie, Turkey Point...is required to perform this work...on this aggressive schedule”
- “Only architect engineering firm with extensive EPU experience that could perform the scope of services in the required time frame”

2. Experience –

- “Has completed power uprate projects for 46 operating nuclear units”... for both “Westinghouse (Turkey Point) and Combustion Engineering (St. Lucie) PWR designs”
- “Recently completed the successful uprate for Seabrook station”
- “Has successfully performed 8 power uprate projects simultaneously... (13 nuclear units)”

3. Success – “Performed the BOP engineering services for the successful 4.5% power uprate for Turkey Point Units 3&4 in the mid-1990’s”

4. Cost effectiveness – “Has ready access to the design documents” for Turkey Point which “yields cost and efficiency savings”

5. Efficiencies – “Has been selected to provide the BOP engineering services for the Point Beach EPU. Utilizing a single BOP engineering firm...would increase project efficiencies and reduce overall project costs”

Source: OPC Witness Jacobs’s Exhibit WRJ-3

WPL Display Exhibit 3A

105353

SINGLE SOURCE JUSTIFICATION

Description of Procurement

In accordance with Revision 14a of FPL Nuclear Policy NP-1000 "Procurement Control" this document provides the single source justification for Shaw Stone & Webster, Inc. to perform balance of plant (BOP) engineering evaluations, develop a BOP licensing report, and develop major equipment specifications for the St. Lucie and Turkey Point Extended Power Upgrades (EPUs). This scope of work is defined in the Contractor/Engineering Services Project Scope Document associated with Procurement Requisition (PR) 274428. Contact Steve Hale at (561) 694-4016 or Bill Labbe at (603) 773-7652 for additional information.

Name of Supplier

Shaw Stone & Webster, Inc.

Justification

It is recommended that the subject scope of work be procured from the above single supplier for the following reasons:

A proposal to increase the power output of St. Lucie Units 1 & 2 and Turkey Point Units 3 & 4 was provided to executive management on June 21, 2007. These Extended Power Upgrades (EPUs) would increase the St. Lucie plant output by approximately 11% and the Turkey Point plant output by approximately 14%. Conditional approval was given to proceed with the EPUs based on the benefits of the project. The project schedule assumes implementation of the EPUs in 2011 and 2012. Meeting this schedule requires performance of the technical work on a very aggressive timeline in order to receive the necessary regulatory approvals. A BOP contractor with previous power uprate experience in addition to knowledge of St. Lucie, Turkey Point, and/or other similar pressurized water reactor (PWR) designs is required to perform this work to the appropriate level of detail on this aggressive schedule.

To date, Shaw Stone & Webster has completed power uprate projects for 46 operating nuclear units. Included in their uprate experience is both Westinghouse (Turkey Point) and Combustion Engineering (St. Lucie) PWR designs. In fact, Shaw Stone & Webster performed the BOP engineering services for the successful 4.5% power uprate for Turkey Point Units 3 & 4 in the mid-1990s. Shaw Stone & Webster has ready access to the design documents developed for that Turkey Point uprate such that cost and efficiency savings should be realized for the proposed Turkey Point EPU. Shaw Stone & Webster also recently completed the successful uprate for the Seabrook station.

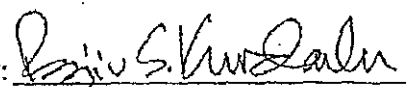
Of equal importance, Shaw Stone & Webster has successfully performed eight power uprate projects simultaneously (for a total of 13 nuclear units). This is a key factor for FPL as it is anticipated that the detailed engineering activities for the St. Lucie and Turkey Point EPU's will be performed in parallel. It is also important to note that Shaw Stone & Webster has been selected to provide the BOP engineering services for the Point Beach EPU. Utilizing a single BOP engineering firm for these 3 EPU's would increase project efficiencies and reduce overall project costs.

cont. 3
In summary, Shaw Stone & Webster is considered the only Architect Engineering firm with extensive EPU experience that could perform the scope of services in the required time frame. Therefore, the contract for the BOP Extended Power Uprate work scope should be awarded on a single source basis to Shaw Stone & Webster.

Recommended By: 

Date: 7/17/07

Stephen T. Hale
Uprate Project Manager

Approved By: 

Date: 7/19/07

Rajiv S. Kundalkar
Vice President
Technical Services

CONFIDENTIAL

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-ET EXHIBIT 45

COMPANY FPTLCo

WITNESS Modification Estimate Summary

DATE 09/11-12/08



NORTH AMERICAN
DEVELOPMENT BANK

**PROCUREMENT
POLICIES AND PROCEDURES**

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080009-ET EXHIBIT 46

COMPANY NABD Procurement

WITNESS Policies & Procedures

DATE 09/11-12/08

Ex. 46

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1. INTRODUCTION

1.1 In order to carry out its mandate, the North American Development Bank (the Bank) needs to promote economy and efficiency in its operations. The establishment of sound procurement policies and practices, based on the fundamental principle of competition, is an integral part of this process.

1.2 Open and fair procedures for awarding contracts for goods, works and services help to create efficient enterprises. They also encourage accountability and the cost-effective use of public funds, matters that are of concern to both the Bank and the governments of the United States and Mexico.

1.3 At the level of specific projects, which are the focus of the Bank's operations, the efficiency of the procurement process directly affects the costs and the time required for project execution and the ultimate performance of the operation. Good procurement practices should help ensure successful project implementation and operation.

1.4 Article 3, Section 8, of the agreement between the governments of the United States and Mexico establishing the Bank requires that:

- (a) The Bank shall impose no condition that the proceeds of a loan shall be spent in the territory of either [the United States or Mexico].
- (b) The Bank shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed or participated in by the Bank are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency.

In order to supplement these principles, this paper sets out the procurement policies and procedures to be followed in Bank-financed operations.

1.5 The purpose of these policies and procedures is to inform those carrying out a project financed in whole or in part by the Bank of the arrangements to be made for procuring the goods, works and related services required for the project. Section 2 describes general principles and considerations that are applicable for all operations. Section 3 outlines the procedures for procurement in operations involving the public sector. Section 4 describes procurement arrangements in Bank-financed operations in the private sector. Section 5 concerns the selection of consultants by borrowers in Bank-financed operations.

1.6 The loan agreement will govern the legal relationships between the Bank's borrower and the Bank, and these policies and procedures are made applicable to procurement of goods, works and services for the projects as provided in the agreement. The rights and obligations of the Bank's borrower and the providers of goods, works or services for the project are governed by the bid documents and by the contracts signed by the borrower with the providers of goods, works or services, and not by these policies and procedures or the loan agreements. No party other than the parties to the loan agreement shall derive any rights therefrom or have any claim to loan proceeds.

2. PRINCIPLES AND CONSIDERATIONS

General

2.1 The underlying principle of the Bank's policies is that public sector contracts should normally be awarded on the basis of open competitive bidding. Only in special cases should contracts be awarded on the basis of selective bidding or direct purchase. The laws and practices for carrying out procurement should not discriminate between foreign and local products, suppliers or contractors and the procedures should be transparent and fairly applied.

2.2 The Bank seeks to leverage its own resources and increase the flow of environmental infrastructure investment in the border region by co-financing projects with multilateral and bilateral development agencies, export credit agencies and commercial entities. When projects are co-financed on a joint basis, the Bank's procurement policies and procedures will normally be applied for co-financed contracts. When projects are co-financed on a parallel basis, the co-financiers' procurement procedures will be applied for contracts financed by them, but the Bank will assure itself that quality goods and services are received at economic prices, that contracts are fair and provide adequate protection to the project, that contracts are completed in a timely manner, and that contractors satisfy the criteria specified in Appendix 2, paragraph 17, Debarment.

2.3 The Bank's concerns for economy and efficiency, quality of results, contractual protection and timely completion cover an entire project even if Bank funds are applied only to a portion of the project. The Bank will finance only those contracts that are an agreed part of a project and that have been awarded and executed in accordance with the procedures as agreed to be applied to that project.

2.4 No entity that is offering a bid or providing goods or services to the Bank or in conjunction with a loan made or guaranteed by the Bank shall use bribery or other illegal conduct to influence any act or decision to obtain or retain business related to the bid or contract.

Eligibility

2.5 The Bank permits firms and individuals from all countries to offer goods, works and services for Bank-financed projects regardless of whether the country is a member of the Bank. Subject to Appendix 2, paragraph 17, Debarment, conditions for participation shall be limited to those that are essential to ensure the firm's or individual's capability to fulfill the contract in question.¹ Borrowers will not exclude a firm or individual from open competition for a contract for reasons unrelated to its capability to perform the contract in question unless, as a matter of law or official regulation, a party to the agreement prohibits commercial relations with the firm's or individual's country.

¹ See also para. 3.26, 3.27 and 3.28.

Borrower Responsibilities

2.6 Borrowers are responsible for implementing Bank-financed projects, including all aspects of the procurement process from the planning stage through the award of contracts, as well as the administration of the contracts themselves. The Bank may advise and assist borrowers in the procurement process for specific projects but is not a party to the resulting contracts. The rights and obligations of the borrower vis-a-vis bidders for goods, works and services to be furnished for the project will be governed by the bid documents issued by the borrower and not by these policies and procedures.

Community Participation in Procurement

2.7 Where, in the interest of project sustainability or to achieve certain specific social objectives of the project, it is desirable in selected project components to (i) call for the participation of local communities and/or nongovernmental organizations (NGOs), or (ii) increase the utilization of local know-how and materials, or (iii) employ labor-intensive and other appropriate technologies, the procurement procedures, specifications, and contract packaging shall be suitably adapted to reflect these considerations, provided these are efficient. The procedures proposed shall be outlined in the Bank's operation report and in the loan agreement.

3. PROCUREMENT PROCEDURES FOR PUBLIC SECTOR OPERATIONS

General

3.1 Competition is the foundation for good procurement practice. In addition to economy and efficiency, the public sector requires transparency and accountability for the use of public funds, and this affects the choice of the procurement method and the documentation and procedures that are used. Therefore, the Bank requires its public sector borrowers, in all appropriate cases, to obtain goods, works and services through open bidding procedures consistent with the procedures outlined in this section. Other methods may be appropriate for special circumstances, depending on the nature and value of the goods, works or services to be obtained, the required completion time and other considerations. All exceptions to open bidding shall be clearly justified and agreed by the Bank, as well as specified in the operation report and the loan agreement.

Applicability of the Procedures

3.2 For the purpose of these procedures, public sector operations² are operations for national or local governments of the country of operation or agencies and enterprises, including public utilities,³ majority owned or controlled⁴ by any of them.

² Operations refer to loans or guarantees of the Bank.

3.3 These procedures shall apply to the acquisition⁵ of goods, works and services (except consultant services, for which the procedures are described in Section 5) financed in whole or in part by the Bank in public sector operations. Contracts shall be procured following open bidding⁶ if their value is estimated to equal or exceed US\$250,000 for goods and services and US\$3.0 million for works. If the Bank determines that the above thresholds may have the effect of limiting competition or are not likely to ensure the most economic and efficient outcome, more appropriate thresholds will be required for such specific circumstances and will be specified in the operation report and the loan agreement. No procurement requirement shall be divided with the intent of reducing the value of the resulting contract(s) below these thresholds with the purpose of circumventing these procedures. In the case of contracts for goods, works and services below these threshold values, borrowers are encouraged to follow open bidding but may use other procedures⁷ that are consistent with the principles of competition, transparency, economy and efficiency and which are acceptable to the Bank.

Procurement Process

3.4 The normal process for public sector procurement involves the following steps:

- (a) Notification of opportunities for bidding;
- (b) Prequalification, where appropriate;⁸
- (c) Invitation to bid and issuance of bid documents;
- (d) Receipt of bids, evaluation of bids and contract award; and
- (e) Contract administration.

The extent of the process and specific procedures to be followed for each step will depend on the method of bidding that is used.

³ Utilities are authorities or undertakings carrying out the provision or operation of, or supply to, fixed networks providing a service to the public in any of the areas of operation of the Bank (e.g., wastewater treatment, water supply, municipal solid waste).

⁴ Control is measured by the ability to effectively determine the decisions and policies of the utility, and not merely by the ability to set utility tariffs.

⁵ Acquisition includes purchase, hire-purchase, rental and leasing.

⁶ See para. 3.8.

⁷ See paras 3.9 and 3.10.

⁸ Prequalification is the process of assuring that potential bidders have the financial and technical requirements needed to buy the bidding documents. Prequalification is not a form of selective bidding. The prequalification criteria, which shall be specified in the prequalification document, shall be based entirely upon the financial and technical capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their (a) experience and past experience on similar contracts; (b) capabilities with respect to personnel, equipment, and construction or manufacturing facilities; and (c) financial position.

Procurement Planning

3.5 Sound planning of procurement is crucial. The borrower shall determine what goods, works, services and consulting services are needed to carry out the project, when they shall be delivered, what standards are required, the need for co-financing⁹ and which procurement and contracting procedure is most suitable for each contract. The borrower shall complete the overall procurement plan and the Bank shall clear the proposals before any procurement begins. The particular procedures and the goods, works, services and consulting services to which they apply are determined by agreement between the Bank and the borrower and are specified in the Bank's operation report and the loan agreement. Review and approval of the procurement plan by the Bank is one of the essential steps for establishing the use of loan proceeds.

Notification

3.6 After the procurement plan has been prepared by the borrower and cleared by the Bank and as early in the project cycle as possible, the borrower shall prepare and submit to the Bank a draft General Procurement Notice (GPN) that advises the business community about the nature of the project. This notice shall be prepared in either English or Spanish and include the amount and purpose of the loan and the overall procurement plan, including: (a) the goods, works and services to be purchased; (b) the expected timing; and (c) a name and address (including phone and fax numbers) to contact to express interest and obtain additional information. The Bank will arrange for its publication in English and Spanish, as appropriate, in:

- Mexico's *Diario Oficial de la Federación*;
- the state where the project is located, in a newspaper of broad circulation;
- the state across the U.S.-Mexico border, in a newspaper of broad circulation;
- the NADB's web site, posted on the site and distributed via list-serv (e-mail distribution);¹⁰
- *Compranet*, Mexico's electronic service for publishing public tenders;
- U.N. *Development Business* (optional, recommended for large contracts);¹¹ and
- other technical journals as appropriate.

The notice shall be published in each publication not later than 60 days before invitations to bid are issued. The General Procurement Notice shall be updated annually so long as any goods, works or services remain to be procured by open or selective bidding.

⁹ See para. 3.15.

¹⁰ NADB Internet address: <http://www.nadbank.org>

¹¹ This notice would indicate where all future project-related advertising would take place, and the project sponsor would be required to maintain a list of those who responded to the general procurement notice and send copies of future notices to them.

3.7 Open bidding, including prequalification where required, for individual contracts shall be advertised in English and Spanish as appropriate in the following publications:

- Mexico's *Diario Oficial de la Federación*;
- the state where the project is located, in a newspaper of broad circulation;
- the state across the U.S.-Mexico border, in a newspaper of broad circulation;
- the NADB's web site, posted on the site and distributed via list-serv (e-mail distribution);
- *Compranet*, Mexico's electronic service for publishing public tenders;
- other technical journals as appropriate; and
- U.N. *Development Business* (optional for contracts over the international competitive bidding thresholds).

The borrower will prepare the notices and the Bank will arrange for publication of the notices. Notification shall be given in sufficient time to enable prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses. Bid and prequalification notices shall also be sent to potential bidders that have responded with an expression of interest to the General Procurement Notice. In order to encourage and facilitate the participation of sub-contractors and suppliers in contracts, the borrower should make available to interested parties the list of potential bidders that have purchased bid documents and where pre-qualification is being used, the list of prequalified bidders.

Open Bidding (International Competitive Bidding)

3.8 Open Bidding procedures are those procedures under which all interested suppliers or contractors are given adequate notification of purchase requirements and all such bidders are given an equal opportunity to submit a bid. They provide the greatest opportunity for competition and satisfy the need for economy and efficiency. The borrower shall give sufficient advance public notification of open bidding opportunities for potential bidders to determine their interest and to prepare and submit their bids.¹² Borrowers may require potential bidders to prequalify for large and complex contracts, and all bidders that meet the prequalification criteria shall be allowed to submit bids. The notification for prequalification and the evaluation procedure shall be consistent with those for open bidding in these procedures.

Exceptions to Open Bidding

3.9 **Selective Bidding** (limited bidding) procedures are similar to those for open bids except that the borrower preselects qualified firms, which will be invited to submit bids. It may be a suitable method for awarding contracts where:

- (a) there are only a limited number of suppliers of the particular goods or services needed; or

¹² See para. 3.20.

- (b) other conditions limit the number of firms that are able to meet contract requirements, or justify departure from full open bidding procedures.

In these cases a borrower may, with the Bank's approval, invite bids from a list of qualified firms, selected in a non-discriminatory manner. The list should be compiled from a wide geographical distribution and include foreign firms wherever possible. The list shall include all suppliers when there are only a limited number.

3.10 Shopping procedures may be agreed to by the Bank for contracts of a small value for (a) readily available off-the-shelf items; and (b) standard specification goods. Shopping is a simplified form of competitive purchasing that only requires written price quotations from at least three suppliers. Requests for quotations shall indicate the description and quantity of the goods, as well as desired delivery time and place. Quotations may be submitted by telex or facsimile. The evaluation of quotations shall follow sound public sector practices of the purchaser. The terms of the accepted offer shall be incorporated in a purchase order.

3.11 Direct Purchase may be used in exceptional cases where:

- (a) the extension of an existing contract awarded in accordance with procedures acceptable to the Bank for additional goods, works or services of a similar nature would clearly be economic and efficient and no advantage would be obtained by further competition;
- (b) standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original supplier. For such purchases to be justified, the original equipment should be suitable, the number of new items should generally be fewer than the existing number, the price should be reasonable, and the advantages of another make or source of equipment should have been considered and rejected on grounds acceptable to the Bank.
- (c) the required product can only be provided by a single supplier because of exclusive capabilities or rights; or
- (d) it is a case of extreme urgency, such as in response to natural disasters.

In each of these cases a borrower may, with the Bank's approval, invite a single firm to present its bid without prior public notification.

Bid Documentation

3.12 Bid documents are the basis for informing potential bidders of the requirements to supply specific goods and services or to construct works, so they must provide all information necessary to permit bidders to submit responsive bids. Bid documents shall be drafted so as to permit and encourage international competition. They shall clearly define the scope of the works, goods or services to be supplied, the rights and obligations of the purchaser and of suppliers and contractors, as well as the conditions to be met in order for

a bid to be declared valid and responsive; they shall also set out fair and non-discriminatory criteria for selecting the winning bid. The detail and complexity will vary according to the size and nature of the contract, but generally they shall include an invitation to bid, instructions to bidders, the form of bid, bid security requirements, the conditions of contract, advance payment guarantees, performance security requirements, technical specifications and drawings, a schedule or requirements for the goods, works or services and the form of contract.

3.13 Wherever appropriate, the Model Bidding Documents issued by the Bank should be used. All changes to the model documents necessary to address country and project specific issues shall be introduced only through bid or contract data sheets, or through special conditions of contract, and not by introducing changes in the standard wording of the Bank's model documents. Where no relevant model bidding documents have been issued, the borrower shall use other internationally recognized standard documents acceptable to the Bank.

3.14 Evaluation Criteria. Bid documents shall specify the relevant factors, in addition to price, to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated bid. Factors which may be taken into consideration include, *inter alia*, the costs of inland transport to the project site, the payment schedule, the time of completion of construction or delivery, the operating costs, the efficiency and compatibility of the equipment, and the availability of service and spare parts. The factors other than price to be used for determining the lowest evaluated bid should be expressed in monetary terms or, where that is not practicable, given a relative weight in the evaluation provisions of the bid documents.

3.15 Language. Bid documentation shall be prepared in either English or Spanish, according to the location of the project, and the language of the bid shall be the governing language.

3.16 Standards and Specifications. Borrowers shall use international standards and specifications wherever these are available and appropriate. If particular national or other standards are used, the bid documents shall state that other standards that ensure equivalent or higher quality or performance than the specified standards would also be accepted. The use of brand names or other designations that would discriminate among suppliers should be avoided. If they are necessary to clarify the nature of the product requirements, the bid documents shall state that products of equal or higher quality would be acceptable.

3.17 Bid Prices. Bid prices for the supply of goods shall be requested on the basis of Incoterms CIP, DAF or similar, border entry point for foreign goods and ex-factory for domestic goods. Bid prices on contracts for works and services to be substantially executed in the purchaser's country may be requested inclusive of all duties, taxes and other levies.

3.18 Currency. A bidder may express the bid price in U.S. dollars or in Mexican pesos. Purchasers may require bidders to state the domestic cost portion of a bid in the

domestic currency. For the purpose of bid evaluation and comparison, bid prices shall be converted to U.S. dollars using the exchange rate quoted by the central bank of Mexico on the date specified for submission of bids. Payment under the contract will be made in the currency or currencies in which the bid price is stated in the bid of the successful bidder. For civil works and other similar contracts that involve performance in the borrower's country, the bid price may be stated entirely in the currency of the country in which the contract is to be performed indicating any foreign currency requirements as a percentage and the applicable exchange rate for purposes of payment.

3.19 Payment. Payment terms and procedures shall be in accordance with the international commercial practices applicable to the goods, works or services and the market in question. Contracts for the supply of goods shall provide for full payment on delivery and inspection, if so required, of the contracted goods, except for contracts involving installation and commissioning, in which case a portion of the payment may be retained until the supplier has complied with all its obligations.

3.20 Time limits. Prescribed time limits for preparation and submission of bids shall be adequate for all bidders to prepare and submit bids. Generally not less than 45 days from the publication of the invitation to bid or the availability of bid documents, whichever is later, shall be allowed for the preparation and submission of bids. For large or complex works or items of equipment, this period shall be extended to 90 days or longer. Bid validity periods and delivery dates shall be consistent with the purchaser's reasonable requirements but shall not be used to discriminate against any potential bidder. In exceptional cases it may be necessary to request bidders to extend the validity of their bids. In such cases bidders shall not be allowed or required to change their bid and shall be free not to give such extension. Where the bid is for a fixed price contract, provision shall be made in the bid documents for the bid price of the successful bidder to be adjusted for inflation¹³ up to the date of contract award, so as to mitigate the risk accruing to bidders offering such extension.

3.21 Conditions of Contract. The form of contract to be used shall be appropriate to the objectives and circumstances of the project. Contract conditions shall be drafted so as to allocate the risks associated with the contract fairly, with the primary aim of achieving the most economic price and efficient performance of the contract. The contract shall clearly define the scope of goods, works or services to be supplied or performed, the rights and obligations of the purchaser and of suppliers and contractors and shall include, *inter alia*, appropriate provisions for guarantees of performance and warranties, liability and insurance, acceptance, payment terms and procedures, price adjustments, liquidated damages and bonuses, handling of changes and claims, *force majeure*, termination, settlement of disputes and governing law. Wherever appropriate, standard forms of contract incorporating generally accepted international conditions shall be used.

3.22 Performance Security. Bidding documents for works shall require security in an amount sufficient to protect the borrower in case of breach of contract by the contractor.

¹³ An appropriate index shall be used such as the official cost of living or consumer price index of the country of the currency of the bid.

This security shall be provided, at the contractor's option, by a performance bond from an insurance/bonding company or by a commercial bank guarantee in an appropriate form and amount as specified in the bidding document. The amount of the bond or guarantee may vary, depending on the type of security furnished and on the nature and magnitude of the works. A portion of this security shall extend sufficiently beyond the date of completion of the works to cover the defects liability or maintenance period of up to final acceptance by the borrower; alternatively, contracts may provide for a percentage of each periodic payment to be held as retention money until final acceptance. Contractors may be allowed to replace retention money with an equivalent security after provisional acceptance.

In contracts for the supply of goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of goods. Suppliers or manufacturers may be required to provide a bank guarantee to protect against non-performance of the contract. Such security in an appropriate amount may also cover warranty obligations or, alternatively, a percentage of the payments may be held as retention money to cover warranty obligations, and any installation or commissioning requirements. The security or retention money shall be reasonable in amount.

3.23 Applicable Law and Settlement of Disputes. The conditions of contract shall include provisions dealing with the applicable law and the forum for the settlement of disputes. International commercial arbitration may have practical advantages over other methods for the settlement of disputes. Borrowers are, therefore, encouraged to provide for this type of arbitration in contracts for the procurement of goods and works. The Bank shall not be named arbitrator or be asked to name an arbitrator. In the case of works contracts, supply and installation contracts, and turnkey contracts, the dispute settlement provision shall, wherever appropriate, also include mechanisms such as dispute review boards or adjudicators, which are designed to permit a speedier dispute settlement.

3.24 Competition. Nothing in the bid documents shall be designed to restrict competition or offer an unfair advantage to a bidder. Purchasers shall not provide to any potential supplier or contractor, information regarding a specific procurement which would have the effect of reducing or precluding competition. All amendments to bid documents shall be sent on a timely basis to each recipient of the original bid documents.

Eligibility to Submit Bids

3.25 A bidder may submit or participate, in any capacity whatsoever, in only one bid for each contract. Submission or participation by a bidder in more than one bid for a contract will result in the rejection of all bids for that contract in which the party is involved. However, this does not limit the inclusion of the same subcontractor in more than one bid.

3.26 Where a firm, its affiliates or parent company, in addition to consulting also has the capability to manufacture or supply goods or to construct works, that firm, its affiliates or parent company may not be a supplier of goods or works on a project for which it provides consulting services. The exceptions are turnkey, single responsibility, public works concessions or similar undertakings where design, supply and construction activities are

an integral part of the contract or where certain proprietary and critical items of equipment and materials are an essential part of the process design.

3.27 Government-owned enterprises may participate in bidding for Bank-financed contracts only if they can establish that they (a) are legally and financially autonomous and (b) operate under commercial law. No dependent agency or affiliate of the borrower, sub-borrower or the purchasing entity may participate in bidding for Bank-financed contracts.

Bid Opening

3.28 Bids solicited under open and selective procedures shall be received and opened as follows. The time specified for bid opening shall be the same as for the latest delivery of bids or promptly thereafter. On the date and at the time and place described in the bid documents, the borrower shall open all bids that have been received before the latest time stipulated for the delivery of bids. Bids shall be opened in the presence of bidders or their representatives who wish to attend. The name of the bidder and the total amount of each bid, including alternative bids if permitted, shall be read aloud and recorded when opened. The borrower shall maintain a complete record of the bid opening, which shall be copied to the Bank. Bids received after the stipulated deadline for the submission of bids shall be returned unopened to the bidder.

Bid Evaluation and Contract Award

3.29 Evaluation of bids for supply of goods shall exclude import duties and taxes payable on imported goods and on directly imported components to be incorporated in domestically supplied goods, but shall include all costs associated with the supply, delivery, handling and insurance of the goods to the final destination. The evaluation and comparison of bids for works and service contracts to be executed in the borrower's country shall be on this basis and the selected contractor would be responsible for all duties, taxes and levies in the performance of the contract.

When competitive procedures are used, the borrower shall evaluate all bids and compare them only on the basis of the evaluation criteria set out in the bid documents. The bid evaluation process up to the award of the contract shall be confidential. Contracts shall be awarded within the period of bid validity to the bidder whose bid has been determined as being substantially responsive and, in terms of the specific evaluation criteria set forth in the bid documentation, is determined as the lowest evaluated and who has been determined to be fully capable of undertaking the contract. Bidders shall not be allowed or asked to change their bid nor required to accept new conditions during evaluation or as a condition of award. The terms and conditions of the contract shall not, without the Bank's concurrence, materially differ from those on which bids were invited. The borrower shall only reject all bids if (a) there is evidence of collusion; (b) there has been a lack of competition; or (c) bid prices substantially exceed the cost estimates or funds available. Before rejecting all bids, the borrower shall obtain agreement from the Bank on the procedures to follow.

3.30 The borrower shall submit to the Bank a report containing the results of the bid evaluation and its recommendation for the award of the contract. The Bank shall review the findings and recommendations as the final step in establishing the eligibility of the contract for Bank financing.¹⁴

Advance Contracting/Retroactive Financing

3.31 In some cases it may be advantageous for the borrower to sign a contract before the signing of the related Bank loan. Borrowers undertake such advance contracting at their own risk and the Bank's concurrence with the procedures, documents or the proposal for award does not commit the Bank to make a loan for the project. All procurement procedures shall be consistent with the Bank's policies and procedures in order for advance contracts to be eligible for Bank financing. Provided that the preappraisal process has begun, the eligibility date for allowable expenditures is 12 months before the expected date of loan signing. Retroactive financing shall normally not exceed 10 percent of the loan amount.

Contract Administration

3.32 The purchaser shall administer contracts with due diligence and monitor and report to the Bank on the performance of contracts. The purchaser shall seek the Bank's concurrence before agreeing to any material modification to the terms and conditions of a contract including, but not limited to: (a) granting a material extension of the stipulated time for performance of a contract; or (b) issuing a change order or orders which in aggregate would increase the cost of a contract by more than 15 percent of the original price.

Procurement Monitoring and Bank Review

3.33 As an integral part of their project implementation responsibilities, borrowers are required to prepare and maintain documents and records pertaining to the procurement process and the administration of contracts following their award and to keep the Bank informed through routine reporting. The Bank's review of the procurement and contract administration processes will focus on critical steps that are necessary to ensure eligibility of the contract for Bank financing, in particular the procurement plan, the bid documents, the bid evaluation and contract award recommendations, and material changes and claims during execution of the contract. These review procedures are described in Appendix 1. All contracts to be procured following open or selective bidding will normally be subject to the Bank's review. The operation report and the loan agreement will specify the contracts subject to review.

3.34 When a complaint regarding any aspect of a bid procedure is received by the Bank, the Bank will ensure that the complaint is fully reviewed by the borrower to the Bank's satisfaction and that, pending the outcome of such review, no decisions are made or approvals given that could prejudice the outcome of the review.

¹⁴ See para. 3.33 and Appendix I.

3.35 If the Bank finds that the procurement or administration of a contract has not been carried out in accordance with the agreed procedures, the contract shall no longer be eligible for financing with the loan proceeds and the portion of the loan allocated to the contract shall be canceled. The Bank may, in addition, exercise other remedies under the loan agreement.

4. PROCUREMENT IN PRIVATE SECTOR OPERATIONS

General

4.1 The Bank's concerns for the appropriate use of funds and for economy and efficiency apply equally to its public sector operations and its private sector operations. Private sector enterprises often meet these concerns by following established commercial practices other than formal open bidding for their procurement. Nevertheless, wherever appropriate, the Bank will encourage the use of competitive bidding methods by its private sector borrowers, particularly for large contracts.

4.2 The Bank will satisfy itself that private sector borrowers use appropriate procurement methods to ensure a sound selection of goods and services, works and consulting services at fair market prices and that their capital investments are made in a cost effective manner. Careful procurement planning that takes into account the particular needs of the enterprise is essential for the Bank's evaluation and agreement.

4.3 Where a shareholder of the borrower company or one of its affiliates, including parent companies and affiliates of such parent companies, is also a contractor or supplier to the project, contracts shall be negotiated on an arm's length basis and be in the best financial interest of the borrower company as distinct from the sponsors, and the Bank will satisfy itself that the costs are in line with current market prices and with the original cost estimates in the operation report and that the contract conditions are fair and reasonable. The Bank will not finance costs that exceed market levels.

Procurement under BOT (Build-Operate-Transfer) and Similar Private Sector Arrangements

4.4 Where the Bank is participating in financing the cost of a project being implemented under a BOO/BOT/BOOT or similar type of private sector arrangement, either of the following procurement procedures shall be used, as set forth in detail in the operation report and the loan agreement:

- (a) The entrepreneur under the BOO/BOT/BOOT or similar type of contract shall be selected under competitive bidding procedures acceptable to the Bank, which may include several stages in order to arrive at the optimal combination of evaluation criteria, such as the cost and magnitude of the financing offered, the performance specifications of the facilities offered, the cost charged to the user or purchaser, other income generated for the borrower or purchaser by the facility, and the period of the facility's depreciation. The said entrepreneur

selected in this manner shall then be free to procure the goods, works, and services required for the facility using its own procedures. In this case, the operation report and the loan agreement shall specify the type of expenditure incurred by the said entrepreneur towards which Bank financing will apply.

Or,

- (b) If the said entrepreneur has not been selected in the manner set forth in subparagraph (a) above, the goods, works or services required for the facility and to be financed by the Bank shall be procured in accordance with the procedures for public sector operations outlined in Section 3.

Procurement in Loans to Financial Intermediaries

4.5 Where an operation provides funds to a financial intermediary to finance sub-loans to private beneficiaries such as small and medium-sized enterprises, the procurement under the sub-loan shall be undertaken by the respective beneficiaries in accordance with normal procurement practices for private sector operations outlined in Section 4. Where sub-loans are made to public sector beneficiaries, procurement under such sub-loans shall be in accordance with the procedures for public sector operations outlined in Section 3.

Procurement under Loans Guaranteed by the Bank

4.6 If the Bank guarantees, in whole or in part, a loan made by another lender, the goods, services, and works financed by the said loan shall be procured:

- a) for private sector operations, in accordance with normal commercial practices for private sector operations outlined in Section 4; or
- b) for public sector operations, in accordance with the procedures for public sector operations outlined in Section 3.

5. PROCUREMENT OF CONSULTANT SERVICES

General

5.1 The Bank and its borrowers employ individuals and firms to provide a wide range of expert advice and consulting services in connection with their operations and management responsibilities. The main concern when choosing consultants should be the quality of the services that are provided. The procedures for selecting consultants and contracting for their services shall be flexible and transparent to ensure that assignments can be efficiently executed with high standards of performance, while providing the necessary accountability. The procedures described below shall be followed for consultant contracts to be financed with the proceeds of Bank loans under public sector operations.

Consultant Selection Procedures

5.2 The selection process for consultants normally involves the following steps:

- (a) Defining the scope, objectives and estimated budget of the proposed assignment and determining the selection procedure to be followed;
- (b) Identifying consultants that are qualified to perform the required services and preparing a short list of qualified firms;
- (c) Inviting proposals from the short-listed firms;
- (d) Evaluating and comparing capabilities and proposals and selecting the consultant with the highest-rated proposal;
- (e) Executing a contract with the selected consultant; and
- (f) Contract administration.

5.3 Some of these steps may be simplified or omitted, depending on the value of the contract for services to be performed:

- (a) For contracts estimated to cost less than \$US50,000 with individuals or with firms, a qualified consultant or firm may be selected directly, without the requirement to prepare a short list, and a contract negotiated with the selected consultant or firm.
- (b) For contracts with individuals estimated to cost \$US50,000 or more, selection shall be made on the basis of an evaluation of short-listed, qualified candidates and the rationale for the choice shall be recorded.
- (c) Contracts with firms estimated to cost \$US50,000 or more shall follow a competitive procedure based on invited proposals from a short list of qualified firms.

Short Lists

5.4 Short lists of consultants shall normally include no fewer than three and no more than six qualified and experienced consultants (candidates or firms, as the case may be). The list shall normally comprise a wide geographic spread of consultants, including wherever possible at least one qualified consultant from the United States and Mexico. To assist borrowers and Bank staff in the preparation of short lists the Bank will maintain a register of consultants.

5.5 No affiliate of the borrower shall be included on a short list.

5.6 For assignments with firms estimated to cost US\$150,000 or more, complex or specialized assignments, or operations involving a significant number of similar assignments, a formal notice soliciting expressions of interest from qualified firms shall be published in English and Spanish, as appropriate, in:

- Mexico's *Diario Oficial de la Federación*;

- the state where the project is located, in a newspaper of broad circulation;
- the state across the U.S.-Mexico border, in a newspaper of broad circulation;
- the NADB's web site, posted on the site and distributed via list-serv (e-mail distribution);
- *Compranet*, Mexico's electronic service for publishing public tenders;
- other technical journals as appropriate; and
- *Development Business* (optional for contracts over the international competitive bidding thresholds).

The short list shall be prepared on the basis of the responses to the solicitation and information from the register of consultants.

Evaluation and Selection

5.7 When formal proposals are requested from a short list of firms, the invitation for proposals shall clearly state the criteria for evaluating them. The evaluation of consultants shall normally be based only on technical considerations including, but not limited to, experience in similar assignments, qualifications of key personnel proposed for the assignment, and suitability and quality of the work plan. For some assignments of a straightforward technical nature, the price of the services can be a consideration but quality shall remain the principal factor in selection. If price is an element in the evaluation, a two-stage procedure shall be used in which the technical evaluation is undertaken independently and free from the influence of price. Price proposals will not be available to the evaluators until after the technical evaluation has been completed. When formal proposals have been requested in which price is not a factor in the evaluation, the consultant that submits the highest rated proposal shall be invited to negotiate a contract with the borrower. When formal proposals have been requested in which price is a factor in the evaluation, the consultant that submits the highest evaluated proposal shall be invited to sign a contract with the borrower.

5.8 The preferred procedure for selecting a consultant is through competition. Competition offers opportunities to the borrower to choose among different approaches. The competitive process normally leads to a better analysis of job requirements, the preparation of better terms of reference (TORs) and lower costs. Therefore, competition through a short list is preferred. In particular, for follow-on assignments, competitive selection is required for:

- (a) relatively simple assignments that many firms could carry out with comparable quality and price;
- (b) follow-on assignments that are relatively large compared to the initial ones;
- (c) follow-on assignments where the original contract was not awarded through international open competition.

5.9 In some circumstances, the services of a specific firm may be continued when 1) the Bank determines that there is no advantage to be gained from a competitive process, and 2) provision for an extension was included in the original terms of reference and contract, which was awarded after an open international competitive selection, where:

- (a) the firm has unique expertise; or
- (b) the firm has been or is involved in the early phases of the project such as feasibility or design, and continuity is essential from a technical point of view.

In such cases a borrower may, with the Bank's prior approval, invite the firm in question to submit a proposal and negotiate a contract.

Contract Negotiations

5.10 A discussion of the work plan, staffing, borrower's inputs and form of proposed contract should be completed prior to financial negotiations. The draft final contract shall be presented to the Bank for review and concurrence before signing.

Contract Administration

5.11 As in the case of other contracts in Bank-financed projects, the borrower is responsible for managing and administering the consultant's work to ensure high performance standards, authorizing payments, making contract changes as may be needed, resolving claims and disputes, ensuring timely and satisfactory completion of the assignment and evaluating, in consultation with the Bank, the performance of consultants.

Quality of Staff

5.12 Staff substitution by a consulting firm is undesirable at any time. Reasons for staff substitution must be documented. If substitution becomes necessary, the consultant should propose other staff having equal or better qualifications directly related to the required services, for approval by the borrower and the Bank.

Other Provisions (from section 3 above)

5.13 The Section 3 paragraphs (see above) on advance contracting/retroactive financing (3.31), language (3.15), currency (3.18), payment (3.19), performance security (3.22), and application of law for settlement of disputes (3.23) also apply to the procurement of consulting services.

Bank Review

5.14 Where consultants are being engaged by a borrower, the qualifications, experience, and terms and conditions of employment of consultants shall be satisfactory to the Bank. The Bank will review the proposed scope of the services and terms of reference, the proposed short list of firms, the recommendation for consultant selection and the final contract to ensure that the assignment is eligible for Bank financing. The review

procedures are described in Appendix 1. The loan agreement and operations report will specify the contracts subject to review. The Bank will also evaluate a consultant's performance, in consultation with the borrower.

5.15 If the Bank finds that the procurement or administration of a contract has not been carried out in accordance with the agreed procedures, the contract shall not be eligible for financing with the loan proceeds and the portion of the loan allocated to the contract shall be canceled. The Bank may, in addition, exercise other remedies under the loan agreement.

APPENDIX 1

BANK REVIEW OF PROCUREMENT DECISIONS

Scheduling of Procurement

1. The Bank shall review the procurement arrangements proposed by the borrower, including contract packaging, applicable procedures, and the scheduling of the procurement process, for its compliance with these procedures and with the proposed implementation program and disbursement schedule. The borrower shall promptly inform the Bank of any delay, or other changes in the scheduling of the procurement process, which could significantly affect the timely and successful implementation of the project contracts, and agree with the Bank on corrective measures.

Contracts for Goods, Works, Services and Consultant Services

2. The borrower shall submit to the Bank such documents and information as the Bank may request in order to assure itself that procurement is conducted in accordance with the agreed procedures and consistent with these policies and procedures. This documentation would include, but not be limited to: procurement notices, prequalification and bidding documents, evaluation reports, procurement and contract monitoring reports, data on bidders and contract awards.

3. Prior to the submission of a drawdown application in respect of a contract, the borrower shall submit to the Bank a conformed copy of the contract together with documentation, in a form acceptable to the Bank, certifying and demonstrating that the procurement for the contract was carried out in accordance with the loan agreement.

4. The Bank may require that procurement procedures, documentation and decisions be reviewed and/or audited by independent, qualified and experienced consultants, retained under terms of reference acceptable to the Bank.

5. The borrower shall make such modifications in procurement documents or reports as the Bank shall reasonably request. Agreed documents or reports shall not be materially changed without the Bank's concurrence.

6. Before agreeing to any material modifications or waiver of the terms and conditions of a contract or granting a material extension of the stipulated time for performance or issuing any change order or orders (except in cases of extreme urgency) which in aggregate would increase the cost of a contract by more than 15 percent of the original price, the borrower shall get the Bank's concurrence to the proposed modification, waiver, extension or change order.

7. If the Bank determines that the bidding procedures, award of a contract, the contract itself or any modification or waiver of such contract is not consistent with the loan agreement, it shall promptly inform the borrower and state the reasons for such determination.

8. Upon the award of any contract to be financed by the Bank, the Bank may publish a description of such contract, the name and address of the party to which the contract was awarded and the contract price.

APPENDIX 2

GUIDANCE TO BIDDERS

Purpose

1. This Appendix provides guidance to potential bidders wishing to participate in Bank-financed procurement.

Responsibility for Procurement

2. As emphasized in paragraphs 1.6 and 2.5 of the Policies and Procedures, the borrower is legally responsible for the procurement. It invites, receives, and evaluates bids, and awards the contract. The contract is between the borrower and the supplier or contractor. The Bank is not a party to the contract.

Bank's Role

3. The Bank requires the procurement procedures, documents, bid evaluations, award recommendations and the contract to be carried out in accordance with agreed procedures, as required in the loan agreement. In the case of major contracts the Bank normally reviews the documents as described in Appendix 1. If at any time in the procurement process (even after the award of contract), the Bank concludes that the agreed procedures were not followed in any material respect, the Bank may declare misprocurement, as described in paragraph 3.35. However, if a borrower has awarded a contract after obtaining the Bank's "no objection," the Bank will declare misprocurement only if the "no objection" was issued on the basis of incomplete, inaccurate or misleading information furnished by the borrower, or it is established, by a decision of a court of law, that the contract was awarded on the basis of corrupt practices.

4. The Bank has Model Bidding Documents for various types of procurement which borrowers can use, with minimum changes to address country- and project-specific issues. Prequalification and bidding documents are finalized and issued by the borrower.

5. Information on bidding opportunities under Open Bidding may be obtained from the General Procurement Notice and the Specific Invitation to prequalify or to bid, as described in paragraphs 3.6 and 3.7 of the Policies and Procedures. General guidance on participation, as well as advance information on business opportunities in upcoming projects, may be obtained in English and Spanish, as appropriate, in:

- Mexico's *Diario Oficial de la Federación*;
- the state where the project is located, in a newspaper of broad circulation;
- the state across the U.S.-Mexico border, in a newspaper of broad circulation;
- the NADB's web site, posted on the site and distributed via list-serv (e-mail distribution);

- *Compranet*, Mexico's electronic service for publishing public tenders;
- other technical journals as appropriate; and
- U.N. *Development Business* (optional for contracts over the international competitive bidding thresholds).

Bidder's Role

6. Once a bidder receives the prequalification or bidding document, the bidder should study the documents carefully to decide if it can meet the technical, commercial and contractual conditions, and if so, proceed to prepare its bid. The bidder should then critically review the documents to see if there is any ambiguity, omission or internal contradiction, or any feature of specifications or other conditions which are unclear or appear discriminatory or restrictive; if so, it should seek clarification from the borrower, in writing, within the time period specified in the bidding documents for seeking clarifications.

7. The criteria and methodology for selection of the successful bidder are outlined in the bidding documents, generally under Instructions to Bidders and Specifications. If these are not clear, clarification would be similarly sought from the borrower.

8. In this connection it should be emphasized that the specific bidding documents issued by the borrower govern each procurement, as stated in paragraph 2.5 of the Policies and Procedures. If a bidder feels that any of the provisions in the documents are inconsistent with the Policies and Procedures, it should also raise this issue with the borrower.

9. It is the responsibility of the bidder to raise any issue of ambiguity, contradiction, omission, etc., prior to the submission of its bid, to assure submission of a fully responsive and compliant bid, including all the supporting documents requested in the bidding documents. Noncompliance with critical (technical and commercial) requirements will result in rejection of the bid. If a bidder wishes to propose deviations to a non-critical requirement, or propose an alternative solution, the bidder should quote the price for the fully compliant bid and then separately indicate the adjustment in price that can be offered if the deviation or alternative solution is accepted. Once the bids are received and publicly opened, bidders will not be required or permitted to change the price or substance of a bid.

Confidentiality

10. The process of bid evaluation shall be confidential until the award is notified. This is essential to enable the borrower and Bank reviewers to avoid either the reality or perception of improper interference. If at this stage a bidder wishes to bring additional information to the notice of the borrower, the Bank, or both, it should do so in writing.

Action by the Bank

11. Bidders are free to send copies of their communications on issues and questions with the borrower to the Bank or to write to the Bank directly, when borrowers do not respond promptly, or the communication is a complaint against the borrower.

12. References received by the Bank from potential bidders, prior to the closing date for submission of the bids, will, if appropriate, be referred to the borrower with the Bank's comments and advice, for action or response.

13. Communications received from bidders after the opening of the bids, will be handled as follows. The communication will be examined by the Bank, in consultation with the borrower. If additional data is required to complete this process, these will be obtained from the borrower. If additional information or clarification is required from the bidder, the Bank will ask the borrower to obtain it and comment on or incorporate it, as appropriate, in the evaluation report. The contract award decision will not be made until the communication is fully examined and considered.

14. Except for acknowledgments of receipt, the Bank will not enter into discussion or correspondence with any bidder during the evaluation and review process of the procurement, until the award of the contract is notified.

Debriefing

15. If, after notification of award, a bidder wishes to ascertain the grounds on which its bid was not selected, it should address its request to the borrower. If the bidder is not satisfied with the explanation and wishes to seek a meeting with the Bank, it may do so, and the Bank will arrange a meeting with the relevant staff. In this discussion, only the bidder's bid can be discussed and not the bids of competitors.

Certification

16. Entities offering bids or providing goods or services to the Bank or in conjunction with a loan made or guaranteed by the Bank will certify in writing that (1) they have not engaged and will not engage in bribery of domestic or foreign officials related to potential or active Bank projects, (2) they have corporate policies that clearly prohibit the use of any bribery in a corporate activity, and (3) they have neither been convicted of (nor found by a civil judgment to have committed) bribery of domestic or foreign officials, or Other Offenses as set forth below, within five years of the date of the certification.

Debarment

17. The Bank shall have the right to exclude, from any future participation in any Bank-funded/guaranteed project, any entity that in the past five years has been convicted of (or found by a civil judgment to have committed) bribery of domestic or foreign officials or any of the other following offenses ("Other Offenses"): fraud, embezzlement, theft, forgery,

destruction of records, making false statements to government officials, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty.