

PROGRESS ENERGY FLORIDA
In re: Nuclear Cost Recovery Clause
Docket 100009-EI
Nineteenth Request for Confidential Classification

Exhibit B

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ECR 2 _____
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DOCUMENT NUMBER DATE
06384 AUG-30
FPSC-CONF/DOCS/CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant Cost
Recovery Clause

Docket No. 100009-EI
Submitted for Filing: August 3, 2010

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PROGRESS ENERGY FLORIDA, INC.'S PREHEARING STATEMENT

Progress Energy Florida, Inc. ("PEF" or the "Company") hereby submits its Prehearing Statement in this matter, and states as follows:

A. APPEARANCES:

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Uprate project remains feasible going into Phase 3 and determined that the CR3 Uprate project remains feasible. Consequently, PEF requests that the Commission approve its feasibility analysis for the CR3 Uprate project.

Levy Nuclear Project

This Commission unanimously voted to approve the need determination for the Levy Nuclear Project ("LNP") on July 15, 2008, and it issued its final order on August 12, 2008. The LNP will generate more than 2,000 megawatts of new nuclear generation for the benefit of PEF, its customers, and the State of Florida. Pursuant to Section 366.93, Florida Statutes, and Rule 25-6.0423, F.A.C., PEF filed a petition on March 1, 2010, for cost recovery of its LNP costs. PEF also filed certain Nuclear Filing Requirement ("NFR") schedules, specifically Schedules T-1 through T-7B, in support of PEF's actual costs for 2009. In addition, on March 1, 2010, PEF filed testimony regarding the LNP costs and the Company's project management policies and procedures. PEF then filed, on April 30, 2010, a petition, additional testimony, and NFR schedules AE-1 through AE-7B and P-1 through P-8 and Appendices, for years 2010 and 2011, respectively, in support of PEF's actual/estimated and projected costs and schedules TOR-1 through TOR-7, which reflect total project estimated costs.

PEF developed and utilized reasonable and prudent project management policies and procedures to carry out the LNP. These procedures are designed to ensure timely and cost-effective completion of the project. Pursuant to these policies, PEF conducted regular status meetings, both internally and with its vendors. PEF also engaged in regular risk assessment, evaluation, and management. PEF included reasonable contractual terms in its contracts to ensure proper risk allocation and adequate protection for the Company and its customers. PEF therefore requests that the Commission find that its project management, contracting and oversight controls for 2009 were reasonable and prudent.

PEF also developed and utilized reasonable and prudent accounting and cost oversight controls. Pursuant to these policies, PEF developed its actual 2009 costs and 2010 and 2011 cost estimates based on the best information available to the Company. The estimates take into account the Company's decision regarding the LNP. PEF therefore requests that the Commission find that its accounting and cost oversight controls for 2009 were reasonable and prudent.

PEF reasonably and prudently incurred capital preconstruction and construction costs for the LNP in the amount of [REDACTED] for 2009. The prudence of all costs incurred in 2009 have been supported by PEF's testimony and exhibits filed in this proceeding. Not a single Staff or intervenor witness contends that any of the actual costs the Company incurred for the LNP for 2009 are imprudent. Accordingly, PEF requests that the Commission approve the prudence of these costs.

PEF has also reasonably estimated and projected its capital preconstruction and construction LNP costs for 2010 and 2011, in the amount of [REDACTED] and [REDACTED] respectively. None of the Staff or intervenor witnesses identify any specific, actual/estimated

REDACTED

ISSUE 10: What system and jurisdictional amounts should the Commission approve as PEF's reasonably estimated 2010 costs and estimated true-up amounts for the Crystal River Unit 3 Uprate project?

PEF Position:

Capital Costs (System) \$66,334,227; (Jurisdictional, net of joint owners) \$32,827,539.

O&M Costs (System) \$1,234,649; (Jurisdictional, net of joint owners) \$1,109,484.

Carrying Costs \$7,557,070 and a base revenue requirement of negative \$746,776.

The Commission should also approve an estimated 2010 EPU project true-up amount of \$2,379,874 to be included in setting the allowed 2011 NCRC recovery. The 2010 variance is the sum of an O&M under-projection of \$895,281, plus an under-projection of carrying charges of \$2,231,369 plus an under-projection of other adjustments of negative \$746,776. (Foster, Franke).

ISSUE 11: What system and jurisdictional amounts should the Commission approve as PEF's reasonably projected 2011 costs for the Crystal River Unit 3 Uprate project?

PEF Position:

Capital Costs (System) \$67,828,699; (Jurisdictional, net of joint owners) \$52,297,867.

O&M Costs (System) \$481,102; (Jurisdictional, net of joint owners) \$423,093.

Carrying Costs \$10,023,829 and a base revenue requirement of \$3,424,764. (Foster, Franke).

PEF's Levy Units 1 & 2 Project

ISSUE 12: What system and jurisdictional amounts should the Commission approve as PEF's final 2009 prudently incurred costs and final true-up amounts for the Levy Units 1 & 2 project?

PEF Position:

Capital Costs (System) [REDACTED] (Jurisdictional) \$255,963,530.

O&M Costs (System) \$4,500,975; (Jurisdictional) \$4,020,056.

Carrying Costs \$36,124,710 and a base revenue requirements of \$7,619.

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The net amount of \$4,192,819 should be included in setting the allowed 2011 NCRC recovery.

The 2009 variance is the sum of over-projection preconstruction costs of \$8,749,309, plus an over-projection of O&M expenses of \$911,232 plus an under-projection of carrying costs of \$13,845,741, plus an under-projection of other adjustments costs of \$7,619. (Garrett, Karp, Hardison).

ISSUE 13: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2010 costs and estimated true-up amounts for PEF's Levy Units 1 & 2 project?

PEF Position:

Capital Costs (System) [REDACTED]; (Jurisdictional) \$143,951,411.
O&M Costs (System) \$4,211,926; (Jurisdictional) \$3,687,427.
Carrying Costs \$50,652,578.

The Commission should also approve an estimated 2010 LNP project true-up amount of \$8,121,477 to be included in setting the allowed 2011 NCRC recovery.

The 2010 variance is the sum of an under-projection of Preconstruction costs of \$11,835,352, plus an over-projection of O&M expenses of \$745,625 plus an over-projection of carrying charges of \$2,968,249. (Foster, Karp, Hardison).

ISSUE 14: What system and jurisdictional amounts should the Commission approve as reasonably projected 2011 costs for PEF's Levy Units 1 & 2 project?

PEF Position:

Capital Costs (System) [REDACTED] (Jurisdictional) \$48,464,396.
O&M Costs (System) \$4,343,901; (Jurisdictional) \$3,823,883.
Carrying Charges \$46,378,950. (Foster, Karp, Hardison).

PEF's 2011 Capacity Cost Recovery Clause Amount

ISSUE 15: What is the total jurisdictional amount to be included in establishing PEF's 2011 Capacity Cost Recovery Clause factor?

PEF Position:

The total jurisdictional amount to be included in establishing PEF's 2011 Capacity Cost Recovery Clause factor should be \$163,580,660 (before