

VOTE SHEET

August 29, 2006

Docket No. 060162-EI – Petition by Progress Energy Florida, Inc. for approval to recover modular cooling tower costs through fuel cost recovery clause.

Issue 1: Should the Commission approve Progress’s request for recovery of the reasonably and prudently incurred costs of its modular cooling tower project through the Environmental Cost Recovery Clause?

Recommendation: Yes. The Commission should approve PEF’s modular cooling tower project as eligible for ECRC cost recovery. However, cost recovery should be reviewed annually subject to a prudence evaluation as part of the Commission’s ongoing proceedings in the ECRC. To effectively monitor the cost effectiveness of this project, within its annual projection testimony filed in the ECRC docket beginning in 2006, PEF should be required to provide an evaluation of the continued need and prudence of leasing the modular cooling towers. This evaluation should include the following: 1) the frequency and megawatt hour level of both actual and avoided summer de-rates for Crystal River Units 1 and 2; 2) an analysis of the operation of the modular towers in meeting its expected 1.8-degree Fahrenheit thermal decrease; 3) actual inlet water temperatures and, if available, third-party projections of future Gulf water temperatures; 4) the annual and cumulative project costs, fuel cost savings and net fuel cost savings attributable to the project; and 5) an updated cost/benefit analysis of other additional cooling capacity options, including the purchase option within the lease, compared to continuing the modular cooling tower project. Also, PEF should be required to include in its 2008 true-up testimony a detailed analysis determining whether additional cooling capacity is still needed and the utility’s timeframe, plan, and projected costs for a permanent solution.

DENIED

on the Commission's own motion, this docket will be set for hearing, with the scope expanded to review appropriateness of inclusion in ECRC and fuel clause.

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

Katrina Jewell
[Signature]
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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a consummating order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action.

See Issue 1