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Public Service Commission

September 26, 2006

Mr. Javier Portuondo
Director of Regulatory Planning
410 S. Wilmington St.
PEB 19 CORP PLNG
Raleigh, North Carolina 27601

Dear Mr. Portuondo:

This is in response to your September 25, 2006, letter requesting deferral of the costs associated with the modular cooling towers pending a final Commission decision in Docket No. 060162-EI.

I believe it is proper to record the amounts associated with the modular cooling towers as identified in Docket No. 060162-EI in FERC Account No. 186, Miscellaneous Deferred Debits, pending resolution of this matter. Progress Energy should keep the necessary information to enable reconciliation of amounts in this account to the record in the docket.

Please remember that this opinion is strictly a staff opinion based on limited information and in no way binds the Commission or staff in the ultimate resolution of the docket.

- JMP
- JOM
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Sincerely,

Tim Devlin
Tim Devlin

C: Division of the Commission Clerk and Administrative Services
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