

# Hopping Green & Sams

Attorneys and Counselors

November 1, 2006

***BY HAND-DELIVERY***

Blanca Bayó  
Director, Division of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

Re: Docket No. 060007-EI

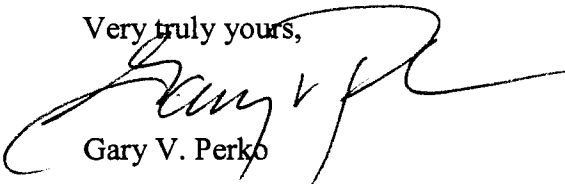
Dear Ms. Bayó:

On behalf of Progress Energy Florida, Inc. (PEF), I enclose for filing in the above docket the original and fifteen (15) copies of the amended pre-filed Supplemental Direct Testimony of Javier Portuondo. The amended supplemental testimony should be substituted for the supplemental testimony that was proffered with PEF's motion dated October 27, 2006.

I also have included a diskette containing the amended testimony in Microsoft Word Format. By copy of this letter, the enclosed documents have been furnished to the parties on the attached certificate of service.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning it to me. If you have any questions regarding this filing, please give me a call at 425-2359.

Very truly yours,



Gary V. Perko

Counsel for PROGRESS ENERGY FLORIDA, INC.

cc: Certificate of Service

DOCUMENT NUMBER-DATE

10097 NOV-1 8

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s amended pre-filed Supplemental Direct Testimony of Javier Portuondo in Docket No. 060007-EI have been furnished by electronic mail (\*) or regular U.S. mail to the following this 1st day of November, 2006.

Martha Carter Brown (\*)  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Florida Power & Light Co.  
Bill Walker  
215 S. Monroe Street, Suite 810  
Tallahassee, FL 32301

Lee L. Willis, Esq.  
James D. Beasley, Esq.  
Ausley Law Firm  
P.O. Box 391  
Tallahassee, FL 32302

Gulf Power Company  
Susan Ritenour  
One Energy Place  
Pensacola, FL 32520-0780

Joseph McGlothlin, Esq. (\*)  
Office of Public Counsel  
111 West Madison Street, Rm. 812  
Tallahassee, FL 32399

Tampa Electric Company  
Brenda Irizarry  
Regulatory Affairs  
P.O. Box 111  
Tampa, FL 33601-0111

Jeffrey A. Stone, Esq.  
Russell A. Badders, Esq.  
Beggs & Lane Law Firm  
P.O. Box 12950  
Pensacola, FL 32576

R. Scheffel Wright (\*)  
John LaVia  
Young Law Firm  
225 South Adams Street, Suite 200  
Tallahassee, FL 32301

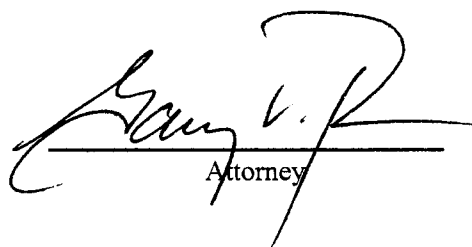
Florida Industrial Power Users Group  
John W. McWhirter, Jr. (\*)  
c/o McWhirter Law Firm  
400 North Tampa Street, Suite 2450  
Tampa, FL 33602

Florida Retail Federation  
John Rogers  
Post Office Box 10024  
Tallahassee, FL 32302

Timothy J. Perry, Esq.  
McWhirter Law Firm  
117 South Gadsden Street  
Tallahassee, FL 32301

R. Alexander Glenn  
Deputy General Counsel - Florida  
Progress Energy Service Company, LLC  
P.O. Box 14042  
St. Petersburg, FL 33733

Florida Power & Light Co.  
R. Wade Litchfield, Esq.  
John T. Butler, Esq.  
700 Universe Blvd.  
Juno Beach, FL 33408-0420

  
Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

SUPPLEMENTAL DIRECT TESTIMONY OF

**JAVIER PORTUONDO**

ON BEHALF OF

PROGRESS ENERGY FLORIDA

DOCKET NO. 060007-EI

AMENDED - NOVEMBER 1, 2006

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

2 A. My name is Javier Portuondo. My business address is Post Office Box 1551, Raleigh,  
3 NC 27601.

4

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

6 A. I am employed by Progress Energy Service Company, LLC as Director of Regulatory  
7 Planning.

8

9 **Q. Have you previously filed testimony before this Commission in this docket?**

10 A. Yes, I have

11

12 **Q. Have your duties and responsibilities remained the same since you last filed**  
13 **testimony in this proceeding?**

14 A. Yes.

15

1 **Q. What is the purpose of your supplemental testimony?**

2 A. The purpose of my testimony is to advise the Commission of anticipated increases in the  
3 costs of PEF's integrated plan for complying with the regulatory requirements of the  
4 Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR). PEF's  
5 integrated compliance plan and the analyses that led to its development are explained in  
6 the Report entitled "Progress Energy Florida Integrated Clean Air Compliance Plan"  
7 ("Clean Air Report") provided as Exhibit DJR-1 to Mr. Roeder's pre-filed testimony.

8

9 **Q. Why does PEF anticipate increased costs for its compliance plan?**

10 A. As the Company moves closer to the implementation of key air pollution projects at  
11 Crystal River Units 4 and 5, recent negotiations indicate that costs for these major  
12 construction programs may increase by as much as 30 percent. Primary contributors to  
13 the cost increases are continued price increases in commodities, equipment and labor.  
14 PEF is continuing to negotiate with contractors to secure the lowest costs possible  
15 without jeopardizing project schedules necessary to achieve compliance within  
16 prescribed deadlines.

17

18 **Q. Does PEF plan to change its compliance plan in light of the anticipated cost  
19 increases?**

20 A. No. Costs for all of the alternative strategies that PEF analyzed are expected to increase  
21 for the same reasons that the costs of PEF's selected strategy are expected to increase.  
22 PEF will continue to carefully monitor project costs and adjust its strategy to assure  
23 compliance with all applicable regulations in a cost-effective and prudent manner.

1

2 **Q. Will PEF continue to keep the Commission and other parties informed about the**  
3 **implementation of the Clean Air Regulatory Program?**

4 A. Yes. PEF will arrange meetings with Staff and any parties to this docket who wish to  
5 attend to provide updates on PEF's implementation of the program. These meetings  
6 will be arranged to ensure that the other parties will have the opportunity to fully  
7 investigate PEF's compliance activities and costs.

8

9 **Q. What effect will the anticipated increased costs have on the 2007 ECRC factors?**

10 A. The anticipated increased costs will have no bearing on the 2007 ECRC factors because  
11 projected costs for the Crystal River projects in 2007 are all accruing AFUDC and will  
12 not affect customer rates until they are declared commercially in-service.

13

14 **Q. Does this conclude your supplemental testimony?**

15 A. Yes, it does.