

State of Florida



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## -M-E-M-O-R-A-N-D-U-M-

**DATE:** August 13, 2008

**TO:** James E. Breman, Senior Analyst - PSC. Division of Economic Regulation

**FROM:** Denise N. Vandiver, Chief of Auditing, Division of Regulatory Compliance *DN*

**RE:** Docket No. 080009-EI; Company Name: Progress Energy Florida, Inc.;  
Company Code: E1801; Audit Purpose: Nuclear Cost Recovery Clause for  
Levy Plant, Pre-Construction Costs; Audit Control No: 08-087-2-1; Record #  
5791

Attached is a redacted audit report for the utility stated above. This includes the redactions made by the company in its formal request for confidentiality filed August 7, 2008. I am distributing this redacted report to the same people who received the initial report.

### Attachment

cc: Division of Regulatory Compliance (Salak, Mailhot, Harvey, Small, District Offices, File Folder)  
Office of Commission Clerk (2)  
General Counsel  
Office of Public Counsel

Mr. Paul Lewis, Jr.  
Progress Energy Florida, Inc.  
106 E. College Ave., Suite 800  
Tallahassee, FL 32301-7740

**COM** \_\_\_\_\_

**ECR** \_\_\_\_\_

**GCL** \_\_\_\_\_

**OPC** \_\_\_\_\_

**RCP** \_\_\_\_\_

**SSC** \_\_\_\_\_

**SGA** \_\_\_\_\_

**ADM** \_\_\_\_\_

**CLK** *Nargan* J. Michael Watts/Diane M. Tripplett  
P.O. Box 3239  
Tampa, FL 33601-3239

DOCUMENT NUMBER-DATE

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**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 black ink, appearing to read "J. A. Small", written over a horizontal line.

*Jeffery A. Small, Audit Manager*

A handwritten signature in black ink, appearing to read "J. W. Rohrbacher", written over a horizontal line.

*Joseph W. Rohrbacher, District  
Supervisor*

DOCUMENT NUMBER-DATE

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<sup>1</sup> 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:** The company's filing and general ledger include the following balances for land and land rights for the Levy Units 1 and 2 nuclear plant projects.

<u>Acct No.</u>	<u>Project No.</u>	<u>Description</u>	<u>Land Cost</u>	<u>Other Cost</u>	<u>Total Land</u>
1071000	20059051	Land - Generation	\$52,008,983	\$521,276	\$52,530,259
1071000	20064886	Land - Transmission	8,930,645	10,780	8,941,425
1071000	20065752	Land - Held for Future Use	<u>27,667,950</u>	<u>0</u>	<u>27,667,950</u>
Total Land			\$88,607,578	\$532,056	\$89,139,634

The "Other Cost" balances above include company cost outside of the closing process related to the land purchased.

The company's calculations of the above future use and transmission use land balances are displayed below.

<u>Land Purchases</u>	<u>Amount</u>	<u>Acres</u>	<u>Price/Acre</u>
Rayonier land price	\$46,579,500	3,105.00	\$15,000
Closing cost	<u>1,617,172</u>		
Totals	\$48,196,672		
Lybass land price	\$39,084,959	2,159.00	\$18,103
Closing cost	<u>1,325,947</u>		
Totals	\$40,410,906		

<u>Lybass purchase</u>	<u>Land Use</u>	<u>Total Percent</u>	<u>Used/Useful Percent</u>
Generation	94.08	4.36%	29.92%
Transmission	220.39	10.21%	<u>70.08%</u>
Future Use	<u>1,844.53</u>	<u>85.43%</u>	
Totals	2,159.00	100.00%	100.00%

<u>Future Use</u>	<u>Amount</u>
Fair market value	\$15,000
Future use acreage	<u>1,844.53</u>
Total Future Use Value	\$27,667,950

<u>Transmission Use</u>	<u>Amount</u>
Total Lybass Cost	\$40,410,906
Future Use Value	<u>27,667,950</u>
Remaining Value	\$12,742,956
Transmission Percent	<u>70.08%</u>
Total Transmission Value	\$8,930,645

(Small differences are attributed to rounding errors)

The company cited 18 CFR 101, Electric Plant Instruction 7G as justification and support for its valuation and allocation methodology.

*When the purchase of land for electric operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based*

*upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in electric operations.*

The company asserts that the purchase price it paid for the Lybass property was above its fair market value (FMV) because the sale was influenced by the previous purchase of the Rayonier property. The company therefore used the \$15,000 per acre price of the Rayonier purchase as the FMV multiplier to determine the land held for future use balance of \$27,667,950. The remaining Lybass purchase price of \$12,742,956 was allocated between the generation and transmission land accounts based on percentage of estimated use. The remaining purchase price includes 100 percent of the closing cost.

Other applicable CFR citations include 18 CFR 101, Definitions 9 and 23.

*Cost means the amount of money actually paid for property or services.*

*Original cost, as applied to electric plant, means the cost of such property to the person first devoting it to public service.*

A first alternative valuation method would use \$18,103, the actual FMV per acre purchase price of the Lybass property, to determine the future use land balance. The Lybass property contains the entire land area that is designated by the company for future use and the valuation method is supported by all three of the CFR citations referenced above. The following reflects our calculated generation, transmission and future use land balances.

<u>Description</u>	<u>Land Cost</u>	<u>Other Cost</u>	<u>Total Land</u>
Land - Generation	\$50,296,511	\$521,276	\$50,817,787
Land - Transmission	4,919,043	10,780	4,929,823
Land - Held for Future Use	<u>33,392,024</u>	0	<u>33,392,024</u>
Total Land	\$88,607,578	\$532,056	\$89,139,634

<u>Future Use</u>	<u>Amount</u>
Fair market value	\$18,103
Future use acreage	<u>1,844.53</u>
Total Future Use Value	\$33,392,024
<u>Transmission Use</u>	<u>Amount</u>
Total Lybass Cost	\$40,410,906
Future Use Value	<u>33,392,024</u>
Remaining Value	\$7,018,882
Transmission Percent	<u>70.08%</u>
Total Transmission Value	\$4,919,043

(Small differences are attributed to rounding errors)

A second alternative valuation method would use \$16,274, the average FMV per acre purchase price of both the Rayonier and Lybass properties, to determine the future use land balance. This method would treat the entire land purchase as one transaction, which is the ultimate use for the two parcels of land purchased. The following reflects



our calculated generation, transmission and future use land balances.

<u>Description</u>	<u>Land Cost</u>	<u>Other Cost</u>	<u>Total Land</u>
Land - Generation	\$51,306,150	\$521,276	\$51,827,426
Land - Transmission	7,284,204	10,780	7,294,984
Land - Held for Future Use	<u>30,017,224</u>	<u>0</u>	<u>30,017,224</u>
Total Land	\$88,607,578	\$532,056	\$89,139,634

<u>Land Purchases</u>	<u>Amount</u>	<u>Acres</u>	<u>Price/Acre</u>
Rayonier land cost	\$46,579,500	3,105.00	\$15,000
Closing cost	<u>1,617,172</u>		
Totals	\$48,196,672		
Lybass land cost	\$39,084,959	2,159.00	\$18,103
Closing cost	<u>1,325,947</u>		
Totals	\$40,410,906		
Combined land cost	\$85,664,459	5,264.00	\$16,274
Closing cost	<u>2,943,119</u>		
Totals	\$88,607,578		

<u>Lybass Site</u>	<u>Land Use</u>	<u>Total Percent</u>	<u>Used/Useful Percent</u>
Generation	94.08	4.36%	29.92%
Transmission	220.39	10.21%	<u>70.08%</u>
Future Use	<u>1,844.53</u>	<u>85.43%</u>	
Totals	2,159.00	100.00%	100.00%

<u>Future Use</u>	<u>Amount</u>
Fair market value	\$16,274
Future use acreage	<u>1,844.53</u>
Total Future Use Value	\$30,017,224

<u>Transmission Use</u>	<u>Amount</u>
Total Lybass Cost	\$40,410,906
Future Use Value	<u>30,017,224</u>
Remaining Value	\$10,393,682
Transmission Percent	<u>70.08%</u>
Total Transmission Value	\$7,284,204

(Small differences are attributed to rounding errors)

### Additional information

During our review of supporting documentation for the land purchases it was discovered that the land balances reflected in the filing are overstated by \$127,073 as described below.

1. The company, in response to Document Request No. LV-12-07-PC, identified an invoice totaling \$20,612 for a survey of the Lybass property that was paid twice. The company stated that it would correct the duplicate billing when it receives reimbursement from the vendor.

2. The company, in response to Document Request No. LV-11-07-PC, identified the "Other Cost" balance of \$10,780 included in the schedules above as a PEF Administrative Overhead allocation that should not have been charged to the land projects. The company provided evidence that it removed and reclassified the amount in June 2008.
3. The company, in response to Document Request No. LV-12-07-PC, identified a \$95,681 accrual that is included in the land balance that should have been reversed in 2007. The company provided evidence that it removed the accrual in June 2008.

None of the three land valuation methods and resulting balances described earlier in this finding includes the additional information discussed above.

The sales contract to purchase the Rayonier property<sup>1</sup> and the direct testimony of Daniel Roderick<sup>2</sup> indicate that the contract terms of the Rayonier property sale included a deferred purchase price of [REDACTED]. The contingent liability becomes due when PEF has received the Combined Construction and Operation License issued by the U.S. Nuclear Regulatory Commission. The company has not included any accounting entries in the current filing or its general ledger that records the deferred purchase contingent liability.

**EFFECT ON THE FILING:**

Action	Effect	Amount
Accept company land valuation	None	\$0
Accept first alternative valuation	Reduce generation land balance	(\$1,712,472)
	Reduce transmission land balance	(\$4,011,602)
	Increase future use land balance	<u>\$5,724,074</u>
	Net	\$0
Accept second alternative valuation	Increase generation land balance	(\$702,833)
	Reduce transmission land balance	(\$1,646,441)
	Increase future use land balance	<u>\$2,349,274</u>
	Net	\$0
Accept additional information finding	Reduce generation land balance	(\$20,612)
	Reduce generation land balance	(\$95,681)
	Reduce transmission land balance	<u>(\$10,780)</u>
		(\$127,073)

**EFFECT ON THE GENERAL LEDGER:** An alternative valuation adjustment would only apply to the balances of the individual projects within Acct. No. 1071000 with a net effect of \$0 on the account. The additional information adjustments have already been made or will be made by the company in 2008.

We defer the appropriate treatment of the deferred purchase contingent liability to the analyst in this proceeding.

<sup>1</sup> Purchase and Sale Agreement, executed November 16, 2006, Page 21, Paragraph 44.

<sup>2</sup> Confidential Testimony of Daniel L. Roderick on Behalf of Progress Energy Florida, filed March 11, 2008, Docket No. 080148-EI, Page 11, Lines 21-22.

EXHIBIT 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.]

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)	(I)	(J)	(K)	(L)	(M)	(N)
	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	12 Month Total
	Jurisdictional Dollars						
1.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.	-	-	224,668	460,556	483,321	544,736	1,713,284
3.	-	-	-	-	-	-	-
4.	-	-	(70)	(285)	(581)	(904)	(1,841)
5.	-	-	-	-	-	-	-
6.	-	-	224,596	460,273	482,739	543,835	1,711,443
7.	-	-	-	-	-	-	-
8.	\$ -	\$ -	\$ 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  
 COMPANY: Progress Energy - FL  
 DOCKET NO.: 080149-E1

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

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.		\$ -	\$ -	\$ 42,708,524	\$ 1,831,101	\$ 1,875,060	\$ 9,148,386	\$ 55,563,072
2.		-	-	-	-	-	-	-
3.		-	-	-	161,286	310,354	325,893	787,441
4.		-	-	42,708,524	44,689,020	48,874,434	56,348,513	50,348,513
5.		-	-	21,353,262	43,773,468	45,938,904	51,774,320	na
6.		-	-	-	-	-	-	-
a.		-	-	116,674	239,178	250,999	282,895	809,747
b.		-	-	189,946	389,383	408,627	460,563	1,448,509
c.		-	-	34,720	71,176	74,683	84,186	264,776
7.		-	-	224,988	460,558	483,321	544,738	1,713,284
8.		-	-	-	-	-	-	-
9.		\$ -	\$ -	\$ 224,988	\$ 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 6.818%.  
 (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.

EXHIBIT 3

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.	(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)	(74,603)	(84,188)	(264,779)
4. Tax Basis Less Book Basis (Prior Mo Balance + Line 1 + 2 + 3)	-	-	-	(34,720)	(105,898)	(189,589)	(254,175)	n/a
5. Deferred Tax Liability (DTL) on Tax Basis in Excess of Book (Line 4 * Tax Rate)	-	-	-	(13,303)	(40,849)	(69,842)	(102,137)	n/a
6. Average Accumulated DTA	-	-	-	(8,807)	(77,121)	(55,266)	(88,900)	
7. Carrying Costs on DTA (c)								
a. Equity Component (a)	-	-	-	(37)	(148)	(302)	(469)	(956)
b. Equity Comp. grossed up for taxes (b)	-	-	-	(80)	(241)	(492)	(764)	(1,566)
c. Debt Component	-	-	-	(11)	(44)	(90)	(140)	(285)
8. Total Return Requirements (Line 7b + 7c)	-	-	-	(70)	(285)	(581)	(904)	(1,841)
9. Total Return Requirements from most recent Projections	-	-	-	-	-	-	-	-
10. Difference (Line 8 - Line 9)	\$ -	\$ -	\$ -	(70)	(285)	(581)	(904)	(1,841)

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  $ML = [(1 + A/100)^{12} - 1] \times 100$ ; 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.

EXHIBIT 4

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.:  
 060149-E1

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	1,875,050	9,148,386	55,961,072
4.	Other Adjustments	-	-	-	-	-	-	
5.	Average Balance Eligible for CPI		21,246,774	42,800,036	43,622,075	45,475,155	50,986,678	
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	\$ 55,961,072

(a) CPI is not calculated until construction starts for tax purposes.

EXHIBIT 5

Schedule F-4		Levy County Nuclear Plant Pre-Construction Costs and Carrying Costs as Construction Cost Balance Trans-up Filings Monthly Expenditures												(Section 8)(c)(1.a.) (Section 8)(d)	
FLORIDA PUBLIC SERVICE COMMISSION		EXPLANATION: Presents the actual monthly expenditures by major tasks performed with Site Selection and Construction categories for the prior year.												Witness	
COMPANY: Progress Energy - FL														For the Year Ended 12/31/2007	
DOCKET NO. 060148-01															
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		
<b>Preconstruction</b>															
<b>Generation</b>															
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	0.83753	
12. Total Jurisdictional Generation Costs															
<b>Transmission</b>															
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	0.70597	
23. Total Jurisdictional Transmission Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
24. Total Jurisdictional Preconstruction Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Generation</b>															
<b>Debt Costs</b>															
25. Fuel Entity Acquisitions	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
26. Project Management															
27. Personnel 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	0.83753	
38. Total Jurisdictional Generation Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Transmission</b>															
39. Line Engineering	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
40. Substation Engineering															
41. Fuel Entity 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	0.70597	
51. Total Jurisdictional Transmission Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
52. Total Jurisdictional Construction Costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	