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Docket 080009 Filing and service:

Progress Energy Florida, Inc.'s Post Hearing Statement of Issues and Positions and Brief in Support of its Petition to Recover Costs of the Crystal River Unit 3 Uprate and The Levy Nuclear Projects as Provided in Section 366.93, Florida Statutes, and Rule 25-6.0423, F.A.C. [18 pages]

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9/19/2008

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant Cost
Recovery Clause

Docket No. 080009-EI
Submitted for Filing: September 19, 2008

**PROGRESS ENERGY FLORIDA, INC'S POST-HEARING STATEMENT
OF ISSUES AND POSITIONS AND BRIEF IN SUPPORT OF ITS PETITION TO
RECOVER COSTS OF THE CRYSTAL RIVER UNIT 3 UPRATE AND
THE LEVY NUCLEAR PROJECTS AS PROVIDED
IN SECTION 366.93, FLORIDA STATUTES, AND RULE 25-6.0423, F.A.C.**

Pursuant to Section 366.93, Fla.Stats., and Rule 25-6.0423, F.A.C., Progress Energy Florida, Inc. ("PEF" or the "Company"), petitioned the Florida Public Service Commission ("PSC" or the "Commission"), to recover its costs for the Crystal River Unit 3 ("CR3") Uprate Project and the Levy Nuclear Project ("LNP") through the Nuclear Cost Recovery Clause ("NCRC"). The Commission held a hearing to consider PEF's cost recovery request on September 11-12, 2008¹. PEF submits that the record in this case conclusively demonstrates that the requirements of Section 366.93 and Rule 25-6.0423 have been met, that there is no credible dispute as to the respective prudence and reasonableness of PEF's costs, and that the Commission should therefore grant PEF's request.

Pursuant to the Prehearing Order, PEF submits its Post-Hearing Statement of Issues and Positions and its Brief in Support of its Petition to Recover Costs of the CR3 Uprate Project and the Levy Nuclear Project.

I. PEF'S POST-HEARING STATEMENT OF ISSUES AND POSITIONS

1. LEGAL/POLICY ISSUES.

ISSUE 1A: Should Progress Energy Florida, Inc. and Florida Power & Light Company be allowed to recover through the Nuclear Cost Recovery Clause revenue requirements

¹ Per the Prehearing Officer's ruling, PEF's presentation was made separate from that of Florida Power & Light Company ("FPL") and thus PEF rested its case on September 11, 2008.

for a phase or portion of a system associated with a power plant, after such phases or portion of the project has been placed into commercial service, or should such phases or portion of the project be recovered through base rates?

PEF Position:

PEF agrees with Staff's position, as set forth in its Prehearing Statement. Applying Staff's position to the MUR phase of PEF's CR3 uprate project would remove \$1,233,443 from PEF's request for 2009 projected costs. This results in PEF requesting a total of \$15,224,693 for its 2009 projected costs for the CR3 uprate project, and a total of \$418,311,136 to be included in establishing PEF's 2009 Capacity Cost Recovery Clause factor. Pursuant to Section 366.93(4), F.S. and Rule 25-6.0423, F.A.C., PEF shall file a petition for Commission approval of a base rate increase for the remaining portion of the MUR.

ISSUE 1B: If recovery of costs for a phase or portion of a system associated with a power plant that is in commercial service continues through the Nuclear Cost Recovery Clause, how should the revenue requirements for that phase or portion be determined?

PEF Position:

The revenue requirements for such phase or portion that is in commercial service but for which recovery will continue through the Nuclear Cost Recovery Clause will and should be calculated consistent with rule 25-6.0423(7)(b), (d), (e).

ISSUE 1C: How should the completion of site clearing work be determined for purposes of distinguishing between pre-construction and construction costs for recovery under the clause?

PEF Position:

In general, site clearing work will be completed when the types of costs defined as pre-construction costs in Rule 25-6.0423(2)(h) have been completed. At this time, PEF expects site clearing for Levy Units 1 and 2 to be complete when the site is ready for the pour of the safety related concrete. For most items associated with the plant, PEF would tie completion to when site clearing is complete for the foundation of the plant. However, it may be reasonable to have a separate site clearing date for certain large associated facilities like a cooling tower or transmission projects.

ISSUE 1D: Should a utility be required to inform the Commission of any change in ownership or control of any asset which was afforded cost recovery under the Nuclear Cost Recovery Clause?

PEF Position:

FULL STIPULATION: Yes, timely notification to the Commission and parties to the NCRC docket at the time of filing the notice will allow the Commission to make any required adjustments within or outside of the Nuclear Cost Recovery Clause. Staff will conduct workshops on the administrative procedures to be used by the Commission to make such adjustments.

2. FACTUAL ISSUES

2007 PROJECT MANAGEMENT, CONTRACTING, AND OVERSIGHT CONTROLS

ISSUE 3A: Should the Commission find that for the year 2007, PEF's program management, contracting, and oversight controls were reasonable and prudent for Levy Units 1 & 2 project and the Crystal River 3 Uprate project?

PEF Position:

(1) PEF Position for CR3 Uprate Project

Yes, pursuant to the stipulation reached between PEF, OPC, AARP, PSC Phosphate, and Staff, as fully reflected in the Prehearing Order.

(2) PEF Position for Levy Nuclear Project

Yes, pursuant to the stipulation reached between PEF, OPC, AARP, PSC Phosphate, and Staff, as fully reflected in the Prehearing Order.

ISSUE 3B: Should the Commission find that for the year 2007, PEF's accounting and costs oversight controls were reasonable and prudent for Levy Units 1 & 2 project and the Crystal River 3 Uprate project?

PEF Position:

(1) PEF Position for CR3 Uprate Project

Yes, pursuant to the stipulation reached between PEF, OPC, AARP, PSC Phosphate, and Staff, as fully reflected in the Prehearing Order.

(2) PEF Position for Levy Nuclear Project

PARTIAL STIPULATION: Yes, pursuant to the stipulation reached between PEF, OPC, AARP, PSC Phosphate, and Staff, as fully reflected in the Prehearing Order, and pursuant to the partial stipulation reached between all parties as to the Lybass parcel, also fully reflected in the Prehearing Order.

COMPANY SPECIFIC SITE SELECTION COSTS

Progress Energy Florida

ISSUE 5A: Should the Commission grant PEF's request to include the review and approval for recovery through the Nuclear Cost Recovery Clause of prudently incurred site selection costs for the Levy Units 1 & 2 project?

PEF Position:

FULL STIPULATION: Yes, pursuant to the stipulation reached between all parties, as fully reflected in the Prehearing Order, and approved by the Commission at the hearing.

ISSUE 5B: What amount should the Commission approve as PEF's final 2007 true-up of prudently incurred site selection costs for the Levy Units 1 & 2 Project?

PEF Position:

Subject to the stipulation on Issue 5A, that prudence of these costs will be deferred consistent with that stipulation, the Commission should approve \$18,069,252 as reasonable.

ISSUE 5C: What amount should the Commission approve as PEF's actual 2008 site selection costs for the Levy Units 1 & 2 Project?

PEF Position:

Subject to the stipulation on Issue 5A, that prudence of these costs will be deferred consistent with that stipulation, the Commission should approve \$19,819,137 as reasonable.

COMPANY SPECIFIC TRUE UP PRECONSTRUCTION AND CONSTRUCTION COSTS (2007)

Progress Energy Florida

ISSUE 7A: What amount should the Commission approve as PEF's final 2007 true-up of prudently incurred preconstruction costs for the Levy Units 1 & 2 project?

PEF Position:

FULL STIPULATION: There are no 2007 preconstruction costs for PEF's Levy Units 1 & 2 project.

ISSUE 7B: What amount should the Commission approve as PEF's final 2007 true-up of prudently incurred construction costs for the Levy Units 1 & 2 project?

PEF Position:

Subject to the stipulation on Issue 5A, that prudence of these costs will be deferred consistent with that stipulation, the Commission should approve \$61,471,684 as reasonable.

ISSUE 7C: What amount should the Commission approve as carrying charges on PEF's prudently incurred 2007 construction costs for the Levy Units 1 & 2 project?

PEF Position:

Subject to the stipulation on Issue 5A, that prudence of these costs will be deferred consistent with that stipulation, the Commission should approve \$1,713,284 as reasonable.

ISSUE 7D: What total amount should the Commission approve as PEF's final 2007 true-up to be recovered for the Levy Units 1 & 2 project?

PEF Position:

Subject to the stipulation on Issue 5A, that prudence of these costs will be deferred consistent with that stipulation, the Commission should approve \$1,711,443 as reasonable.

ISSUE 7E: What amount should the Commission approve as PEF's final 2007 true-up of prudently incurred construction costs for the Crystal River 3 Uprate project?

PEF Position:

\$38,520,916 gross of joint owner billings

ISSUE 7F: What amount should the Commission approve as carrying charges on PEF's prudently incurred 2007 construction costs for the Crystal River 3 Uprate project?

PEF Position:

\$925,842

ISSUE 7G: What total amount should the Commission approve as PEF's final 2007 true-up to be recovered for the Crystal River 3 Uprate project?

PEF Position:

\$928,896

ISSUE 7H: Has PEF demonstrated that the uprate costs it seeks to recover in this docket are separate and apart from those it would incur in conjunction with providing safe and reliable service, had there been no uprate project?

PEF Position:

Yes, pursuant to the stipulation reached between PEF, OPC, PCS Phosphate, AARP, and Staff, as fully reflected in the Prehearing Order.

**COMPANY SPECIFIC ACTUAL/ESTIMATED PRECONSTRUCTION AND
CONSTRUCTION COSTS (2008)**

Progress Energy Florida

ISSUE 9A: What amount should the Commission approve as PEF's 2008 actual and estimated preconstruction costs for the Levy Units 1 & 2 project?

PEF Position:

\$213,870,278

ISSUE 9B: What amount should the Commission approve as PEF's 2008 actual and estimated construction costs for the Levy Units 1 & 2 project?

PEF Position:

\$13,987,139

ISSUE 9C: What amount should the Commission approve as carrying charges on PEF's 2008 actual and estimated construction costs for the Levy Units 1 & 2 project?

PEF Position:

\$7,551,759

ISSUE 9D: What total amount should the Commission approve as PEF's 2008 actual and estimated costs to be recovered for the Levy Units 1 & 2 project?

PEF Position:

\$207,137,326

ISSUE 9E: What amount should the Commission approve as PEF's 2008 actual and estimated construction costs for the Crystal River 3 Uprate project?

PEF Position:

\$67,615,770

ISSUE 9F: What amount should the Commission approve as carrying charges on PEF's 2008 actual and estimated construction costs for the Crystal River 3 Uprate project?

PEF Position:

\$6,006,160

ISSUE 9G: What total amount should the Commission approve as PEF's 2008 actual and estimated costs to be recovered for the Crystal River 3 Uprate project?

PEF Position:
\$7,512,933*

COMPANY SPECIFIC PROJECTED PRECONSTRUCTION AND CONSTRUCTION COSTS (2009)

ISSUE 11A: What amount should the Commission approve as PEF's 2009 projected preconstruction costs for the Levy Units 1 & 2 project?

PEF Position:
\$118,751,900

ISSUE 11B: What amount should the Commission approve as PEF's 2009 projected construction costs for the Levy Units 1 & 2 project?

PEF Position:
\$565,605,600

ISSUE 11C: What amount should the Commission approve as carrying charges on PEF's 2009 projected construction costs for the Levy Units 1 & 2 project?

PEF Position:
\$30,217,903

ISSUE 11D: What total amount should the Commission approve as PEF's 2009 projected costs to be recovered for the Levy Units 1 & 2 project?

PEF Position:
\$147,907,456

ISSUE 11E: What amount should the Commission approve as PEF's 2009 projected construction costs for the Crystal River 3 Uprate project?

PEF Position:
\$107,067,528

ISSUE 11F: What amount should the Commission approve as carrying charges on PEF's 2009 projected construction costs for the Crystal River 3 Uprate project?

PEF Position:
\$14,587,810

ISSUE 11G: What total amount should the Commission approve as PEF's 2009 projected costs to be recovered for the Crystal River 3 Uprate project?

PEF Position:

If the Commission approves Staff's and PEF's positions as set forth in Issue 1A above, the total amount for the 2009 projected CR3 Uprate costs should be \$15,224,693. If the Commission does not approve these positions, then the Commission should approve \$16,458,136 as the total amount for PEF's 2009 projected costs for the CR3 Uprate project.

SUMMARY ISSUES

ISSUE 13: What total amount should the Commission approve for the Nuclear Cost Recovery Clause to be included in establishing PEF's 2009 Capacity Cost Recovery Clause factor?

PEF Position:

If the Commission approves Staff's and PEF's positions as set forth in Issue 1A above, the total amount to be included in establishing PEF's 2009 Capacity Cost Recovery Clause factor should be \$418,311,136. If the Commission does not approve these positions, then the Commission should approve \$419,544,579 as the total amount to be included in establishing PEF's 2009 Capacity Cost Recovery Clause factor.

II. BRIEF IN SUPPORT OF PEF'S PETITION

A. Introduction.

In this proceeding the Commission must decide: (1) whether PEF's Levy Nuclear Project ("LNP") costs are reasonable²; (2) whether PEF's actual 2006 and 2007 CR3 Uprate Project costs are prudent; and (3) whether the remainder of PEF's CR3 Uprate Project costs are reasonable. As Commissioner Argenziano noted during the hearing, Section 366.93 requires the Commission to allow recovery of these costs unless there is some evidence of imprudence or unreasonableness. (Tr. 21). The competent, substantial evidence in the record demonstrates that PEF's actual CR3 Uprate Project costs were prudent. In fact, no party presented any evidence that these costs were imprudent. The competent, substantial evidence in the record also demonstrates that PEF's LNP costs and the remainder of its CR3 Uprate Project costs were

² At the hearing, the Commission approved a full stipulation in which the parties agreed to defer the prudence determination of the actual LNP costs until the 2009 proceeding. (Tr. 34-35).

reasonable. Again, no party presented any evidence that these costs were unreasonable. As a result, the Commission must approve PEF's request for cost recovery for its CR3 Uprate Project and LNP costs through the Capacity Cost Recovery Clause factor.

B. PEF Demonstrated that its Project Costs are Reasonable and/or Prudent

PEF petitioned for NCRC recovery for two projects: the CR3 Uprate Project and the LNP. In support of its petition, the Company submitted pre-filed direct testimony (sixteen in total), rebuttal testimony (two in total), exhibits, and detailed NFR schedules for each category of costs, by year, for both the CR3 Uprate Project and the LNP.³ PEF's cost recovery request was further subject to Staff audits and discovery by Staff and intervenors. Staff audited PEF's project management, contracting, and oversight controls and PEF's accounting and cost oversight controls through two separate extensive audits. PEF produced thousands of pages of documents in response to audit requests from Commission Staff auditors, and presented Mr. Roderick and his staff for interviews. The resulting audit reports were positive. Indeed, Staff Witness Carl Vinson confirmed, in response to a Commissioner question, that his final conclusion was that adequate project management and internal controls are currently in place for PEF's nuclear projects. (Tr. 356). PEF also responded to approximately 200 interrogatories, produced nearly ten thousand pages of documents in response to discovery requests, and produced Mr. Roderick for deposition. Following these audits and this discovery, no one, not a party, not an intervener witness, not a Staff witness, raised an issue as to the prudence or reasonableness of any specific

³ The total revenue requirements for which PEF is requesting recovery in this proceeding is detailed in Table 3 in Appendix A to this brief.

cost on either project.⁴ PEF has therefore demonstrated the prudence of its actual CR3 Uprate Project costs and the reasonableness of the remainder of the CR3 Uprate Project and LNP costs.⁵

i. CR3 Uprate Project

The CR3 Uprate Project involves the expansion of the power production capability at an existing nuclear power plant. As a result, under the NCRC classification of costs, the only costs at issue in this proceeding are construction costs. Table 1 in Appendix A to this brief identifies the construction costs that were incurred and that will be incurred for years 2006 through 2009, along with the associated carrying costs, which PEF is entitled to recover through the NCRC.

Mr. Roderick explained what the major costs incurred and projected to be incurred are for the CR3 Uprate Project in his pre-filed testimony. (Tr. 209-20). These costs were audited, subjected to review and analysis in discovery, Mr. Roderick was deposed, and he was questioned at the hearing. The evidence demonstrates the actual costs incurred are prudent and the expected costs are reasonable. There is no contrary evidence.

ii. Levy Nuclear Project

The LNP will add two new nuclear power plants to PEF's system at a Greenfield site. Under the NCRC classification of costs, there are three types of capital costs for the LNP: site selection, preconstruction, and construction. Table 2 in Appendix A breaks out these costs by classification and year, based on the testimony, exhibits and NFRs filed by PEF.

⁴ OPC Witness William Jacobs recommended that the parties and Staff work together to provide additional project information in future proceedings, but he did not recommend the disallowance of any PEF project cost as unreasonable or imprudent. (Tr. 329-30). Staff Witness Jeffrey Small further submitted observations about the various valuation methods the Company considered for the Lybass parcel, but he did not opine that any particular method should be preferred and, in any event, the prudence of that valuation decision was deferred to the 2009 proceeding, pursuant to a stipulation among the parties and approved by the Commission. (Tr. 39-40).

⁵ FIPUG demanded "strict proof" of the Company's costs in its position to several issues. See Order PSC-08-0581-PHO-EI at pp. 19, 21, 31. Pursuant to Section 366.93 and Rule 25-6.0423, PEF must prove that its costs were either prudent or reasonable. PEF has satisfied this burden.

Site Selection Costs

Pursuant to Rule 25-6.0423, F.A.C., the Company may recover site selection costs for its LNP. As defined in the Rule, site selection costs and preconstruction costs include the same types of costs. Rule 25-6.0423(2)(f), F.A.C. The difference between site selection and preconstruction costs under the Rule is when the costs were incurred. Site selection costs are incurred prior to the selection of the site. The date the site is selected is set by the Rule. That date is the date when the utility's need determination petition is filed. PEF filed its need determination petition for Levy Units 1 and 2 on March 11, 2008. See Docket 080148-EI. Thus, site selection costs were incurred before March 11, 2008, and preconstruction costs were incurred after March 11, 2008. There are no site selection costs after March 11, 2008.

Mr. Oliver explained what the major transmission site selection costs are in his pre-filed supplemental testimony. (Tr. 79-83). Mr. Roderick explained what the major generation site selection costs are in his testimony. (Tr. 259-60). These costs were also audited, subjected to review and analysis in discovery, Mr. Roderick was deposed, and Mr. Oliver and Mr. Roderick were questioned at the hearing. The evidence demonstrates the site selection costs are reasonable. There is no contrary evidence.

Preconstruction Costs

The Company may also recover preconstruction costs for the LNP. As noted above, pursuant to Rule 25-6.0423, these costs include the same types of costs as site selection costs, but preconstruction costs begin, according to the Rule, when the need determination petition is filed.

Mr. Oliver explained the types of transmission preconstruction costs in his testimony. (Tr. 83-87). On the generation side, the majority of the preconstruction costs are payments on long-lead equipment made pursuant to the Letter of Intent ("LOI") signed with the advanced

reactor vendor. (Tr. 263). Making these payments now, as Mr. Roderick explained, allows PEF to lock in certain prices and stay on schedule for the delivery of these items. (Tr. 287-88). Mr. Roderick further explained what the generation preconstruction costs are in his testimony. (Tr. 261-67). These costs were also audited, subjected to review and analysis in discovery, Mr. Roderick was deposed, and Mr. Oliver and Mr. Roderick were questioned at the hearing. The evidence demonstrates the actual costs incurred are prudent and the expected costs are reasonable. There is no contrary evidence.

Construction Costs

The Company has incurred certain LNP construction expenditures. For these costs, PEF is requesting the recovery of its carrying costs through the NCRC.

Mr. Oliver explains what the transmission construction costs are in his testimony. (Tr. 87-91). For generation, much of the 2007 construction costs were incurred to purchase the Levy site, specifically the Rayonier parcel and the Lybass parcel. (Tr. 175-181). As explained in the testimony of Mr. Garry Miller and Mr. Will Garrett, only a portion of the Lybass parcel, approximately 314 acres, has been allocated to the Levy project still under construction and is thus currently included in PEF's NCRC request. (Tr. 180-81; 361). The remainder of the Lybass land is being held for future use.⁶ (Id.). Mr. Roderick further explained the additional generation construction costs for the LNP in his testimony. (Tr. 267-75). These costs were audited, subjected to review and analysis in discovery, Mr. Roderick was deposed, and Mr.

⁶ At the hearing, Mr. Roderick was asked questions about the additional property. (Tr. 295-97). Mr. Roderick explained that the land held for future use (the portion of the Lybass parcel that is not included in this cost recovery request) may have a future use for the Levy project, such as for wetlands mitigation. (Tr. 297). However, as clarified in Mr. Garrett's rebuttal testimony, only 314 acres of the entire 2,159 acres of the Lybass parcel is included in PEF's current request. (Tr. 361).

Oliver and Mr. Roderick were questioned at the hearing. The evidence demonstrates the actual costs incurred are prudent and the expected costs are reasonable. There is no contrary evidence.

C. Other Issues

Virtually all the issues in this proceeding were stipulated to by all or most of the parties. What remains are limited issues or arguments on which there is no credible challenge to PEF's positions. Based on the competent, substantial evidence on this record and the clear language of the applicable statute and rule, PEF's positions on these remaining arguments are correct and PEF's costs should be approved respectively as reasonable and prudent.

i. The Treatment and Calculation of Revenue Requirements for Portions or Phases of Projects Coming into Commercial Service (Issues 1A and 1B)

As set forth in the Prehearing Order, in their positions on Issue 1A, PEF and Staff have agreed to allow NCRC recovery of the revenue requirements for a portion of a project that goes into commercial service for the year that the portion goes into service. A utility can then request a base rate increase for the remainder of the revenue requirements.⁷ The approach agreed upon by Staff and PEF is equitable and it creates administrative efficiency by reducing the number of separate base rate petitions and the number of changes in customer bills. None of the other

⁷ The following is the position that Staff and PEF have agreed to: Progress Energy Florida, Inc. and Florida Power & Light Company should be allowed to recover through the Nuclear Cost Recovery Clause associated revenue requirements for a phase or portion of a system placed into commercial service during a projected recovery period. The amount of revenue requirements to be recovered in the clause should be limited to the actual number of months remaining in the year that the system is placed into service. At the end of this period, costs associated with the system should be removed from clause recovery and placed into the utility's rate base. Any difference in recoverable costs due to timing (projected versus actual placement in service) should be reconciled through the true-up provision.

parties has disagreed with Staff and PEF's position. See Order 08-0581 at p. 13. The Commission should therefore adopt the position agreed upon by Staff and PEF.

Regarding Issue 1B, there should be no dispute as to how to calculate the revenue requirements for phases kept in the NCRC. Section 366.93(4) and Rule 25-6.0423(7) clearly establish how to calculate revenue requirements in this proceeding.⁸ There is no authority to determine the revenue requirements in any other way.

ii. Completion of Site Clearing (Issue 1C)

Pursuant to Section 366.93(1)(f) and Rule 25-6.0423, preconstruction costs end once the utility completes site clearing work. Staff and PEF agree that the determination of when site clearing ends for both generation and transmission for the LNP must be made on a case-by-case basis. This is consistent with Section 366.93, which defines "preconstruction" as "that period of time after a site, including any related electrical transmission lines or facilities, has been selected through and including the date the utility completes site clearing work." See Section 366.93(1)(f) (emphasis added). By definition, a site includes not only the generating unit itself, but also related transmission lines or facilities. The statute therefore clearly contemplates that a project may have several different sites, which necessarily means that site clearing will depend on the circumstances of each unique site. Any position to the contrary is unsupported by law and must fail.

⁸ Staff, PEF, and FPL, as stated in their positions to Issue 1B, agreed that either Section 366.93(4) or Rule 25-6.0423(7) should be used to determine the revenue requirements. See Order 08-0581 at p. 14.

iii. Calculation of Carrying Cost

Section 366.93(2)(b), the nuclear cost recovery statute, states that “to encourage investment and provide certainty for nuclear . . . power plant need petitions submitted on or before December 31, 2010, associated carrying costs shall be equal to the pretax AFUDC rate in effect upon this Act becoming law.” (emphasis added). PEF applied this clear legislative directive by using the pretax AFUDC rate in effect June 7, 2007 to calculate all carrying costs for inclusion in the NCRC. (Tr. 111, 118, 135, 144). FIPUG takes the position that some different rate should be used in this proceeding. Such a request, however is not based in law and is in fact contrary to Section 366.93(2)(b). It would be reversible error for the Commission to go outside its legislative authority and require PEF to calculate its carrying costs using a different rate than what is provided in Section 366.93.

iv. Recovery of PEF’s CR3 Uprate Project and LNP Costs.


During the hearing the issue of rate impact to customers was raised by various parties. (Tr. 11-13, 53-60). Section 366.93, the legislative authority that binds the Commission in this proceeding, requires that the Commission allow the recovery of prudent and reasonable nuclear project costs. The Commission can only disallow costs if there is no competent, substantial evidence that the costs at issue are either reasonable or prudent. The competent, substantial evidence demonstrates that PEF’s project costs are either reasonable or prudent. No party presented any contrary evidence. The Commission must therefore permit the recovery of all PEF’s costs in this proceeding.

E. Conclusion

For all of the foregoing reasons, and based on the virtually undisputed evidence presented at the hearing, the Commission should grant PEF's Petition for Cost Recovery through the NCRC for its CR3 Uprate and Levy Nuclear Projects.

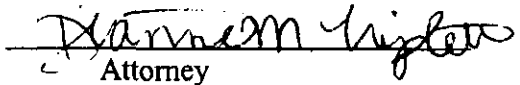
Respectfully submitted this day of September 19, 2008.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via electronic and U.S. Mail this 19th day of September, 2008.


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Progress Energy Florida, Inc.
 Post Hearing Brief
 Docket 080009
 Appendix A

TABLE 1

Levy Revenue Requirements	Site Selection	True-up (2007)	Act/Est (2008)	Projection (2009)	Total
Site Selection Revenue Req.	37,248,950	-	-	-	37,248,950
Preconstruction Revenue Req.	-	-	198,367,692	109,280,698	307,648,390
Construction Carrying Cost Rev Req.	-	1,713,284	7,551,759	30,217,903	39,482,946
Recoverable O&M Revenue Req.	671,958	-	1,355,147	1,243,114	3,270,219
DTA	(32,519)	(1,841)	(137,271)	7,165,740	6,994,109
Other Adjustments	-	-	-	-	-
Total Period Revenue Req.	37,888,389	1,711,443	207,137,327	147,907,455	394,644,614

TABLE 2

CR3 Uprate Revenue Requirements	Site Selection	True-up (2007)	Act/Est (2008)	Projection (2009)	Total
Construction Carrying Cost Rev Req.	-	925,842	6,006,160	14,587,810	21,519,812
Recoverable O&M Revenue Req.	-	-	261,632	304,128	565,760
DTA	-	3,053	63,318	332,755	399,126
Other Adjustments (1)	-	-	1,181,822	-	1,181,822
Total Period Revenue Req.	-	928,895	7,512,932	15,224,693	23,666,520

(1) This amount represents the revenue requirements associated with the MUR less the requested 2009 amount as disclosed in PEF's position on issue 1A.

TABLE 3

Total Revenue Requirements	Site Selection	True-up (2007)	Act/Est (2008)	Projection (2009)	Total
Site Selection Revenue Req.	37,248,950	-	-	-	37,248,950
Preconstruction Revenue Req.	-	-	198,367,692	109,280,698	307,648,390
Construction Carrying Cost Rev Req.	-	2,639,126	13,557,919	44,805,713	61,002,758
Recoverable O&M Revenue Req.	671,958	-	1,616,779	1,547,242	3,835,979
DTA	(32,519)	1,212	(73,953)	7,498,495	7,393,235
Other Adjustments	-	-	1,181,822	-	1,181,822
Total Period Revenue Req.	37,888,389	2,640,338	214,650,259	163,132,148	418,311,134

Source: Information
 contained in Hearing
 Exhibit 42.