

STATE OF FLORIDA

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OFFICE OF AUDITING &
PERFORMANCE ANALYSIS
(850) 413-6854

100009-EI

Public Service Commission

November 24, 2009

Mr. Paul Lewis
Progress Energy – Florida
106 E. College Avenue
Suite 800
Tallahassee, FL 32301-7740

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COMMISSION
CLERK

Mr. Lewis:

The purpose of this letter is to inform Progress Energy-Florida that the Office of Auditing and Performance Analysis is initiating an update to the 2009 audit of project management internal controls for the company's nuclear plant uprate and new construction projects. This audit is being performed at the request of the Division of Economic Regulation and will assist staff in the Nuclear Cost Recovery Clause docket (100009-EI).

As you may expect, this audit will include updating the information collected in previous year's efforts. Our focus will continue to be the documentation of operating procedures, internal controls, and other project management efforts. These topics, as well as new project developments and progress made, will be addressed in accordance with the direction given by the Commission during the September 2009 hearings.

Mr. Tripp Coston has been designated as project manager for this review. The timetable for completion of this project is not yet established, but we will discuss this as soon as possible. Mr. Coston is responsible for making sure that you are aware of our progress and that our review is independent and accurate. At the conclusion of the review, you will have an opportunity to review and respond to the report draft prior to release.

In the preliminary preparation for the review, we request that the following actions be taken by your company:

- ▶ Designate a company official to be a liaison with our staff. We suggest that this be a person capable of rendering an opinion as to the proprietary or confidential nature of the information requested by our staff. Please advise Mr. Coston of the person so designated by November 30, 2009.
- ▶ The initial data requests are provided with this letter. For clarity and ease of tracking, separate requests are included for the Crystal River 3 Extended Power Uprate project (EPU) and the Levy Nuclear Plant project (NEW). Please provide the responses to Mr. Coston by February 1, 2010. (Staff will accept partial responses prior to this date.)

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The details of providing this documentation and future document request responses can be worked out between your appointed liaison and Mr. Coston. Should the need arise to claim confidential treatment of material requested during this audit, please follow the procedure outlined in *Chapter 25-22.006 Florida Administrative Code*.

During the audit, you shall use the Document Request/Notice of Intent form to indicate any documents provided that are deemed potentially confidential. To maintain continued confidential handling of these documents at the conclusion of the audit, you must file a request for confidential classification with the Office of Commission Clerk. The request for confidentiality classification shall be filed in writing within 21 days of receipt of the draft audit report or the audit exit conference.

I would like to thank you in advance for your cooperation and for the efforts of all company personnel toward the satisfactory and expeditious completion of this review. In turn, we will make every effort possible to minimize interruptions to your schedule and to provide you with a fair and impartial review of your operations.

Please contact Tripp Coston (850) 413-6814 or Carl Vinson (850) 413-6812, if you have any questions regarding this review.

Sincerely,



Lisa Harvey, Assistant Director
Office of Auditing and Performance Analysis

Attachments

cc: Carl Vinson
Dale Mailhot
Office of Public Counsel
Tim Devlin
Cayce Hinton