

**REDACTED**

**PROGRESS ENERGY FLORIDA**  
**In re: Nuclear Cost Recovery Clause**  
**Docket 100009-EI**  
**Amended Nineteenth**  
**Request for Confidential Classification**

Exhibit B

COM \_\_\_\_\_  
APA \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
RAD \_\_\_\_\_  
SSC \_\_\_\_\_  
ADM \_\_\_\_\_  
OPC \_\_\_\_\_  
CLK \_\_\_\_\_

COMMUNICATIONS DATE  
16549 AUG -6 2  
FPSC-COMMISSION CLERK

REDACTED

PEF reasonably and prudently incurred capital preconstruction and construction costs for the LNP in the amount of [REDACTED] for 2009. The prudence of all costs incurred in 2009 have been supported by PEF's testimony and exhibits filed in this proceeding. Not a single Staff or intervenor witness contends that any of the actual costs the Company incurred for the LNP for 2009 are imprudent. Accordingly, PEF requests that the Commission approve the prudence of these costs.

PEF has also reasonably estimated and projected its capital preconstruction and construction LNP costs for 2010 and 2011, in the amount of [REDACTED] and [REDACTED] respectively. None of the Staff or intervenor witnesses identify any specific, actual/estimated 2010 or projected 2011 LNP cost that is not reasonable. The actual/estimated 2010 and projected 2011 LNP costs reflect the Company's decision regarding the LNP schedule and its focus on obtaining key state and federal permits for the LNP.

OPC witness Jacobs does assert that the Commission "might" want to consider placing "some" of PEF's proposed expenditures at risk if they believe PEF has not prudently evaluated the LNP options. But, again, Jacobs nowhere says that any of the projected 2011 LNP costs are unreasonable for any specific reason, nor does he identify any particular amount that he claims should be placed "at risk." Intervener Southern Alliance for Clean Energy ("SACE") witnesses Cooper and Gundersen argue the LNP is not feasible, that it should be cancelled, and that customers should not have to pay any "additional" costs. However, they nowhere identify in their testimony what these specific "additional" costs are that they claim customers should not pay. Moreover, they also do not challenge PEF's specific testimony that its 2011 projected costs are reasonable. Rather, they assert additional costs should not be recovered solely because they believe the LNP is not feasible. Because PEF has demonstrated that the LNP is feasible, as explained in detail in the direct and rebuttal testimony of Mr. Lyash, there is no basis for the Commission to conclude PEF's projected 2011 costs are not reasonable. Therefore, PEF requests that its actual/estimated and projected costs for the LNP be approved as reasonable and included in the Company's capacity clause factor.

Pursuant to Rule 25-6.0423(5)(c)5, PEF demonstrated the long-term feasibility of completing the LNP. The Company employed a two-step process to determine if the LNP is feasible. First, the Company employed a qualitative analysis of the technical and regulatory capability of completing the plants, the risks, and the costs and benefits of completing the Levy nuclear power plants. The second step was an updated, quantitative cumulative life-cycle net present value revenue requirements ("CPVRR") economic analysis that includes comparisons to the cost-effectiveness CPVRR analysis in the Company's need determination proceeding for the LNP described in Order No. PSC-08-0518-FOF-EI. The Company's fuels, environmental, and load forecasts in its current feasibility analysis were performed in the same manner that the same forecasts were prepared in the previously-approved feasibility analysis. These Company forecasts were further prepared in a manner that is consistent with the forecast methodology approved by the Commission in other proceedings and dockets before the Commission. The updated CPVRR indicates that the LNP is economically viable and has the potential to provide PEF and its customers with fuel and environmental cost savings over the life of the project. The LNP is also feasible from a regulatory and technical perspective. The NRC is proceeding with the AP1000 design review towards a final rule approving that nuclear reactor design and the

The net amount of -\$244,765 should be included in setting the allowed 2011 NCRC recovery. The 2009 variance is the sum of an O&M over-projection of \$9,999, under-projection of carrying charges of \$122,005 and an over-projection of adjustments of \$356,771. (Garrett, Franke).

**ISSUE 10:** What system and jurisdictional amounts should the Commission approve as PEF's reasonably estimated 2010 costs and estimated true-up amounts for the Crystal River Unit 3 Uprate project?

**PEF Position:**

Capital Costs (System) \$66,334,227; (Jurisdictional, net of joint owners) \$32,827,539.

O&M Costs (System) \$1,234,649; (Jurisdictional, net of joint owners) \$1,109,484.

Carrying Costs \$7,557,070 and a base revenue requirement of negative \$746,776.

The Commission should also approve an estimated 2010 EPU project true-up amount of \$2,379,874 to be included in setting the allowed 2011 NCRC recovery. The 2010 variance is the sum of an O&M under-projection of \$895,281, plus an under-projection of carrying charges of \$2,231,369 plus an under-projection of other adjustments of negative \$746,776. (Foster, Franke).

**ISSUE 11:** What system and jurisdictional amounts should the Commission approve as PEF's reasonably projected 2011 costs for the Crystal River Unit 3 Uprate project?

**PEF Position:**

Capital Costs (System) \$67,828,699; (Jurisdictional, net of joint owners) \$52,297,867.

O&M Costs (System) \$481,102; (Jurisdictional, net of joint owners) \$423,093.

Carrying Costs \$10,023,829 and a base revenue requirement of \$3,424,764. (Foster, Franke).

**PEF's Levy Units 1 & 2 Project**

**ISSUE 12:** What system and jurisdictional amounts should the Commission approve as PEF's final 2009 prudently incurred costs and final true-up amounts for the Levy Units 1 & 2 project?

**PEF Position:**

Capital Costs (System) [REDACTED] (Jurisdictional) \$255,963,530.

REDACTED

O&M Costs (System) \$4,500,975; (Jurisdictional) \$4,020,056.  
Carrying Costs \$36,124,710 and a base revenue requirements of \$7,619.

The net amount of \$4,192,819 should be included in setting the allowed 2011 NCRC recovery.

The 2009 variance is the sum of over-projection preconstruction costs of \$8,749,309, plus an over-projection of O&M expenses of \$911,232 plus an under-projection of carrying costs of \$13,845,741, plus an under-projection of other adjustments costs of \$7,619. (Garrett, Karp, Hardison).

ISSUE 13: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2010 costs and estimated true-up amounts for PEF's Levy Units 1 & 2 project?

PEF Position:

Capital Costs (System) [REDACTED] (Jurisdictional) \$143,951,411.  
O&M Costs (System) \$4,211,926; (Jurisdictional) \$3,687,427.  
Carrying Costs \$50,652,578.

The Commission should also approve an estimated 2010 LNP project true-up amount of \$8,121,477 to be included in setting the allowed 2011 NCRC recovery.

The 2010 variance is the sum of an under-projection of Preconstruction costs of \$11,835,352, plus an over-projection of O&M expenses of \$745,625 plus an over-projection of carrying charges of \$2,968,249. (Foster, Karp, Hardison).

ISSUE 14: What system and jurisdictional amounts should the Commission approve as reasonably projected 2011 costs for PEF's Levy Units 1 & 2 project?

PEF Position:

Capital Costs (System) [REDACTED] (Jurisdictional) \$48,464,396.  
O&M Costs (System) \$4,343,901; (Jurisdictional) \$3,823,883.  
Carrying Charges \$46,378,950. (Foster, Karp, Hardison).

**PEF's 2011 Capacity Cost Recovery Clause Amount**

ISSUE 15: What is the total jurisdictional amount to be included in establishing PEF's 2011 Capacity Cost Recovery Clause factor?

PEF Position:

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**Confidentiality Justification Matrix**

ATTACHMENT C

DOCUMENT	PAGE/LINE/COLUMN	JUSTIFICATION
Progress Energy Florida, Inc.'s Prehearing Statement	Page 12, 1 <sup>st</sup> paragraph, 2 <sup>nd</sup> line, seventh word; 2 <sup>nd</sup> paragraph, 2 <sup>nd</sup> line, first and third word from the end	§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.
Progress Energy Florida, Inc.'s Prehearing Statement	Page 19, Last paragraph, 1 <sup>st</sup> line, fourth word	§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.
Progress Energy Florida, Inc.'s Prehearing Statement	Page 20, 4 <sup>th</sup> paragraph, 1 <sup>st</sup> line, fourth word; 8 <sup>th</sup> paragraph, 1 <sup>st</sup> line, fourth word	§366.093(3)(e), Fla. Stat. The document portions in question contain confidential information relating to competitive business interests, the disclosure of which would impair the competitive business of the provider/owner of the information.