

VOTE SHEET

October 9, 2007

Docket No. 070052-EI – Petition by Progress Energy Florida, Inc. to recover costs of Crystal River Unit 3 uprate through fuel clause.

(Posthearing decision - Participation is limited to Commissioners and staff.)

**Issue 1A:** Should the Commission authorize clause recovery of the prudent and reasonable costs of the following: Phase 1 of PEF's CR3 Uprate Project?

**Recommendation:** The Commission should allow the costs of Phase 1 – the MUR costs – to be recovered through the fuel clause.

**Alternative Recommendation:** The Commission should not allow Phase 1 costs for clause recovery.

**Issue 1B:** Should the Commission authorize clause recovery of the prudent and reasonable costs of the following: Phase 2 of PEF's CR3 Uprate Project

**Recommendation:** The Commission should not allow clause recovery for Phase 2 costs. Because of the magnitude of the investment and because of the time the plant expansion is expected to go into commercial service, this request is more appropriately considered in a base rate proceeding.

**DEFERRED to the October 23, 2007, Agenda.**

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

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REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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**Issue 1C1:** Should the Commission authorize clause recovery of the prudent and reasonable costs of the following: Phase 3 of PEF's CR3 Uprate Project, including: Nuclear Core Modifications, Secondary Systems, and Other Project-related Plant Additions/Modifications ?

**Recommendation:** The Commission should not allow Phase 3 costs for clause recovery. Because of the magnitude of the investment and because of the time the plant expansion is expected to go into commercial service, this request is more appropriately considered in a base rate proceeding.

**Issue 1C2:** Should the Commission authorize clause recovery of the prudent and reasonable costs of the following: The "point of discharge" cooling solution?

**Recommendation:** The Commission should not allow PEF to recover the point of discharge costs through a recovery clause. Because of the magnitude of the investment and because of the time the plant expansion is expected to go into commercial service, this request is more appropriately considered in a base rate proceeding.

**Issue 1C3:** Should the Commission authorize clause recovery of the prudent and reasonable costs of the following: Transmission upgrades associated with the CR3 Uprate Project?

**Recommendation:** The Commission should not allow PEF to recover the transmission upgrades costs through a recovery clause. Because of the magnitude of the investment and because of the time the plant expansion is expected to go into commercial service, this request is more appropriately considered in a base rate proceeding.

**Issue 1C4:** Should the Commission authorize clause recovery of the prudent and reasonable costs of the following: Other costs associated with Phase 3 of the CR3 Uprate Project?

**Recommendation:** The Commission should not allow PEF to recover other costs associated with Phase 3 of the CR3 Uprate Project through a recovery clause. Because of the magnitude of the investment and because of the time the plant expansion is expected to go into commercial service, this request is more appropriately considered in a base rate proceeding.

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**Issue 2:** If the Commission authorizes clause recovery of the CR3 Uprate Project, which cost recovery clause, fuel or capacity, is appropriate for capitalized costs attributable to the uprate?

**Recommendation:** If the Commission finds that clause recovery is appropriate for a portion or all the CR3 Uprate Project, then the costs should be recovered through the fuel clause since the uprate is projected to generate fuel savings. If the Commission denies PEF's petition, then this issue is moot.

**Issue 3:** If the Commission authorizes clause recovery of the CR3 Uprate Project, what capital recovery periods should the Commission prescribe for the assets?

**Recommendation:** If the Commission finds that clause recovery is appropriate for Phase 1 of the CR3 Uprate Project, the capital recovery period should be one year. If the Commission finds that clause recovery is appropriate for the remaining phases of the CR3 Uprate Project, the capital recovery period should be equal to the tax depreciation lives of the assets. If the Commission denies PEF's petition, then this issue is moot.

**Issue 4:** Based on the recovery periods prescribed for the CR3 Uprate Project assets, what ratemaking adjustments, if any, are necessary?

**Recommendation:** If the recovery periods recommended in Issue 3 are approved, no ratemaking adjustments are necessary. If the Commission denies PEF's petition, then this issue is moot.

**Issue 5:** If the Commission authorizes PEF clause recovery of the CR3 Uprate Project, what return on investment should the Commission authorize PEF to include?

**Recommendation:** PEF should be allowed to earn a return on average investment at its current weighted average cost of capital. If the Commission denies PEF's petition, then this issue is moot.

**Issue 6:** If the Commission authorizes clause recovery of the CR3 Uprate Project, how should the costs associated with the project be allocated between wholesale and retail jurisdictions for rate recovery purposes?

**Recommendation:** To the extent any wholesale customers share in the costs of the upgrade, PEF should reduce the costs allocated to the retail jurisdiction accordingly. If the Commission denies PEF's petition, then this issue is moot.

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**Issue 7:** If the Commission authorizes clause recovery of the CR3 Uprate Project, what reports, if any, should PEF be required to file with the Commission?

**Recommendation:** If the Commission authorizes clause recovery of the cost of the CR3 Uprate Project, the Commission should require PEF to provide an exhibit to its testimony for the annual fuel clause hearing that will show the calculation of fuel savings, the costs of the project, and the allocation between retail and wholesale. This reporting should occur regardless of which clause, fuel or capacity, the Commission might authorize for cost recovery. (See Issue 2.) If the Commission denies PEF's petition, then this issue is moot.

**Issue 8:** Should this docket be closed?

**Recommendation:** The docket should be closed after the time for filing an appeal has run.