

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**In re: Petition to Establish  
Discovery Docket Regarding  
Actual and Projected Costs for  
Levy Nuclear Project, by Progress  
Energy Florida, Inc.**

DOCKET NO. 080149

Submitted for filing:  
May 1, 2008

**DIRECT TESTIMONY OF DALE OLIVER  
IN SUPPORT OF SITE SELECTION COSTS**

**ON BEHALF OF  
PROGRESS ENERGY FLORIDA**

R. ALEXANDER GLENN  
JOHN BURNETT  
PROGRESS ENERGY SERVICE  
COMPANY, LLC  
P.O. Box 14042  
St. Petersburg, Florida 33733  
Telephone: (727) 820-5180  
Facsimile: (727) 820-5519

JAMES MICHAEL WALLS  
Florida Bar No. 706272  
DIANNE M. TRIPLETT  
Florida Bar No. 0872431  
CARLTON FIELDS, P.A.  
Post Office Box 3239  
Tampa, FL 33601  
Telephone: (813) 223-7000  
Telecopier: (813) 229-4133

DOCUMENT NUMBER: DATE

03571 MAY-1 80

FPSC-COMMISSION CLERK

**IN RE: PETITION TO ESTABLISH DISCOVERY DOCKET REGARDING  
ACTUAL AND PROJECTED COSTS FOR LEVY NUCLEAR PROJECT BY  
PROGRESS ENERGY FLORIDA, INC.**

**BY PROGRESS ENERGY FLORIDA**

**FPSC DOCKET NO. 080149**

**DIRECT TESTIMONY OF DALE OLIVER IN SUPPORT  
OF SITE SELECTION COSTS**

**I. INTRODUCTION AND QUALIFICATIONS**

1  
2 **Q. Please state your name and business address.**

3 **A.** My name is Dale Oliver. My business address is 299 First Avenue North,  
4 St. Petersburg, Florida 33701.

5  
6 **Q. By whom are you employed and in what capacity?**

7 **A.** I am employed by Progress Energy Florida, Inc. ("PEF" or the "Company") as its  
8 Vice President, Transmission Operations & Planning. In this role, I have overall  
9 responsibility for the provision of transmission service on PEF's system, the  
10 operation of the Company's transmission system, the planning for the expansion  
11 of the PEF transmission system to meet PEF's retail and wholesale customer  
12 service requirements, and the integration of PEF's transmission system with the  
13 Florida transmission grid.

14  
15 **Q. Please summarize your educational background and work experience.**

DOCUMENT NUMBER-DALC

03571 MAY -1 08

FPSC-COMMISSION CLERK

1 A. I received a bachelor's degree in electrical engineering from Georgia Tech in  
2 1981 and an MBA from Georgia State University in 2001. Prior to assuming my  
3 current role in February, 2007, I was the Regional Vice President for PEF's South  
4 Coastal Region from October, 2005 to February, 2007, and from May 2004 to  
5 October, 2005 the Company's Regional Vice President for the South Central  
6 Region. From 2001 to 2004, I was PEF's Director of Transmission Engineering  
7 and the Director of the Company's Commitment to Excellence program. Prior to  
8 joining PEF in January 2001, I held a number of supervisory and management  
9 positions in the transmission maintenance and operations areas for the Southern  
10 Company's Georgia Power subsidiary in Atlanta, Georgia. I am a registered  
11 professional engineer in the states of Florida and Georgia.

12  
13 **II. PURPOSE AND SUMMARY OF TESTIMONY**

14 **Q. What is the purpose of your direct testimony?**

15 A. The purpose of my direct testimony is to support the Company's request  
16 for cost recovery pursuant to the nuclear cost recovery rule for the  
17 transmission portion of the site selection costs incurred prior to the  
18 Company's need determination filing on March 11, 2008, for the  
19 construction of the Company's proposed Levy Nuclear Power Plants.

20  
21 **Q. Do you have any exhibits to your testimony?**

22 A. No, I am not sponsoring any exhibits. I am, however, sponsoring portions  
23 of Schedules SS-8 through SS-8B of the Nuclear Filing Requirements ("NFRs"),

1 which are included as part of the exhibits to Lori Cross' testimony. Specifically, I  
2 am sponsoring those portions, related to transmission, of Schedule SS-8, which is  
3 a list of the contracts executed in excess of \$1.0 million. Accordingly, I sponsor  
4 pages 5 and 6 of Schedule SS-8A in both Exhibits No. \_\_ (LC-4) and (LC-5),  
5 which reflects details pertaining to the contracts executed in excess of \$1.0  
6 million. I am also sponsoring those portions, related to transmission, of Schedule  
7 SS-8B, which is a list of the contracts executed in excess of \$200,000.

8 All of the portions of these schedules, which I sponsor, are true and  
9 accurate.

10  
11 **Q. Please summarize your testimony.**

12 **A.** The Company incurred site selection costs prior to filing its need  
13 determination on March 11, 2008 to begin the design and corridor  
14 selection for the transmission lines necessary to support Levy Units 1 and  
15 2. PEF needed to enter into these contracts in 2007, and perform this work  
16 in 2008, to maintain the licensing and construction schedule to  
17 successfully bring Levy Unit 1 into commercial service in 2016. As  
18 demonstrated in this testimony, in my testimony filed simultaneously in  
19 this docket in support of the actual/estimated and projection NFR  
20 schedules, and in the site selection NFR schedules attached to Ms. Cross'  
21 testimony, PEF took adequate steps to ensure these site selection costs  
22 were reasonable and prudent. PEF negotiated favorable contract terms  
23 under the then-current market conditions and circumstances.

1 For all the reasons provided in these testimonies and in the NFR  
2 schedules, the Commission should approve PEF's site selection costs,  
3 related to transmission, incurred prior to March 11, 2008 as reasonable  
4 and prudent pursuant to the nuclear cost recovery rule.  
5

6 **III. SITE SELECTION COSTS INCURRED PRIOR TO**  
7 **MARCH 11, 2008 FOR LEVY NUCLEAR PLANT**  
8

9 **Q. Did PEF incur any transmission-related costs prior to March 11, 2008**  
10 **for its Levy Nuclear Project?**

11 **A.** Yes, PEF incurred site selection costs to determine the location of the  
12 transmission corridor in support of the Combined Operating License Application  
13 ("COLA") and to begin conceptual design of the substation and transmission  
14 facilities. Levy Units 1 and 2 are scheduled to be built at a site selected in Levy  
15 County, Florida for commercial service in 2016 and 2017, respectively.  
16

17 **Q. Have you filed other testimony in this docket?**

18 **A.** Yes, simultaneous with the filing of this testimony, I have filed testimony  
19 in support of the transmission portion of the Company's actual/estimated and  
20 projected costs for the Levy Nuclear Project. In that testimony, I explained the  
21 prudence and necessity of the costs incurred from March 12, 2008 to March 31,  
22 2008 for the selection of the transmission corridor and conceptual designing of the  
23 substation and transmission facilities. The Company incurred the same categories

1 of costs, in 2007 and 2008, prior to the Company filing the petition need  
2 determination on March 11, 2008. The Company incurred \$3.4 million in site  
3 selection costs for these categories. Thus, for the reasons stated in my testimony  
4 in support of the actual/estimated and projected costs, the Company's site  
5 selection costs, related to the selection of the transmission corridor and conceptual  
6 designing of the substation and transmission facilities, for 2007 and 2008 are  
7 reasonable and prudent.

8  
9 **Q. Does your simultaneously-filed testimony also provide details regarding the**  
10 **executed contracts for the selection of the transmission corridor and conceptual**  
11 **designing of the substation and transmission facilities?**

12 **A.** Yes, in my testimony supporting the Company's actual/estimated and  
13 projected costs, I describe the Golder Associates, Inc. ("Golder") contract, as well as  
14 the conceptual designing contract with Power Engineers, Inc. Details regarding these  
15 contracts are also provided in Schedules SS-8 and SS-8A, which are part of Exhibits  
16 No. \_\_ (LC-4) and (LC-5). The contracts are listed in these schedules for 2007 and  
17 for 2008. For the reasons provided in my simultaneously-filed testimony, and for the  
18 reasons in the site selection schedules, the contract terms, as well as the site selection  
19 costs incurred pursuant to those contracts, are reasonable and prudent.

20  
21 **Q. What did the Company incur, for 2007 and 2008, in site selection costs**  
22 **to select the transmission corridor and for conceptual designing of**  
23 **substation and transmission facilities?**

1 A. The Company incurred \$2.5 million in site selection costs in 2007 and  
2 \$0.9 million for 2008. In addition to the costs incurred pursuant to the Golder and  
3 Power Engineers contracts, PEF incurred costs to determine the expected impact  
4 of the Levy Nuclear Project on the Florida transmission system and to determine  
5 the initial scope of the expected necessary system upgrades and additions  
6 necessary to accommodate the additional power. These costs were incurred to  
7 support the COLA and the Site Certification Application from the Department of  
8 Environmental Protection. The Company had to incur these costs to ensure that  
9 the necessary transmission infrastructure is in place prior to the expected  
10 commercial in-service dates for the Levy units. Thus, these site selection costs  
11 are reasonable and prudent.

12  
13 **Q. To summarize, were all the transmission-related site selection costs**  
14 **that the Company incurred prior to filing its need petition on March 11, 2008 for**  
15 **the Levy Nuclear Project reasonable and prudent?**

16 A. Yes, the specific cost amounts contained in the schedules, which are  
17 attached as exhibits to Ms. Cross' testimony, reflect the reasonably and  
18 prudently incurred transmission-related costs which are described above  
19 for the Levy Nuclear Project work prior to March 11, 2008.

20  
21 **Q. Does this conclude your testimony?**

22 A. Yes, it does.  
23