

**BEFORE THE PUBLIC SERVICE COMMISSION**

In re: Environmental cost recovery clause.

Docket No. 080007-EI

Dated: July 14, 2008

**PROGRESS ENERGY FLORIDA, INC.'S PRELIMINARY  
LIST OF NEW PROJECTS FOR COST RECOVERY**

PROGRESS ENERGY FLORIDA, INC., ("PEF"), hereby submits the attached preliminary list of new projects for which PEF seeks cost recovery under the Environmental Cost Recovery Clause.

RESPECTFULLY SUBMITTED this 14th day of July, 2008.

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to all counsel of record and interested parties as listed below by e-mail and regular U.S. mail this 14th day of July, 2008.

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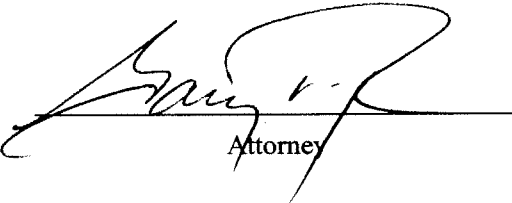
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1. **Low Level Radioactive Waste Storage Project**

a. **Brief Description of Project:** PEF seeks approval to recover the future capital and operating costs that PEF will incur in implementing its new Low-Level Radioactive Waste (“LLW”) Storage Project. LLW is a byproduct of the process of generating electricity at nuclear power plants, such as PEF’s Crystal River Unit 3 (CR3). Until recently, PEF has disposed of Class B and C LLW from CR3 at the Barnwell Low-Level Radioactive Waste Disposal Facility in Barnwell County, South Carolina. Effective June 30, 2008, however, PEF is no longer able to dispose of LLW at Barnwell because of recent changes to South Carolina environmental law.

The Nuclear Regulatory Commission (“NRC”) allows LLW to be stored on-site at licensed power generation facilities such as PEF’s Crystal River site, but it must be stored in a manner prescribed by NRC regulations to prevent radiation exposure. PEF is in the process of evaluating LLW storage options at the Crystal River site. Specific activities to be conducted in 2009 include the initial purchase of five storage containers, as well as engineering and environmental analyses to determine where these storage containers will be located and to determine whether a separate on-site storage facility is needed. In addition, depending upon the results of the initial analyses, PEF may need to conduct additional engineering, licensing and training activities. If PEF decides to construct a separate on-site storage facility, construction could commence in late 2009.

b. **Laws/Regulations Requiring Compliance Activity:** The activities described above are required to comply with the following governmentally imposed environmental regulations: (a) Title 48, Chapter 46 of South Carolina Statutes, which prohibits the South Carolina Budget and Control Board from authorizing the disposal of non-regional LLW at the Barnwell LLW Disposal Facility; and (b) NRC regulations at 10 C.F.R. Part 20, which prescribe standards for protection against radiation exposure.

c. **No Base Rates Recovery:** There were no costs for the LLW Storage Project included in the MFRs that PEF filed in its most recent ratemaking proceeding (Docket No. 050078-EI). Therefore, the costs for the LLW Storage Project are not recovered in base rates. Any new costs that are incurred under this project will be offset by the savings that result from terminating shipments to Barnwell County.

d. **Preliminary Cost Estimates:** PEF’s preliminary cost estimates for the LLW Storage Project in 2009 include approximately \$300,000 for the initial purchase of five storage containers and approximately \$150,000 for additional engineering, licensing and/or training activities. PEF’s preliminary cost estimate for constructing a separate on-site LLW storage facility is approximately \$4 million. Preliminary estimates of the annual costs of maintaining the storage area range between \$20,000 to \$40,000 depending upon the location selected. In future years, PEF also will need to purchase additional storage containers.

## 2. Crystal River Thermal Discharge Compliance Project

a. **Brief Description of Project:** PEF seeks approval to recover the future capital and operating costs that PEF will incur in implementing a permanent solution for the thermal discharge compliance issue previously addressed in Docket No. 060162-EI. In that docket, the Commission approved recovery of costs associated with installation and operation of leased Modular Cooling Towers to maintain compliance with thermal discharge limit in the Florida Department of Environmental Protection (FDEP) industrial wastewater discharge permit for Crystal River Units 1, 2 and 3 (CR1,2&3). See Order No. PSC-07-0722-FOF-EI (Sep. 5, 2007). Consistent with PEF's petition and the final order in Docket No. 060162, PEF has continued to evaluate the long term nature and extent of the issue associated with increased inlet water temperatures that triggered the need for additional cooling capacity to maintain compliance with the FDEP permit while minimizing derates of CR1,2&3. The Project's study phase recommendation is to install a 12 cell circular cooling tower and expand the number of Helper Cooling Tower (HCT) cells. The activities to be conducted in 2009 primarily include engineering, design and procurement of equipment (e.g., lift pumps, fabricated steel, dual flow screens, cooling towers, piping, valves, switchgear and storage facility). PEF also expects to incur project and construction management costs. This work will be done in conjunction with the installation of additional cooling capacity needed to accommodate the CR3 Uprate project. However, PEF only seeks ECRC recovery of the costs attributable to replacement of the Modular Cooling Towers.

b. **Laws/Regulations Requiring Compliance Activity:** As recognized in Order No. PSC-07-0722-FOF-EI issued in Docket No. 060162-EI, the additional cooling capacity is required to maintain compliance with the thermal discharge limit in the CR1&2 industrial wastewater discharge permit whose effect was triggered by the unanticipated high inlet water temperatures, which were not fully analyzed until after PEF's last ratemaking proceeding in Docket No. 050078-EI.

c. **No Base Rates Recovery:** As the Commission found in Order PSC-07-0722-FOF-EI issued in Docket No. 060162-EI, no costs for the additional cooling capacity needed to maintain compliance with of the above mentioned permit limits were included in the MFRs that PEF filed in its most recent ratemaking proceeding. Therefore, the costs are not recovered in base rates.

d. **Preliminary Cost Estimates:** PEF Personnel are in the process of refining cost estimates for the Project. PEF currently estimates that approximately 58% of the cost of entire Project is attributable to replacement of the leased Modular Cooling Towers. The remainder of the project costs will be attributable to the CR3 Uprate project. PEF will provide cost estimates for the project in its projection testimony due on August 29, 2008.