

FLORIDA PUBLIC SERVICE COMMISSION  
AUDIT DOCUMENT/RECORD REQUEST  
NOTICE OF INTENT

TO: Maritza Iacono

UTILITY: Progress Energy - Florida

FROM: Vinson

REQUEST NUMBER: DR-3

DATE OF REQUEST: 4/08/08

AUDIT PURPOSE: Nuclear Controls Review

REQUEST THE FOLLOWING ITEM(S) BE PROVIDED BY: 4/21/08

REFERENCE RULE 25-22.006, F.A.C., THIS REQUEST IS MADE:  INCIDENT TO AN INQUIRY

OUTSIDE OF AN INQUIRY

ITEM DESCRIPTION:

Levy Units 1 and 2

1. a. Please provide current copies of all project planning documents for Levy Units 1 and 2.  
b. Please list and describe the planning and design documents and/or systems used to support, develop and maintain the project plan for Levy Units 1 and 2.
2. a. Please provide current copies of all project management documents for the Levy Units 1 and 2.  
b. Please list and describe the project management documents and/or systems used to track work completion and schedule status for Levy Units 1 and 2.
3. a. Please provide current copies of all contractor evaluation and quality assurance documents for Levy Units 1 and 2.  
b. Please list and describe the contractor evaluation and quality assurance documents and/or systems used to assess contract compliance, work completion and quality assurance for Levy Units 1 and 2.
4. a. Provide an organizational chart of the organizations and work units responsible for completing Levy Units 1 and 2, including the names of key managers in place.  
b. Provide a description of the primary responsibilities for each group involved in the projects' completion.  
c. Provide the number of employees in each group.
5. Provide copies of the purchasing, bidding, and contracting procedures applicable to Levy Units 1 and 2.
6. Provide copies of any project management procedures applicable to Levy Units 1 and 2.
7. a. Please list and describe all reporting mechanisms used to provide project status reports and updates to company management, corporate Board of Directors and joint owners.  
b. Please provide copies of all Board of Directors and managing committee meeting minutes that pertain to Levy Units 1 and 2.
8. Provide a list of all internal or external audits of Levy Units 1 and 2 planned for the period 2008-2010.
9. Please provide copies of all scoping studies and feasibility studies regarding the construction of Levy Units 1 and 2.
10. Please provide a recap and description of Levy County Units 1 and 2 planning, history, and work accomplished to date.
11. a) Please provide a description of the status of service and/or materials contracts for Levy Units 1 and 2. Please include descriptions of any negotiations that have not yet resulted in bids or contracts.  
b) Please provide copies of all executed service and/or materials contracts and addendums for Levy Units 1 and 2.  
c) Please provide copies of all sole-source or single-source justification explanations for any applicable Levy Units 1 and 2 contracts.
12. Please provide copies of any RFPs issued by PEF for Levy Units 1 and 2 and any RFP responses, bids or proposals received from potential contractors or suppliers.

undktf  
REDACTED

Carl Vinson  
AUDIT MANAGER

COM  
ECR  
GCL  
OPC  
RCP  
SSC  
SGA  
ADM  
CLK

DOCUMENT NUMBER-DATE  
06583 JUL 29 08  
FPSC-COMMISSION CLERK

13. Please provide a description and timeline of planned 2008 Levy Units 1 and 2 activities, events, work and milestones.
14. Please provide a description and timeline of NRC and other regulatory applications, approvals, and certifications that are required for Levy Units 1 and 2 over the period 2008-2010.
15. Please provide a description of how the company plans to coordinate the activities and workloads for the CR3 uprate project with those of Levy Units 1 and 2 construction projects. Include discussion of whether the management and support organizations may be involved in both projects, either simultaneously or phased from one to the other during later stages.

TO: AUDIT MANAGER Carol Rinson

DATE: 4/22/08

THE REQUESTED RECORD OR DOCUMENTATION:

- (1)  HAS BEEN PROVIDED TODAY
- (2)  CANNOT BE PROVIDED BY THE REQUESTED DATE BUT WILL BE MADE AVAILABLE BY \_\_\_\_\_
- (3)  AND IN MY OPINION, ITEMS(S) La Centrale IS (ARE) PROPRIETARY AND CONFIDENTIAL BUSINESS INFORMATION AS DEFINED IN 364.183, 366.093, OR 367.156 F.S. TO MAINTAIN CONTINUED CONFIDENTIAL HANDLING OF THIS MATERIAL, THE UTILITY OR OTHER PERSON MUST, WITHIN 21 DAYS AFTER THE AUDIT EXIT CONFERENCE, FILE A REQUEST FOR CONFIDENTIAL CLASSIFICATION WITH THE DIVISION OF COMMISSION CLERK AND ADMINISTRATIVE SERVICES. REFER TO RULE 25-22.006, F.A.C.
- (4)  THE ITEM WILL NOT BE PROVIDED. (SEE ATTACHED MEMORANDUM)

SIGNATURE AND TITLE OF RESPONDENT

Maritza N. Lacono  
Supervisor - Regulatory Planning

- 13. Please provide a description and timeline of planned 2008 Levy Units 1 and 2 activities, events, work and milestones.
- 14. Please provide a description and timeline of NRC and other regulatory applications, approvals, and certifications that are required for Levy Units 1 and 2 over the period 2008-2010.
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SIGNATURE AND TITLE OF RESPONDENT

Maritza N. Lacono  
Supervisor - Regulatory Planning

**LNP Integrated Master Plan  
REDACTED**

Levy Phase – Price Finalization  
Pages 1 through 3  
REDACTED

LNP COLA – PEF R-16A  
Pages 1 through 2  
REDACTED

# Baseload Transmission Project

February 15, 2008

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Progress Energy Florida  
Annual Kickoff Meeting

# Baseload Transmission Project

- Project Overview
- Estimate of Funding Requirements
- Key Milestones
- Project Risks and Mitigation

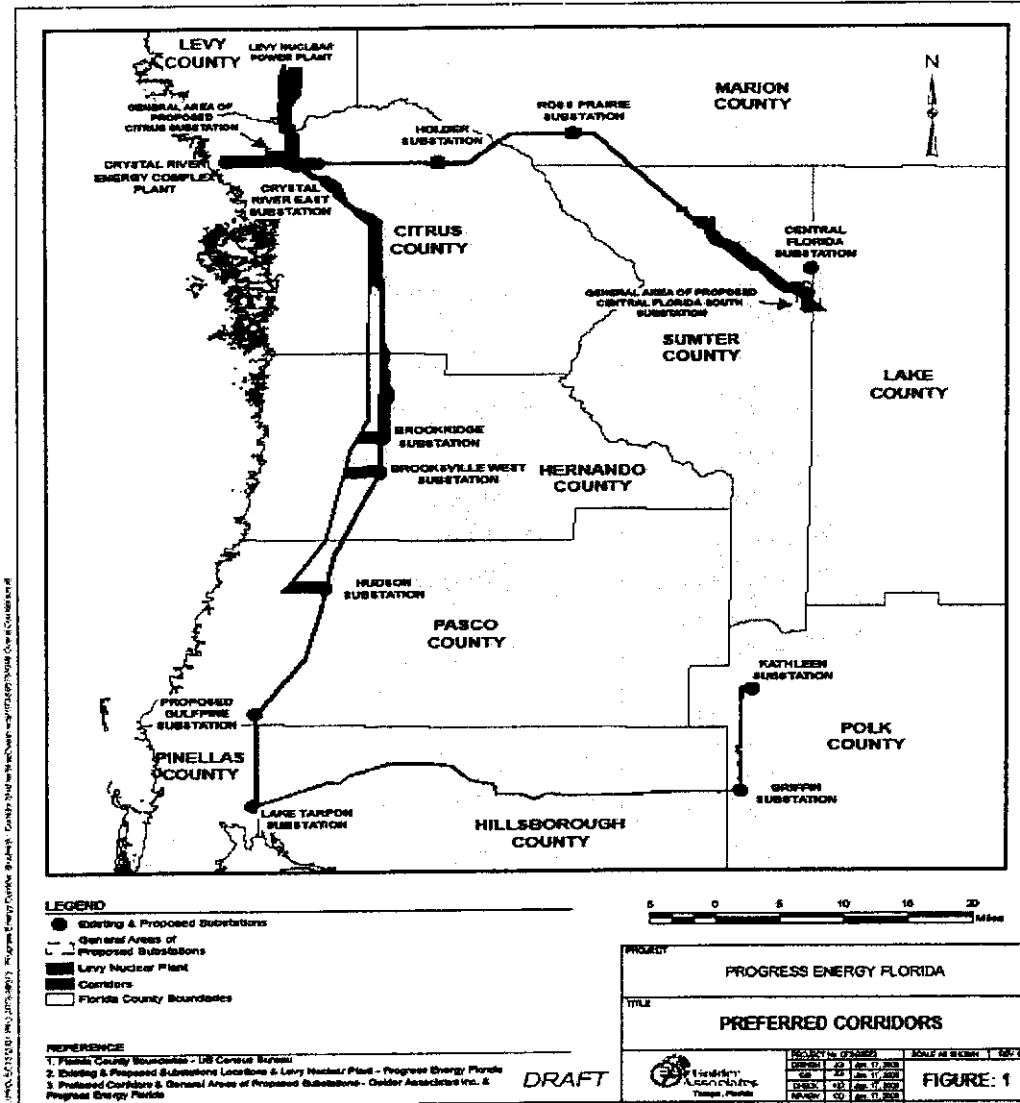


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## F Option Corridor Map

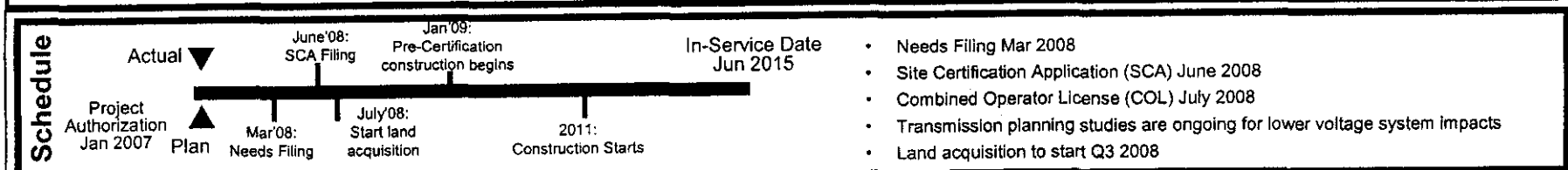
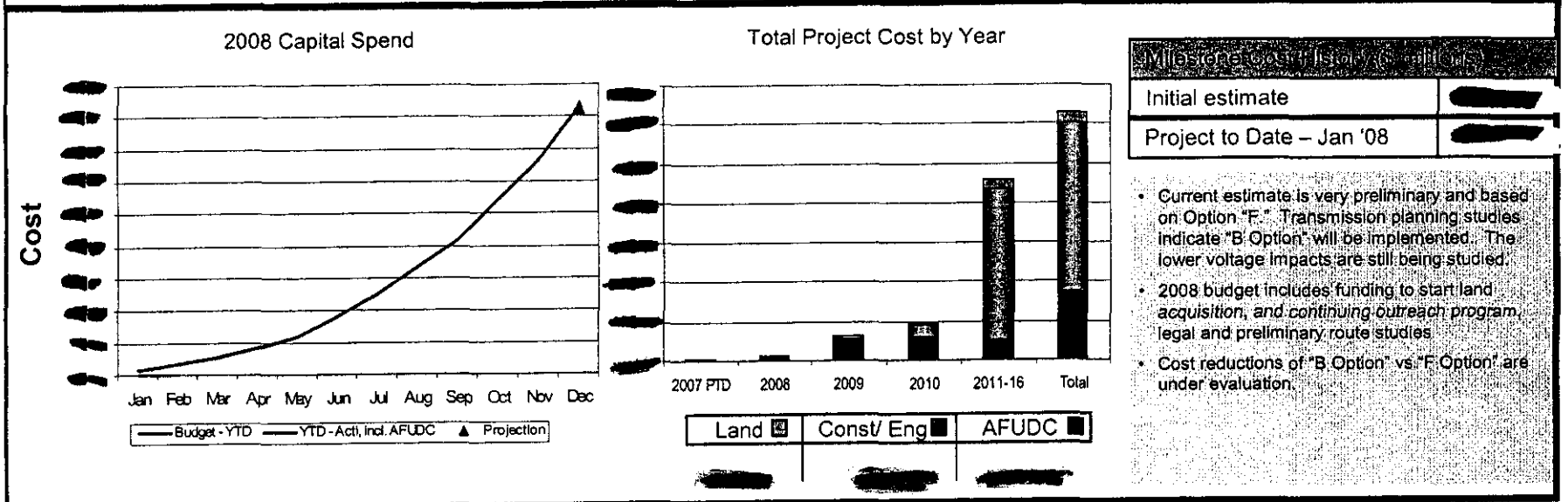
1. Two new 500/230kV Subs
2. 91-163 miles of 500 kV lines
3. 50-88 miles of 230 kV lines
4. Upgrades to 5 exist. Trans Subs
5. Two new Distribution Subs
6. 260-225 Miles of low voltage line integration upgrades and several breaker and transformer change outs

\* Differences in line lengths represents the difference between Option B and Option F



## Levy Nuclear Plant Transmission

In support of the Levy Nuclear Plant generation expansion, this project adds approximately 170 miles of new 500 kV & 230 kV transmission lines, two new 500/230 kV substations, two new 69/13 kV substations and the expansion of five existing substations.



### Required Third Party Approvals

• Fla PUC Needs Filing	Mar 2008
• Site Certification Application	Jun 2008
• Combined Operator License	Jul 2008
• Federal & State Licensing Permits	TBD
• Florida Reliability Coordinating Counsel	TBD

### Issue/Impact

Issue	Impact/Action
• Acquisition of right of way in timely manner	• Work with public through outreach program on route benefits; determine sensitive areas to mitigate in advance
• Transmission routing – length & location may raise public concerns	• Challenge of filling recently approved positions with qualified personnel
• Resource management	• Associated transmission facility cost recovered under Nuclear Cost Recovery Act
• Cost recovery	

# Progress Energy Florida

## Levy Transmission

(\$ in millions)

REDACTED

	2007	2008	2009	2010	Total Proj
Fall 2007 Planning/ Approved Budget	██████	██████	██████	██████	██████
<b>Feb 2008 Estimate</b>	██████	██████	██████	██████	\$2,400
Net Change	-	██████	██████	██████	██████
Estimated AFUDC	-	██████	██████	██████	██████

### Notes

- The February 2008 estimate is under review; the preliminary amount shown is the basis for the anticipated March 1, 2008 needs filing and is based on Option 'F'
- 2007 Actuals reflect ~██████ allocated to Transmission for Lybass land purchase
- Increase in 2009/2010 planning includes impact of accelerating work at Crystal River site to coincide with planned outages
- Overall increase in estimate primarily due to a) scope changes and b) additional upgrades and construction needs identified in January 2008 low-voltage study

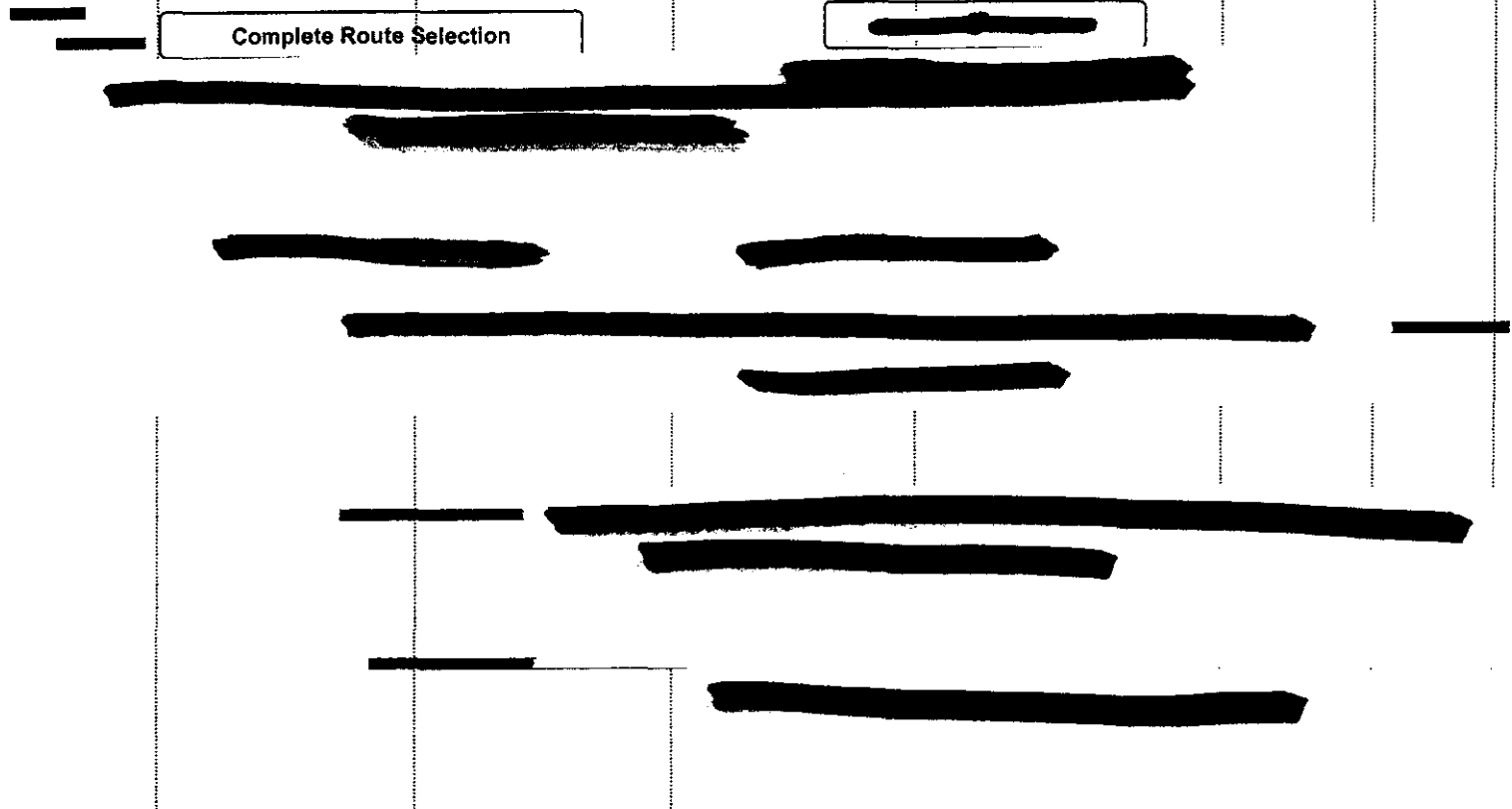
REDACTED

# Key Milestones

2008		2009				2010				2011				2012				2013 -2015		
Q1-2	Q3-4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	'13	'14	'15

Submit Site Certification Application

Complete Route Selection



# Baseload Transmission Project Key Risks

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**Risk 1 – Scope Change**

- Impact to Schedule
- Impact to Cost

**Risk 2 – Eminent Domain**

- Impact to Schedule
- Impact to Cost

**Risk 3 – Grassroots Campaign**

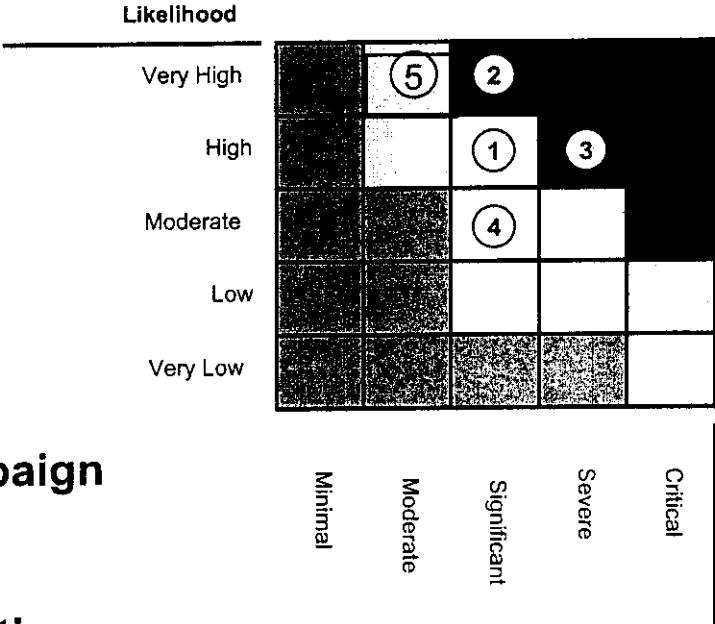
- Impact to Schedule
- Impact to Cost

**Risk 4 – Licensing/Permitting**

- Impact to Schedule

**Risk 5 – Early Construction/Acquisition**

- Stranded cost



Consequence

# Baseload Transmission Project

## Key Risks

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### **Risk 1 : Scope Change**

#### **Risk Description / Status**

Transmission grid requirements change with generation and demand requirements. Scope is based on 2017 projections that are likely to change over the next 9 years potentially changing the present scope requirements.

#### **Impact**

Transmission scope could change significantly raising or lowering estimated costs. Significant changes in scope could also adversely impact schedules.

#### **Response/Plan**

- (1) Conservative cost estimates with contingency
- (2) Continuous adjustments to planning models
- (3) Close coordination between Transmission Planning and the Levy Project team.
- (4) Initial scope should be flexible and robust allowing for change.

# Baseload Transmission Project

## Key Risks

REDACTED

### Risk 2: Eminent Domain

#### Risk Description / Status

Potential for eminent domain. With the need to acquire land rights across approximately 4000-5000 parcels required ( F Option) even a small percentage of the these land rights requiring an order of taking could over burden the courts, attorneys and support staff.

#### Impact

Potential for significant project delays and increased costs due to litigation, attorney and expert witness fees.

#### Response/Plan

[REDACTED]

# Baseload Transmission Project

## Key Risks

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### Risk 3: Grassroots Campaign

#### Risk Description / Status

Risk of an organized grassroots campaign opposing the Levy project developing and intervening in licensing and permitting activities. Potential for influence at a regulatory, political and community level.

#### Impact

Potential for project delays and cost increases

#### Response/Plan

Focused outreach and communication plans with regulators, local officials, community leaders, communities and media. Ensure that communications are as transparent and open as possible and that messages are controlled, consistent and accurate .



# Baseload Transmission Project

## Key Risks

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### Risk 4: Licensing and Permitting

#### Risk Description / Status

Delays in receiving State or Federal licensing approval or failure to receive approval to conduct some early construction activities prior to final licensing approval.

#### Impact

Delays in receiving licensing approval could limit the amount of land acquisition that can be completed. Delays in permitting would also put a larger amount of expenditures at risk. Inability to get early construction approval would create schedule delays. (For transmission this affects construction site power)

#### Response/Plan

(1) Stage work to minimize pre-licensing expenditures (2) Make use of RE options (3) Negotiate with regulatory agencies on early permitting requirements (4) Apply dedicated permitting resources to the Levy project. (5) Investigate methods of providing additional resources for agency review.

# Baseload Transmission Project

## Key Risks

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### Risk 5 – Early Construction/Acquisition

#### **Risk Description / Status**

Some early construction and land acquisition will be required prior to the receipt of State or Federal licensing. The amount is dependent on when licensing is approved.

#### **Impact**

Costs impacts/non-recoverable costs if licensing is not approved.

#### **Response/Plan**

(1) Stage work to minimize pre-licensing expenditures (2) Make use of RE options (3) Negotiate with regulatory agencies on early permitting requirements

# Baseload Transmission 2008 Risk Response Matrix

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## Risk ID

(1) U.S. Army Corps of Engineers (USACOE)/Early Permitting (Likelihood of not receiving variance)

(2) Suncoast Parkway II  
(Likelihood of not achieving agreement)

(3) Early Property & ROW Acquisition  
(Consequence of not starting early)

Likelihood	Consequence				
Very High	Minimal	Moderate	Significant	Severe	Critical
High					
Moderate		1			
Low			2		
Very Low			3		

# Baseload Transmission 2008 Risks

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## **Risk 1: ACOE/Early Permitting**

### **Risk Description**

Early permitting is required for infrastructure to support plant construction ( access roads, rail, site const. power) prior to receipt of State and Federal licensing.

### **Impact**

Potential to delay project schedule. USACOE requirements could require detailed transmission routes, centerlines and identification of specific impacts as well as the an Environmental Impact Statement (EIS).

### **Response/Plan**

Environmental is working with USACOE and FDEP on an alternate strategy that will allow a less defined alignment and provide reasonable worst case impacts. GT&C evaluating strategies for accelerating specific route studies. Impact is more to Plant construction.

# Baseload Transmission 2008 Risks

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## Risk 2: Suncoast Parkway II

### Risk Description

Florida Turnpike Authority is planning the extension of the above toll road ( Scenic Hwy). Their planned alignment is adjacent to current preferred corridor and will impact our planned substation property (presently owned by PEF).

### Impact

Potential for project delays and litigation.

### Response/Plan

GT&C and Legal have had meetings with the Turnpike and are working on opportunities for collocation and compatible use. A memorandum of understanding will be developed to memorialize the specifics of our agreements.

# Baseload Transmission 2008 Risks

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## Risk 3: Early Property Rights Acquisition

### Risk Description

Planned and continued development of proposed substation and transmission line right of way is expected. Land rights across approximately 4000-5000 parcels (F option) will be required. Later / shorter ROW acquisition schedule could increase the amount of eminent domain.

### Impact

Increase in overall project costs and potential for more litigation as well as potential for project delays.

### Response/Plan

Recommend acquisition activities to begin in 2008 for substation sites and strategic right of ways. Will make use of options where appropriate.

# Transmission Baseload Land Acquisition

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- Final routes are estimated to cross 4000 to 5000 parcels where land rights will be required
- This will require the acquisition of fee title or easement of approximately 2000 acres of land

# Baseload Transmission Public Outreach

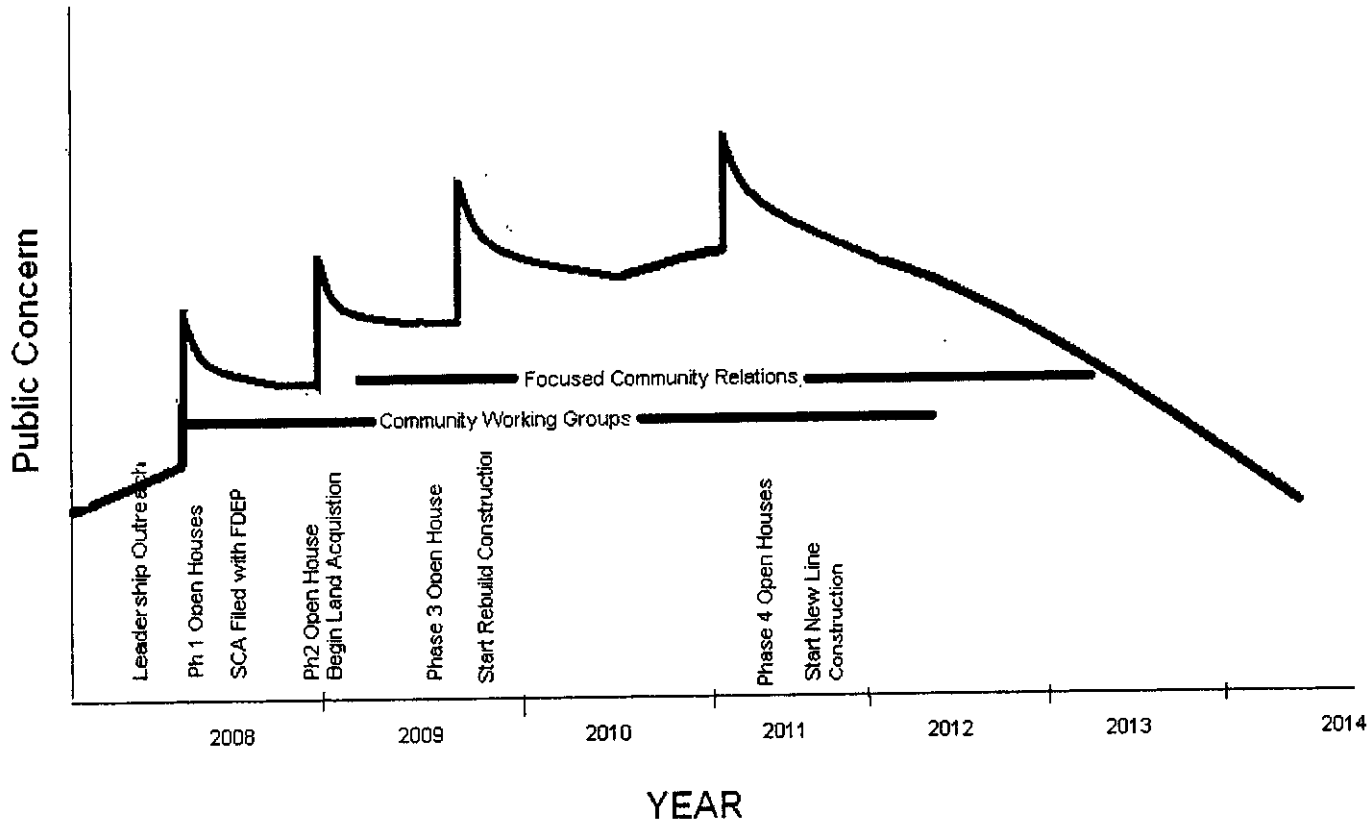
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- **July 2007** – Began an innovative outreach process to engage the public early in planning process
  - ▶ Formed Leadership Teams of community leaders from 10 counties
- **Aug/Sept 2007** – Conducted 3 regional two-day conferences with more than 100 community stakeholders from 10 counties
  - ▶ Considered key energy issues for their communities
  - ▶ Provided PE detailed input on potential corridors
- **Jan 2008** - Community Working Groups for the three regional areas have been established
  - ▶ Assist PE in ongoing corridor planning and community outreach
- **Feb/March 2008** – Open houses in 10 counties. Approximately 115,000 direct mailings to property owners, business and community leaders and other stakeholders



# Baseload Transmission Public Concern

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# Baseload Transmission Option B vs. F

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March 7, 2008



# Baseload Transmission Planning Studies

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**2005/2006 (Navigant)** – High level screening analysis to determine optimal location for generation site

**1/07-6/07 (TRC Solutions)** – Focus on high level transmission solution options including 765 kV/345 kV conversions, HVDC and 500 kV. The 500 kV addition option was deemed preferred option → F2 Option.

**6/07-2/08 (ABB)** – Fine tuning of the 500 kV option. Optimization of 500kV and 230 kV system releasing 1100 MW of transmission capacity. BF1B1B option (“B” Option) was recommended. A modified F2 Option (“F” Option) was also evaluated.

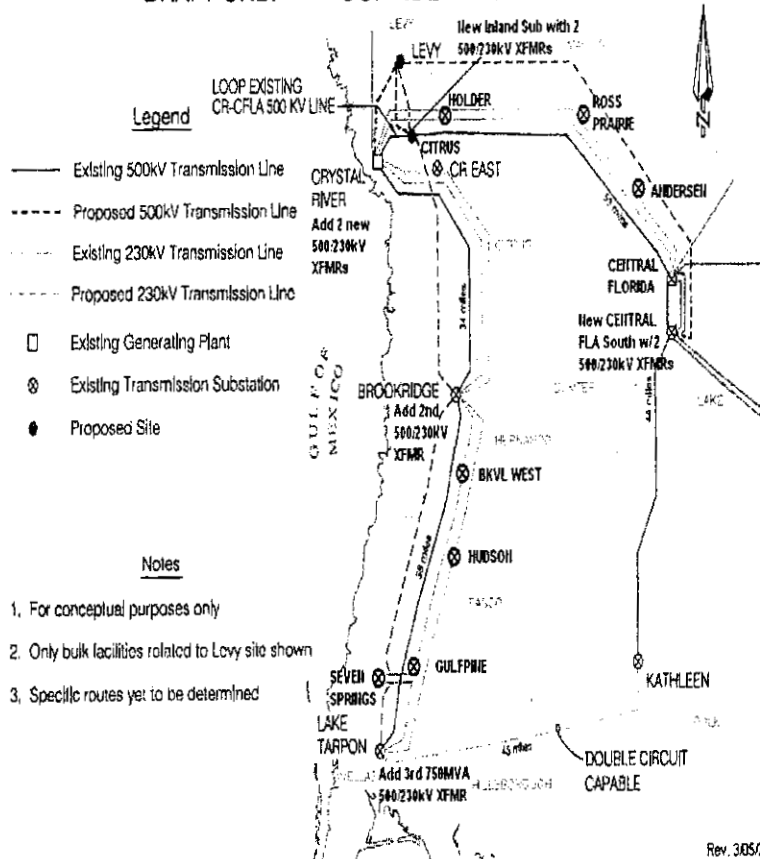
**2/08 -3/08 (PEF)** – PEF Regional Planners evaluated B and F Options for underlying grid impacts ( Integration Projects).

**Present (EPRI)** – Third party review of Planning and Corridor Studies.

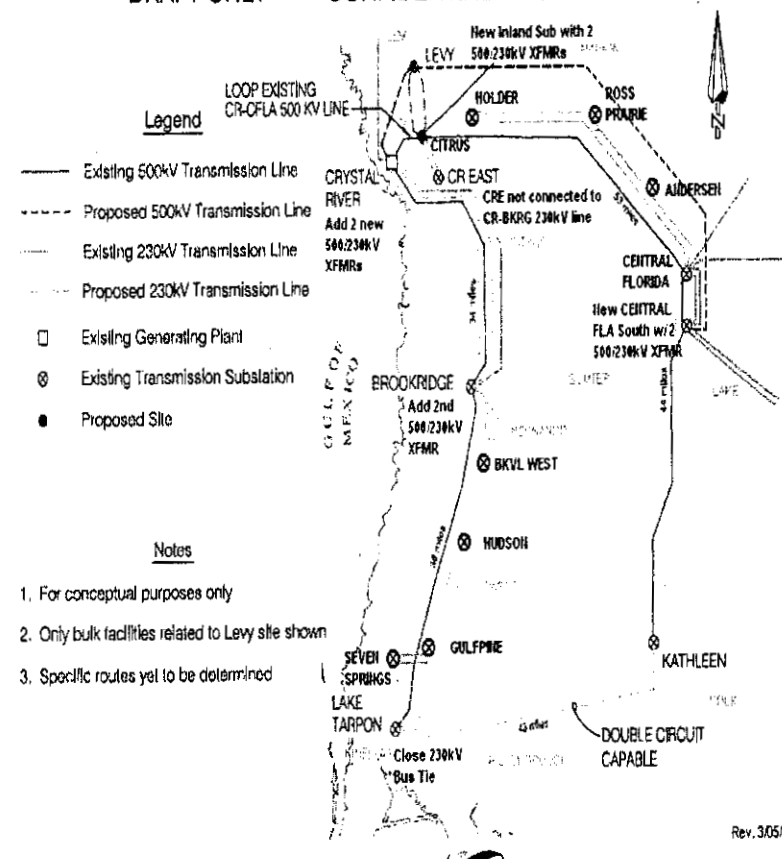
# Baseload Transmission Option B vs. F

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LEVY 500 kV & 230 kV CONNECTIONS  
DRAFT ONLY -- CONFIDENTIAL -- OPTION F



LEVY 500 kV & 230 kV CONNECTIONS  
DRAFT ONLY -- CONFIDENTIAL -- OPTION BF1B1B



# Baseload Transmission Option B vs. F

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	Option F	Option B
Miles of New 500 kV Line	163	91
Miles of New 230 kV Line	50	83
New Transmission Subs	2	2
New Distribution Subs	2	2
Number of Sub Expansions	4	5
Integration Line Rebuild Miles	225	260

# Baseload Transmission Integration Projects

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REDACTED

- Regional Studies
- Approximately 50-60 projects depending on Option
- Class 5 Estimate – Conceptual Screening
- Option B = [REDACTED] Option F = [REDACTED]
- NERC Category
  - B = Single Contingency
  - C2 = Breaker Failure
  - C5 = Double Contingency

# Baseload Transmission Option B vs. F

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## Evaluation Criteria

**Cost** – Total estimated cost of the options is based on the overall estimated cost ( Class 4 Estimate) of the project including the underlying grid projects.  
Note: Underlying grid ( Integration) projects estimated at Class 5 level.

**Reliability** – Review and comparison of options performance under contingency scenarios required under NERC double contingency criteria.

**Flexibility/Long Term Solution** - ability of option to remain viable through the duration of the project assuming that new generation will enter the queue and demand will change. This was tested through multiple dispatch scenarios.

**Ability to Succeed** – Qualitative comparison of options difficulty in licensing, permitting, land acquisition and constructability.

# Baseload Transmission Cost

REDACTED

- Option B

**Cost** [REDACTED]

The total cost estimate for Option B is significantly less than for Option F due to the elimination of some 500 kV lines and land acquisition.

- Option F

**Cost** [REDACTED]

Option F has a higher overall cost when the integration projects are included. Integration projects are approximately [REDACTED] lower for Option F

*Class 4 Study Feasibility L: -30% , H: +40%*

*\*Estimate does not include switchyard costs; these costs are included in the Levy Plant estimate*



# Baseload Transmission Reliability

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- Option B

Option B satisfies NERC double contingency criteria and was studied under multiple NERC contingency scenarios.

- Option F

Option F satisfies NERC double contingency criteria and was studied under multiple NERC contingency scenarios.

For this criteria the two options are essentially equivalent.

# Baseload Transmission Flexibility/ Long-Term Solution

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- Option B

Under reasonably expected future demand and generation scenarios Option B did not require the additional scope contained in Option F.

- Option F

Option F provides additional capacity from Brookridge to Lake Tarpon Substation. If there were a significant demand or generation change requiring additional capacity between these two substations this option would accommodate.

Note this additional capacity may not be available to PEF if the need is not immediate.

# Baseload Transmission Ability to Succeed

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- Option B

Option B eliminates the need for new lines through some very difficult areas such as Spring Hill, Crescent Oaks and Brooker Creek Preserve. Reduces opportunities for opposition to project. All of the recent media issues have been initiated from these areas.

- Option F

Option F increases the ability to succeed in a scenario in which a particular demand or generation change takes place that requires additional capacity between Brookridge and Lake Tarpon substations.

# Baseload Transmission Option Comparison Summary

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Cost	-	+
Reliability	=	=
Flexibility/Long Term Solution	=	=
Ability to Succeed	-	+

CONFIDENTIAL

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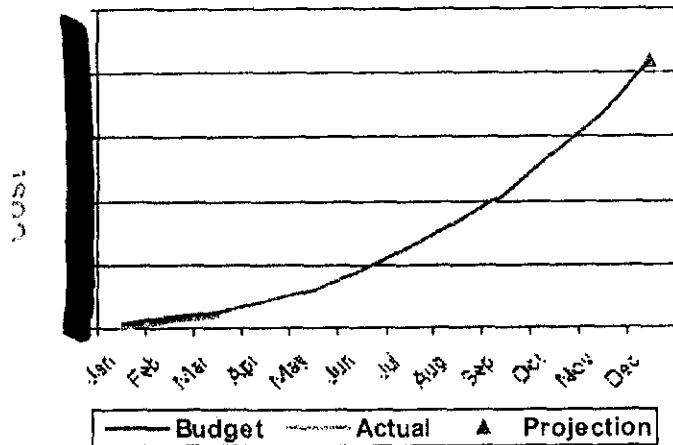
END of Slides

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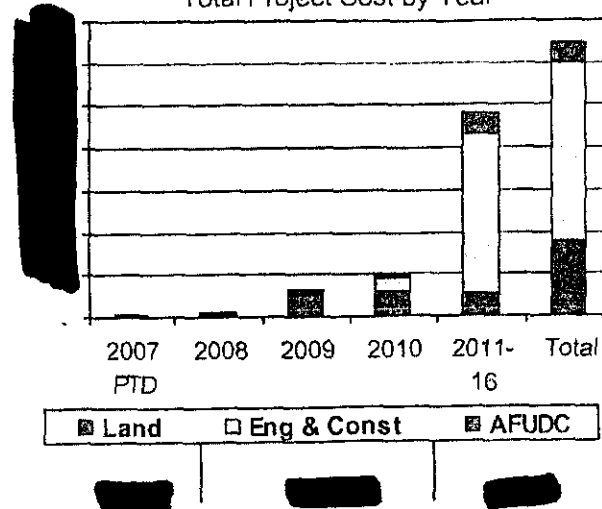
# Levy Nuclear Plant Transmission

In support of the Levy Nuclear Plant generation expansion, this project adds approximately 170 miles of new 500 kV & 230 kV transmission lines, two new 500/230 kV substations, two new 69/13 kV substations and the expansion of five existing substations.

2008 Capital Spend



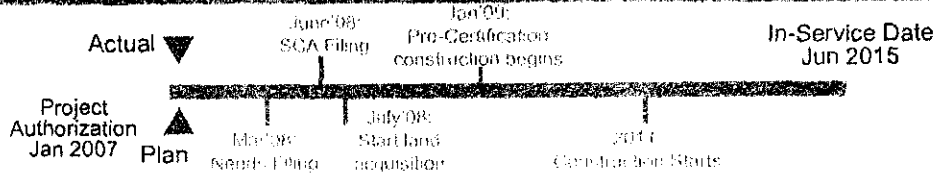
Total Project Cost by Year



Milestone Cost History (\$ millions)	
Initial estimate	[REDACTED]
Conceptual Estimate (Feb '08)	[REDACTED]
Project to Date -- Mar '08	[REDACTED]

- Initial estimate was very preliminary and based on route Option "F." Current conceptual estimate range of [REDACTED] reflects decision by Levy Integrated Nuclear Committee (LINC) to move to route Option "B." Lower voltage impacts are still being studied.
- Initial and conceptual estimates above do not include AFUDC
- 2008 budget includes funding to start land acquisition, and continuing outreach program, legal and preliminary route studies

Schedule



- Needs Filing complete to PUC March 11, 2008
- Site Certification Application (SCA) June 2008
- Combined Operator License (COL) July 2008
- Transmission planning studies are ongoing for lower voltage system impacts
- Land acquisition to start Q3 2008

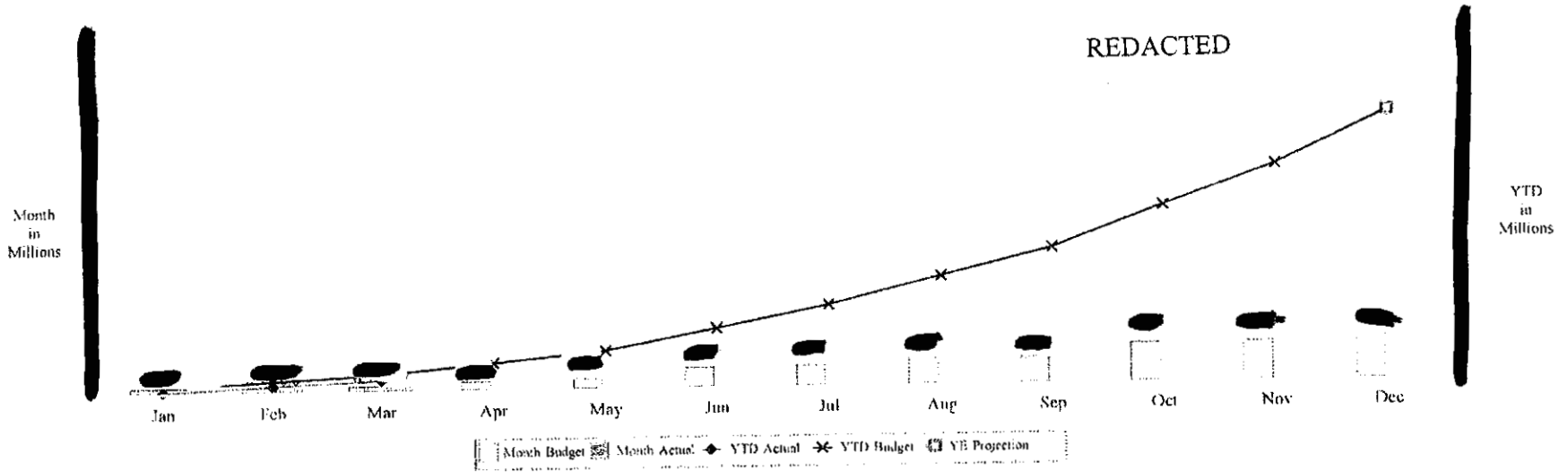
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## Issue/Impact

Issue	Impact/Action
Acquisition of right of way in timely manner	Work with public through outreach program on route benefits; determine sensitive areas to mitigate in advance
Transmission routing -- length & location may raise public concerns	Challenge of filling recently approved positions with qualified personnel
Resource management	Associated transmission facility cost recovered under Nuclear Cost Recovery Rule
Cost recovery	

**G&TC Capital - Levy Transmission**  
 March 2008



Month (\$000s)	Year To Date (\$000s)	Levy Transmission	Year End (\$000s)	Variance Gap (\$000s)
[REDACTED]	[REDACTED]	PH - 60KK8D LAND - BASELO (P0064886)	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	PH - 60KK8D - SUBSTA BASE (P0056709)	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	PH - 60KK8D - T-LINE BASE (P0056710)	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	PH - 60LN8D-LEVY TRANS PR (P0066677)	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	CMR View	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	Service Company	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	Pensions	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	AFUDC	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	PA Share	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	All-In Costs	[REDACTED]	[REDACTED]