

Hopping Green & Sams

Attorneys and Counselors

August 29, 2008

BY HAND-DELIVERY

Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

RECEIVED-FPSC
08 AUG 29 AM 9:03
COMMISSION
CLERK

Re: Docket No. 080007-EI

Dear Ms. Cole:

On behalf of Progress Energy Florida, Inc. (PEF), I enclose for filing in the above docket the original and fifteen (15) copies of the following:

- PEF's Petition for Approval of Environmental Cost Recovery True-Up, 2009 Environmental Cost Recovery Clause Factors and Thermal Discharge Compliance Program; 07888-08
- Pre-filed Direct Testimony of Lori Cross and Exhibit Nos. __ (LC-3) and (LC-4); 07889-08
- Pre-filed Direct Testimony of Patricia Q. West; 07890-08
- Pre-filed Direct Testimony of Don Ennis; 07891-08
- Pre-filed Direct Testimony of Dale Wilterdink; 07892-08
- Pre-filed Direct Testimony of Daniel Roderick; and 07893-08
- Pre-filed Direct Testimony of J. Micheal Kennedy. 07894-08

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By copy of this letter, the enclosed documents have been furnished to the parties on the attached certificate of service.

DOCUMENT NUMBER-DATE

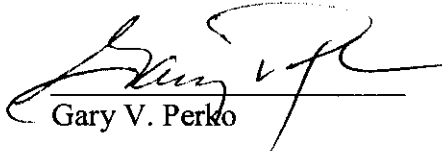
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Ms. Ann Cole
August 29, 08
Page 2

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning it to me. If you have any questions regarding this filing, please call me at 222-7500.

Very truly yours,

HOPPING GREEN & SAMS, P.A.

By: 
Gary V. Perko

Attorneys for PROGRESS ENERGY FLORIDA, INC.

Enclosures
cc: Certificate of Service

Hopping Green & Sams

Attorneys and Counselors

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 hand-delivery (*) or regular U.S. mail this 29th day of August, 2008.

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BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause

Docket No. 080007-EI

Dated: August 29, 2008

COMMISSION
CLERK

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**PROGRESS ENERGY FLORIDA'S PETITION FOR APPROVAL
OF ENVIRONMENTAL COST RECOVERY TRUE-UP, 2009
ENVIRONMENTAL COST RECOVERY CLAUSE FACTORS
AND THERMAL DISCHARGE COMPLIANCE PROGRAM**

Progress Energy Florida, Inc. ("PEF" or "the Company"), hereby petitions for approval of its environmental cost recovery true-up and proposed Environmental Cost Recovery Clause (ECRC) factors for the period January 2009 to December 2009, as well as approval of recovery of prudently incurred costs for its Thermal Discharge Compliance Program. In support of this Petition, PEF states:

1. PEF's total true-up applicable for this period is an under-recovery of \$4,316,060. This consists of the final true-up over-recovery of \$5,556,369 for the period from January through December 2007 and an estimated true-up under-recovery of \$9,872,429 for the current period of January 2008 through December 2008. Documentation supporting the total true-up under-recovery is provided in Ms. Lori Cross' testimony and Exhibit No. __ (LC-1) submitted on August 4, 2008, and Ms. Cross' testimony and Exhibit No. __ (LC-3) submitted with this Petition. Additional cost information for specific ECRC programs for the period January through December 2008 are presented in the pre-filed testimony of Ms. Cross, Donald R. Ennis, Joseph McCallister, Patricia Q. West and Dale Wilterdink filed on August 4, 2008.

2. As explained in the testimony of Ms. Cross submitted with this Petition and shown in Form 42-1P of Ms. Cross' Exhibit No. __ (LC-3), the total projected jurisdictional capital and O&M costs for the period January 2009 to December 2009 are \$137,323,719.

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Projected costs for specific ECRC programs for the period January through December 2009 are presented in the pre-filed testimony of Ms. Cross, Mr. Ennis, Daniel Roderick, Ms. West and Mr. Wilterdink submitted with this Petition. Additional information regarding the Company's Integrated Clean Air Compliance Program is provided in the testimony of J. Michael Kennedy submitted with this Petition.

3. PEF's proposed ECRC factors for the period January 2009 to December 2009, which are designed to recover the 2007 final true-up, the estimated 2008 estimated/actual true-up, and projected 2009 costs, are presented for the Commission's review and approval in Ms. Cross' testimony submitted with this Petition. The ECRC factors were calculated as shown on Forms 42-6P through 42-7P of Exhibit No. __ (LC-3) to Ms. Cross' testimony.

4. The environmental cost recovery true-up and proposed ECRC factors presented in Ms. Cross' testimony and exhibits are consistent with the provisions of Section 366.8255, Florida Statutes, and with prior rulings by the Commission.

THERMAL DISCHARGE COMPLIANCE PROGRAM

5. In Docket No. 060162-EI, the Commission approved recovery of costs associated with installation and operation of leased Modular Cooling Towers ("MCTs") to maintain compliance with thermal discharge limit in the Florida Department of Environmental Protection ("FDEP") industrial wastewater discharge permit for Crystal River Units 1 and 2 ("CR1&2"). 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. Through the CR1&2 Thermal Discharge Compliance Project, PEF will replace the

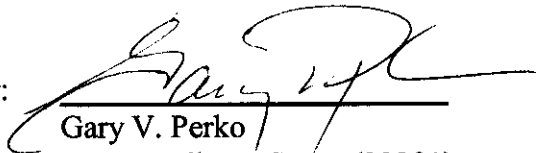
MCTs with a more permanent compliance solution. As discussed in the testimony of Mr. Roderick and Ms. Cross submitted with this Petition, the project satisfies the requirements previously established by the Commission for approval of ECRC recovery insofar as: expenditures for the program are being prudently incurred after April 13, 1993; the activities are legally required to comply with a governmentally imposed environmental law whose effect was triggered, after the minimum filing requirements (MFRs) were submitted in the Company's last rate case (Docket No. 050078-EI); and none of the costs of the program are being recovered through base rates or any other cost recovery mechanism.

WHEREFORE, Progress Energy Florida, Inc., respectfully requests that the Commission approve the Company's environmental cost recovery true-up and proposed ECRC factors for the period January 2009 through December 2009 as set forth in the testimony and supporting exhibits of Lori Cross filed contemporaneously with this Petition; and approve recovery through the ECRC of prudently incurred costs for the Company's Thermal Discharge Compliance Program.

RESPECTFULLY SUBMITTED this 29th day of August, 2008.

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