

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR POWER PLANT COST
RECOVERY CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA'S FIFTH REQUEST FOR CONFIDENTIAL
CLASSIFICATION REGARDING THE DOCUMENTS PRODUCED IN RESPONSE TO
OPC'S THIRD REQUEST FOR PRODUCTION OF DOCUMENTS (NOS. 60-64)**

EXHIBIT B

COM _____
ECR 1
GCL _____
OPC _____
RCP _____
SSC _____
SGA _____
ADM _____
CLK _____

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000001
through
09NC-OPCPOD3-60-000004**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000005
through
09NC-OPCPOD3-60-000058**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000059

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000060
through
09NC-OPCPOD3-60-000061**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000062
through
09NC-OPCPOD3-60-000063**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000064
through
09NC-OPCPOD3-60-000065**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000066
through
09NC-OPCPOD3-60-000067**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000068

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000069
through
09NC-OPCPOD3-60-000070**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000071

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000072
through
09NC-OPCPOD3-60-000074**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000075

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000076

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000077

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000078

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000079
through
09NC-OPCPOD3-60-000081**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000082

through

09NC-OPCPOD3-60-000088

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000089
through
09NC-OPCPOD3-60-000091**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000098

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000099
through
09NC-OPCPOD3-60-000101**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

**09NC-OPCPOD3-60-000102
through
09NC-OPCPOD3-60-000112**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR COST RECOVERY
CLAUSE

Docket No. 090009-EI
Submitted for Filing: June 18, 2009

**PROGRESS ENERGY FLORIDA
REDACTED DOCUMENTS**

09NC-OPCPOD3-60-000113

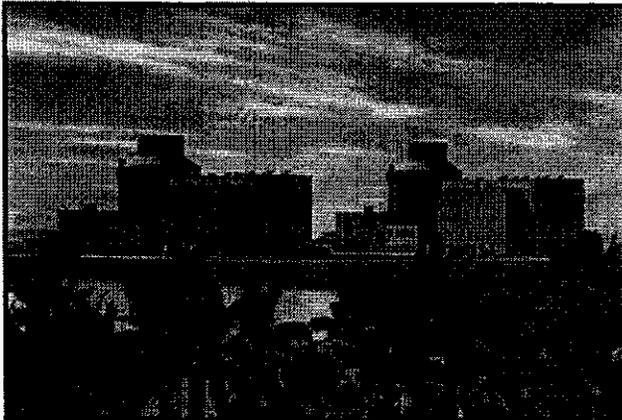
through

09NC-OPCPOD3-60-000115

CONFIDENTIAL

Levy Nuclear Project Alternate Schedule Analysis

March 16, 2009



09NC-OPCPOD3-61-000001

SMC Briefing Purpose

Levy Analysis Objectives

- w Maintain Levy as a viable option
- w Defer commitment until greater certainty
- w Manage financial impact of Levy
- w Identify alternative resource opportunities

Arrived at two alternatives

- w 20-month shift of Levy unit 1, 18-month separation
- w Preserve Levy – COLA Only

Discuss preserve construction alternative

- w [REDACTED]
- w Resource plan, Financial elements, Customer Price
- w Regulatory path, Joint Owner, EPC action

CONFIDENTIAL

Discuss Next Steps

Preserve Construction Alternative

| **Alter Levy construction schedule**

- w Shift Unit 1 by 20 months – April 2018
- w Unit 2 completion to follow by 18 months
- w Transmission with comparable shift (flexible)

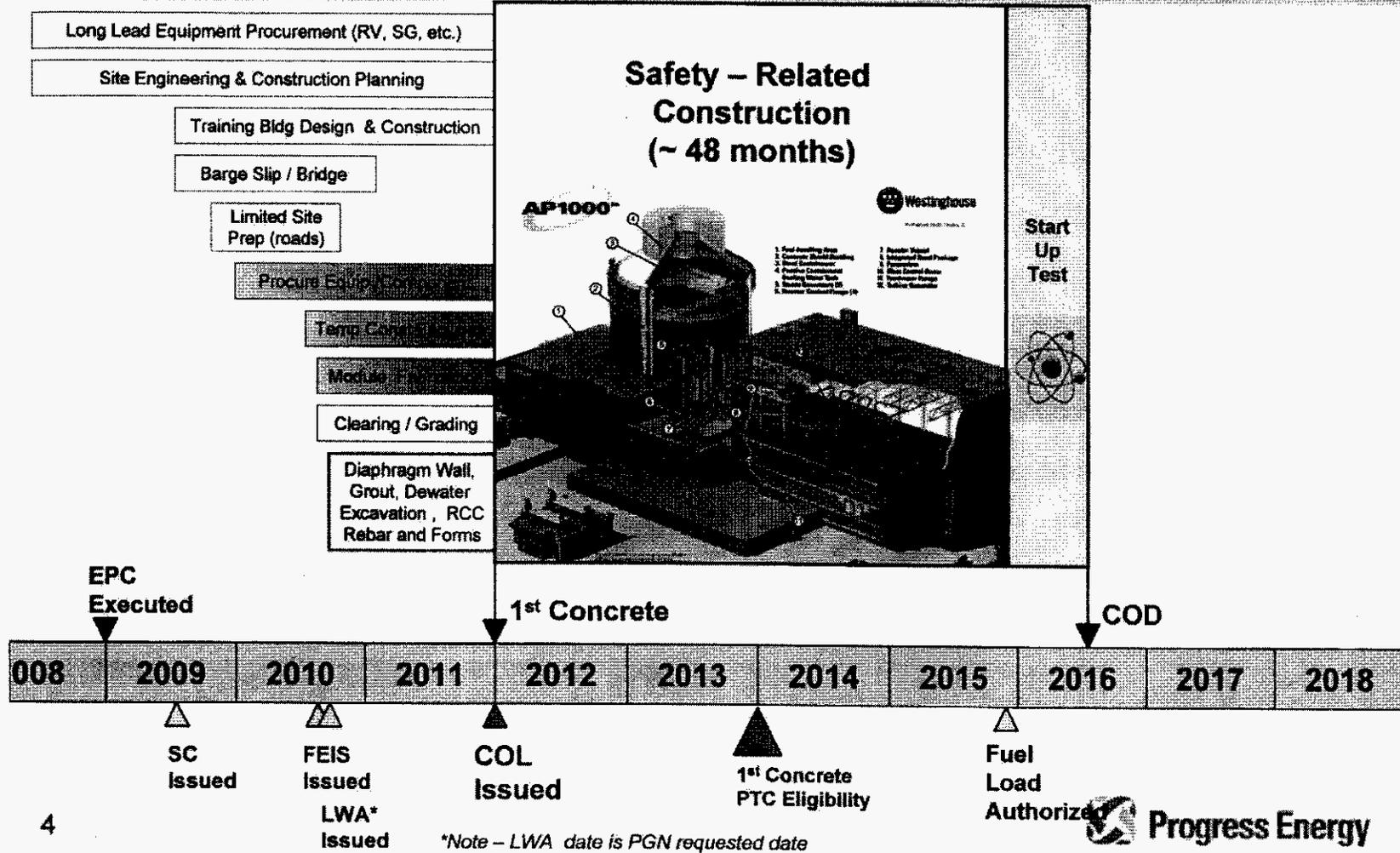
| **Benefits**

- w Accommodates expected LWA outcome
- w Considers customer price sensitivity
- w [REDACTED]
- w Retains production tax credits
- w Provides transmission flexibility
- w Maintains regulatory timing

CONFIDENTIAL

Current Plan - Levy Schedule

Showing Pre-Construction Activities (dates are approximate)



CONFIDENTIAL

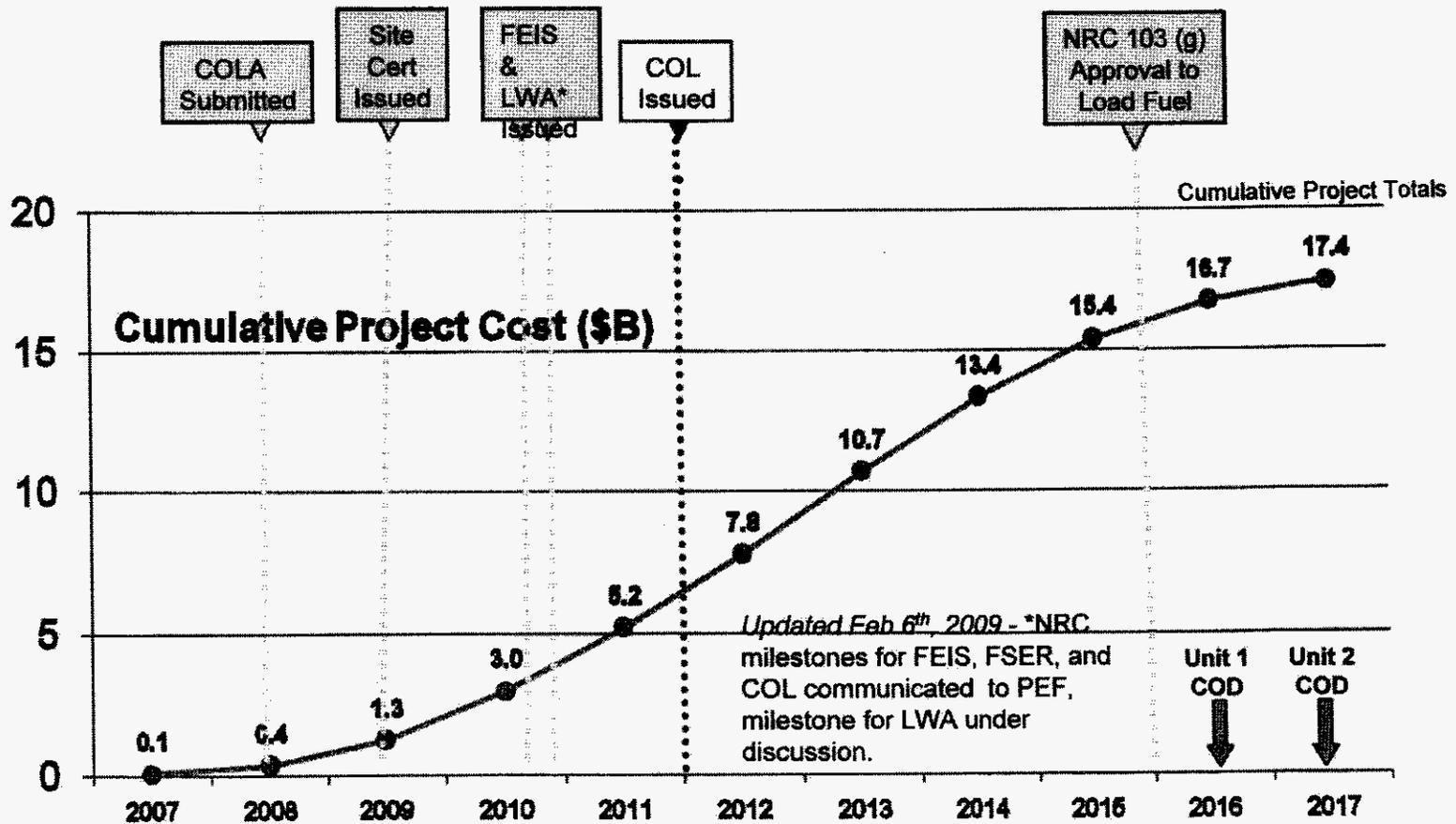
CONFIDENTIAL

Current Plan - EPC Cash Flow

Derived from EPC Agreement - Exhibit F

09NC-OPCPOD3-61-000005

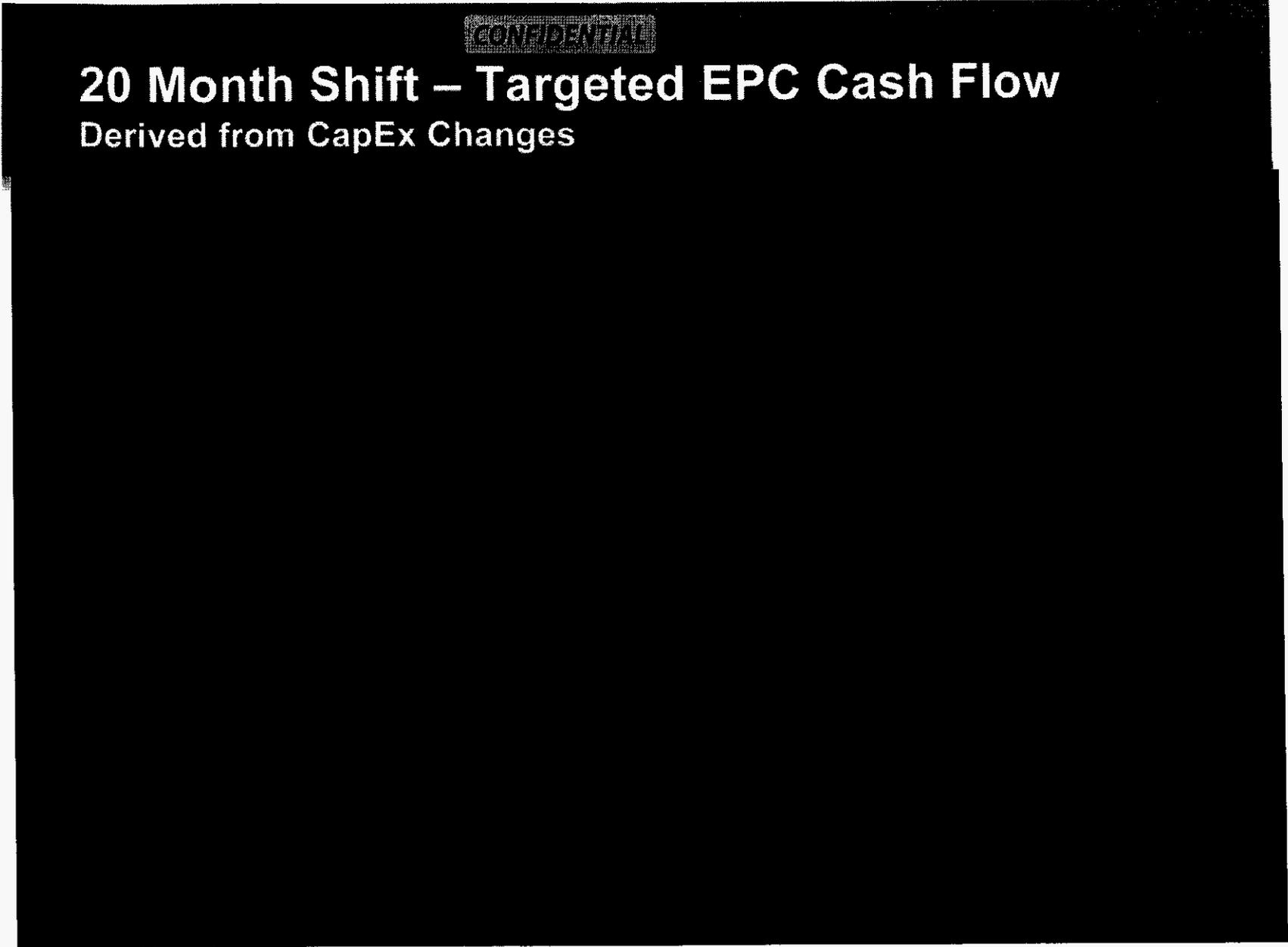
Current Plan - Levy Regulatory Milestones And Total Project Cash Flow (assumes 12 month stagger)



CONFIDENTIAL

20 Month Shift – Targeted EPC Cash Flow

Derived from CapEx Changes



CONFIDENTIAL

CONFIDENTIAL

20 Month Shift - Levy Regulatory Milestones And Estimated Total Project Cash Flow (assumes 12 month stagger)

CONFIDENTIAL

20 Month Shift Target Price Consideration
Recommended Pre-COLA Scope *(and estimated direct cost)*

Transmission

- | **Comparable shift in construction schedule**
 - w Up to 20-month
 - w Pre-COLA savings \$100-300M
- | **Maintain ROW acquisition**
- | **On path for early engineering**
- | **Retain option to accelerate if needed**

CONFIDENTIAL

PEF Resource Options



CONFIDENTIAL

*DRAFT FOR DISCUSSION ONLY!
SCENARIOS NOT FULLY REVIEWED AND ANALYZED THROUGH PEP'S IRP PROCESS.
NOT APPROVED BY MANAGEMENT*

LNP Sensitivities (2018/2020)

Financial Forecast Total Capital Spending

CONFIDENTIAL

Financial Forecast Capital Plan Deltas

CONFIDENTIAL

Financial Forecast Earnings and EPS

CONFIDENTIAL

Financial Forecasts Capital Markets Requirements

CONFIDENTIAL

Financial Forecasts EPS Impacts of Lower Share Price

CONFIDENTIAL

Regulatory/Legislative Path

| **Upcoming filings**

- w Base rate case (3/20) *PSC Hearings September 09*
- w TYSP filing (4/1) *PSC Workshop August 09*
- w NCRC filing (5/1) *PSC Hearings September 09*

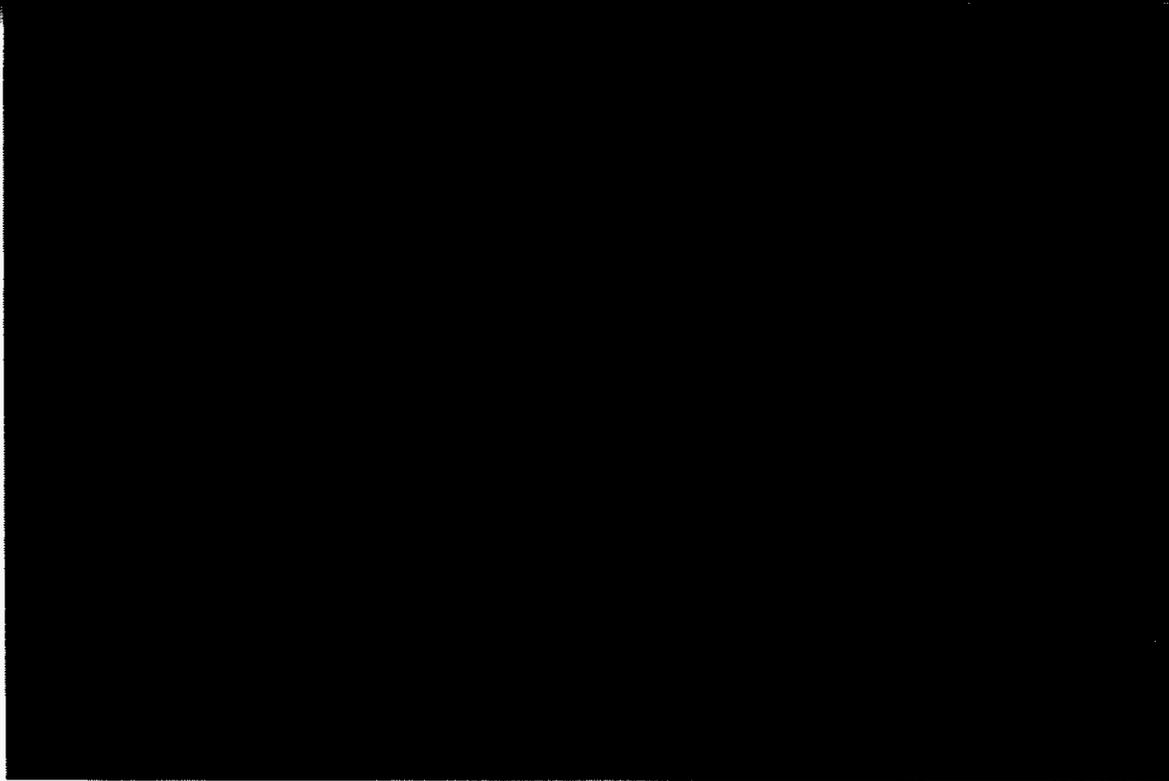
| **Securitization losing momentum in 09 session**

| **NCRC filing**

- w 20-month schedule shift (NRC LWA decision)
- w Lower capital projections
- w Lower customer price impact

| **Press release concurrent with 5/1 filing**

Other Regulatory Considerations



Redacted - Privileged

CONFIDENTIAL

CONFIDENTIAL

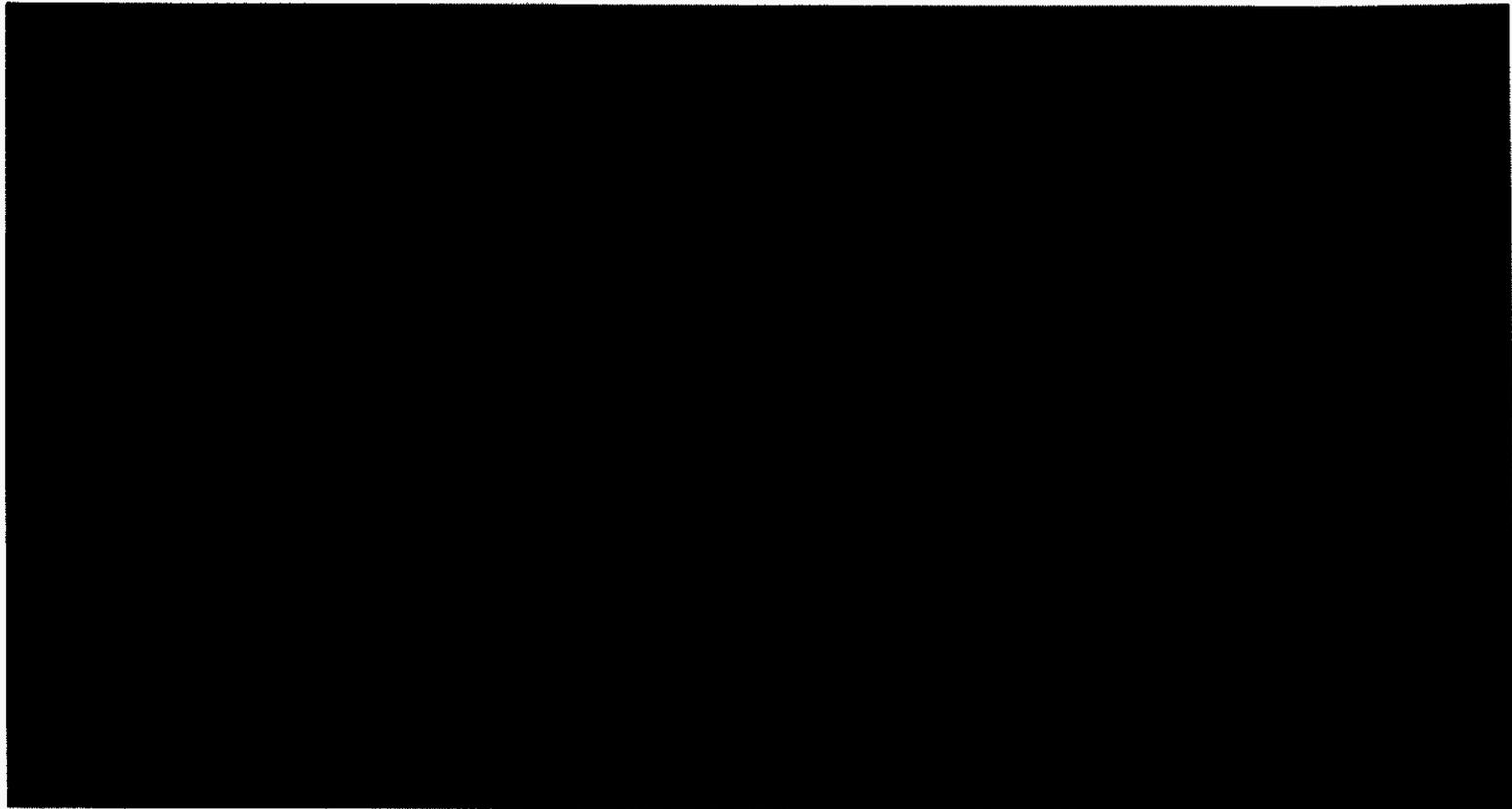
Illustrative Example of Bill Impact



09NC-OPCPOD3-61-000021

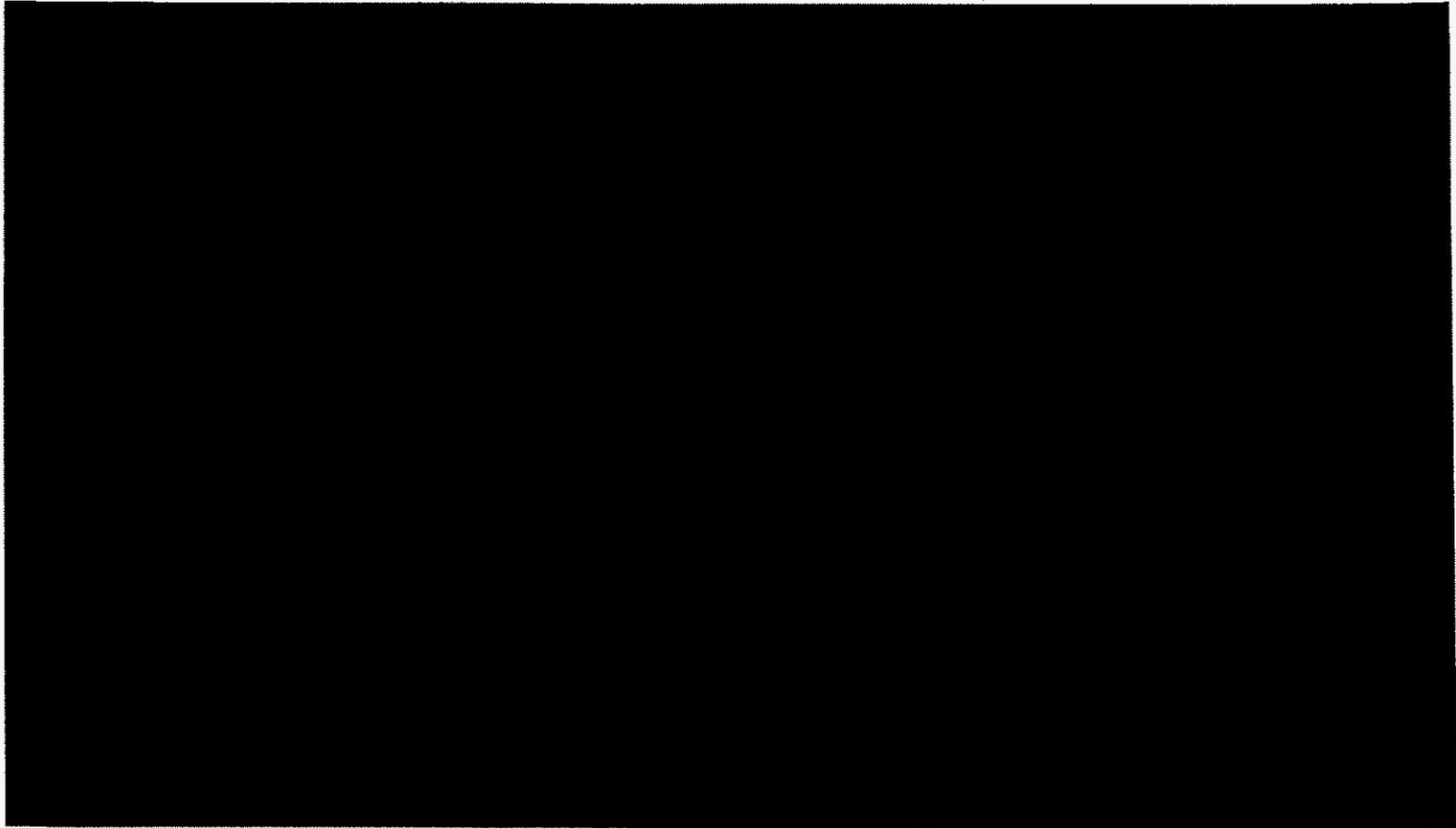
Joint Ownership

Redacted - Privileged



EPC Change Events

Redacted - Privileged



Communications/Messaging

- | **Levy nuclear remains vital to PE's Balanced Solution**
- | **Basis for shift in planned commercial operation**
 - w Necessary to align project timing with NRC LWA schedule
- | **Provides additional benefits**
 - w Allows for more certainty in federal electric industry policy
 - w Provides near-term customer price relief
 - w Allows settling of economy and financial markets
 - w Reduces near-term capital expenditures
- | **PE remains committed to new nuclear in FL**
 - w Strongest state on policy support for new nuclear
 - w Early local, regional and state support have aided project
- | **Ongoing evaluation is required by our risk environment**

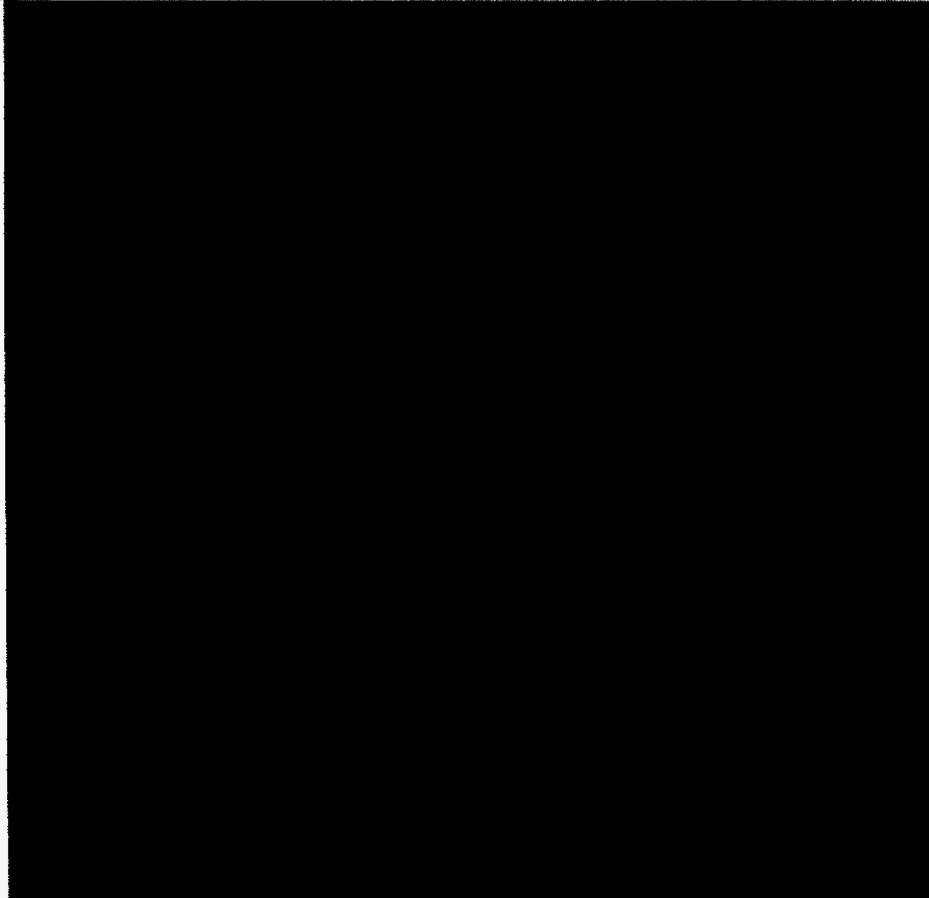
Key Actions for 20-Month Shift

- | **Agree to move forward with alternative**
 - w 20-mo shift/18-mo unit spread, reduced pre-COLA spend
- | **Communicate change to WEC/Shaw**
 - w Renegotiate EPC, [REDACTED] Redacted - Privileged
- | **Approve strategy/timing for announcement**
 - w Incorporate schedule shift into NCRC filing (5/1)
 - w Message 20-month shift - stakeholder, media plan
- | **Pursue Co-ownership**
- | **Continue with early Transmission activity**
 - w Proceed with land acquisition
 - w Perform line/substation engineering

CONFIDENTIAL

Go Forward Criteria

Preserve Levy – COLA Only



Redacted - Privileged

CONFIDENTIAL

Levy Nuclear Project Update Alternate Schedule Analysis

March 23, 2009



09NC-OPCPOD3-61-000028

SMC Briefing Purpose

Levy Analysis

- w 20-month shift sensitivity
- w 36-month shift sensitivity

36-month sensitivity

- w [REDACTED]
- w Project to date ~\$370 million

CONFIDENTIAL

Review expected customer pricing issues

- w Carbon, RPS, [REDACTED] Redacted - Privileged

Note: Analysis for this schedule shift is an estimate and the actual result will depend, in part on subsequent negotiations with the Consortium to amend the EPC agreement

36-month Shift Alternative

I **Alter Levy construction schedule**

- w Shift Unit 1 to June 2019 (~36 months)
- w Unit 2 completion to follow by 18 months
- w Transmission shift remains flexible

I **Outcome**

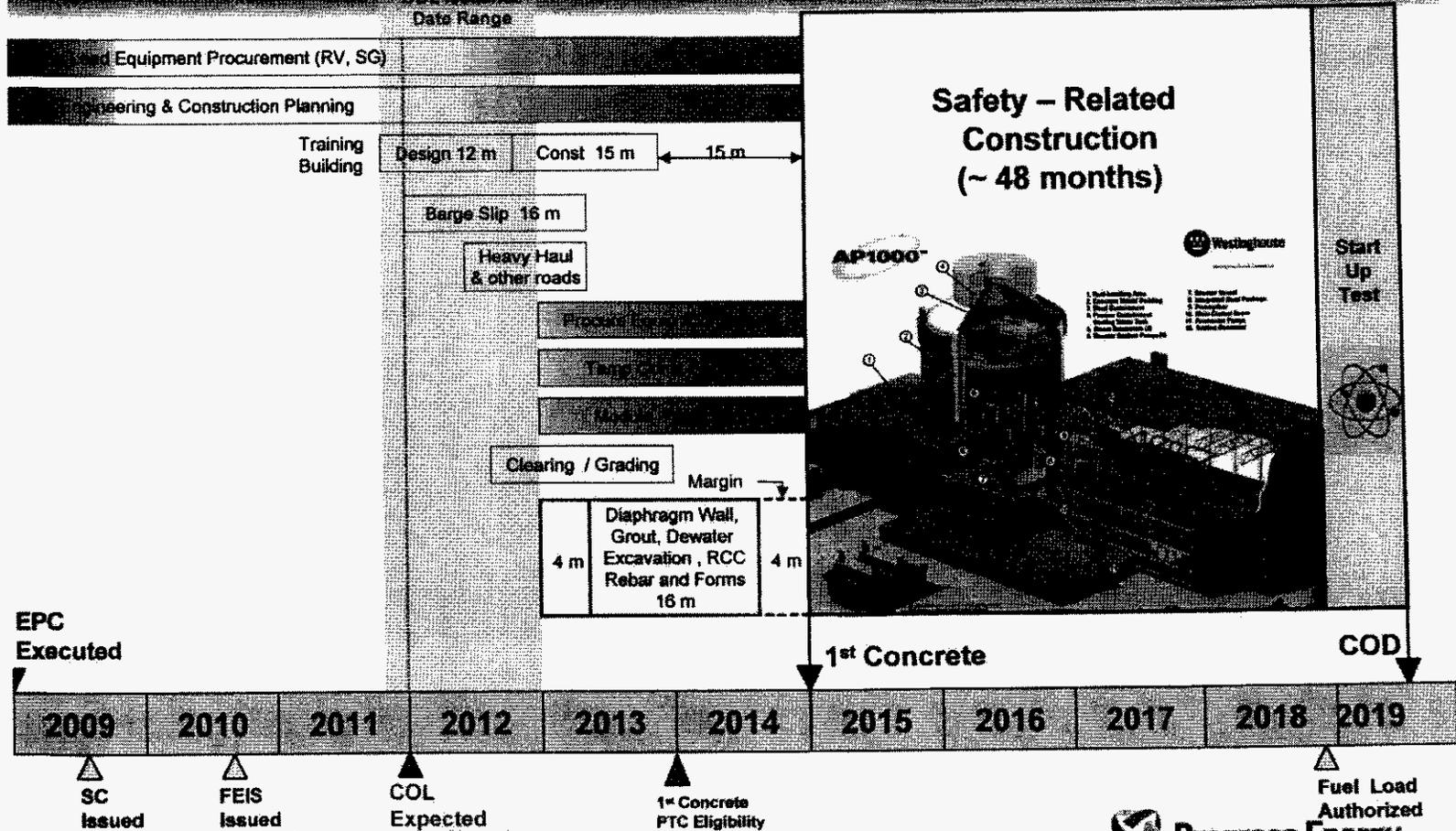
- w Accommodates expected LWA outcome
- w Provides additional time for and certainty on:
 - Obama Administration nuclear position
 - Financial market and economic rebound
 - Customer/policymaker support
 - PEF rate case, first NCRC prudence hearing
 - Key federal policies
 - JO participation
 - NRC COLA process
 - Commodity/Labor stabilization

CONFIDENTIAL

- w Minimizes near-term customer price impact

36 Month Shift - Levy Schedule (COD mid-2019)

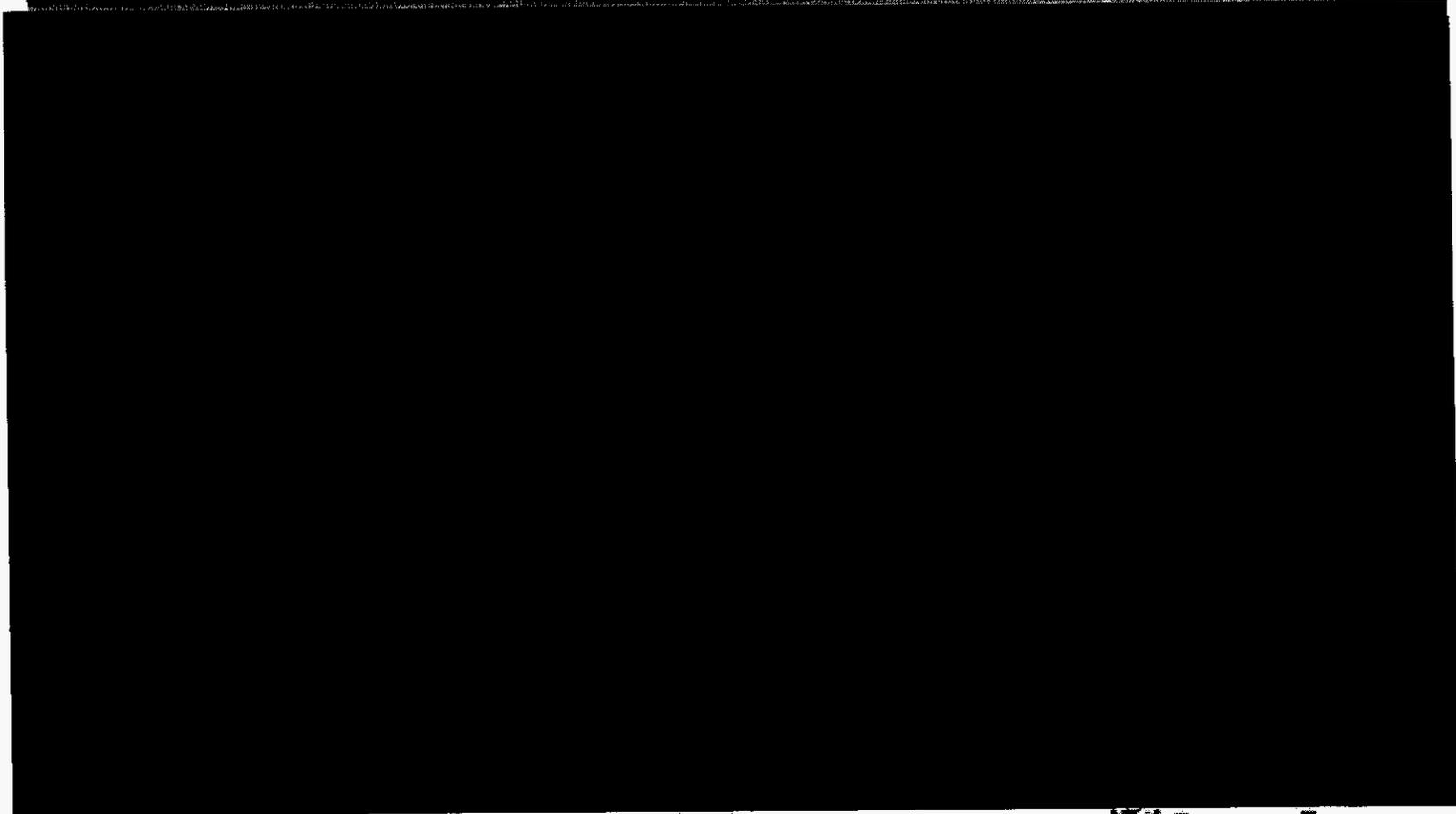
Adjusted Pre-Construction Activities (dates are approximate)



CONFIDENTIAL

36 Month Shift – Targeted EPC Cash Flow

Derived from CapEx Changes



CONFIDENTIAL

36 Month Shift - Levy Regulatory Milestones

And Estimated Total Project Cash Flow (assumes 12 month stagger)

EPC Cash Flow
Comparison of Scenarios – Current, 20 Month Shift, 36 Month Shift



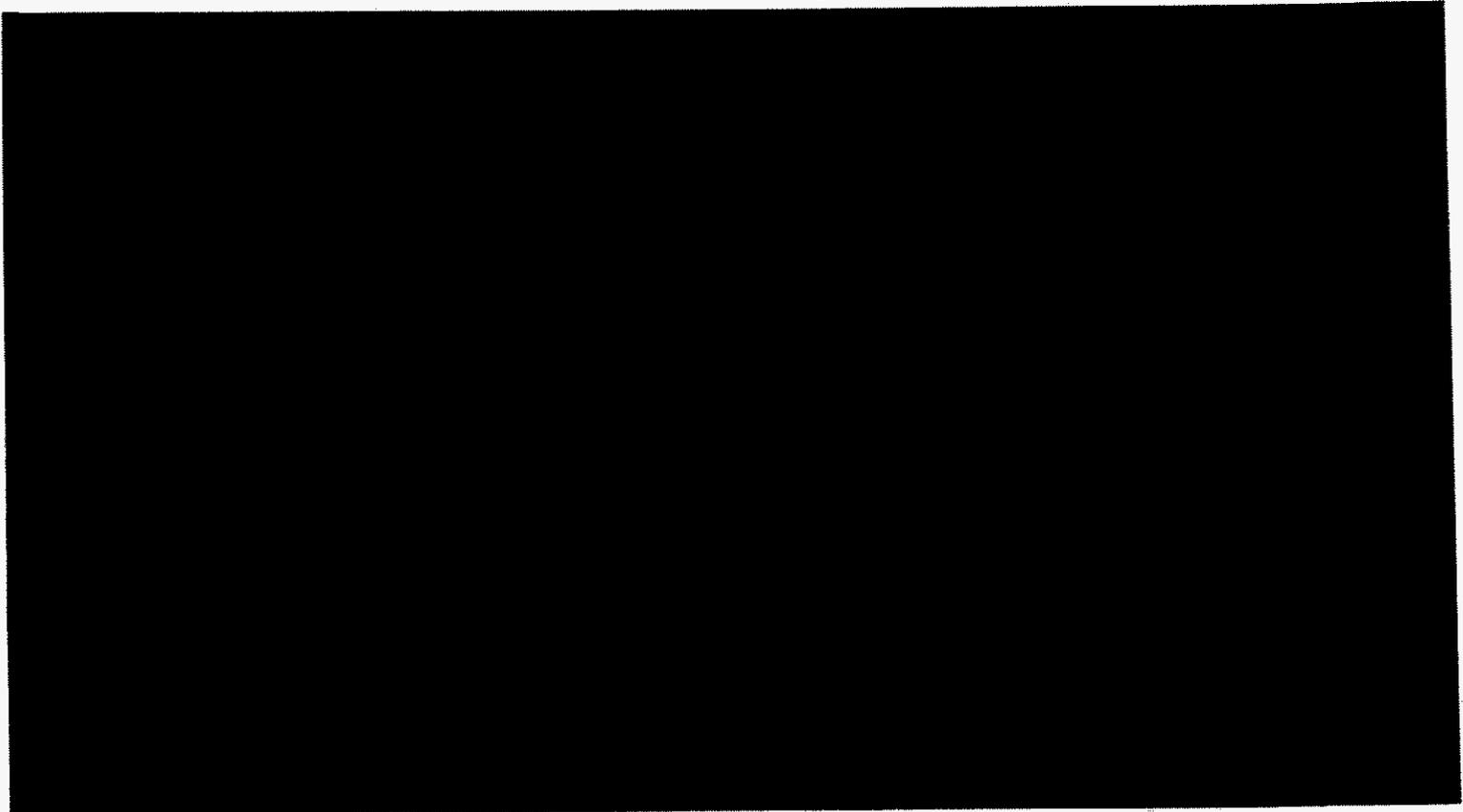
Total Levy Project Costs through 2011

36 Month Shift Scenario

EPC Contract Approach

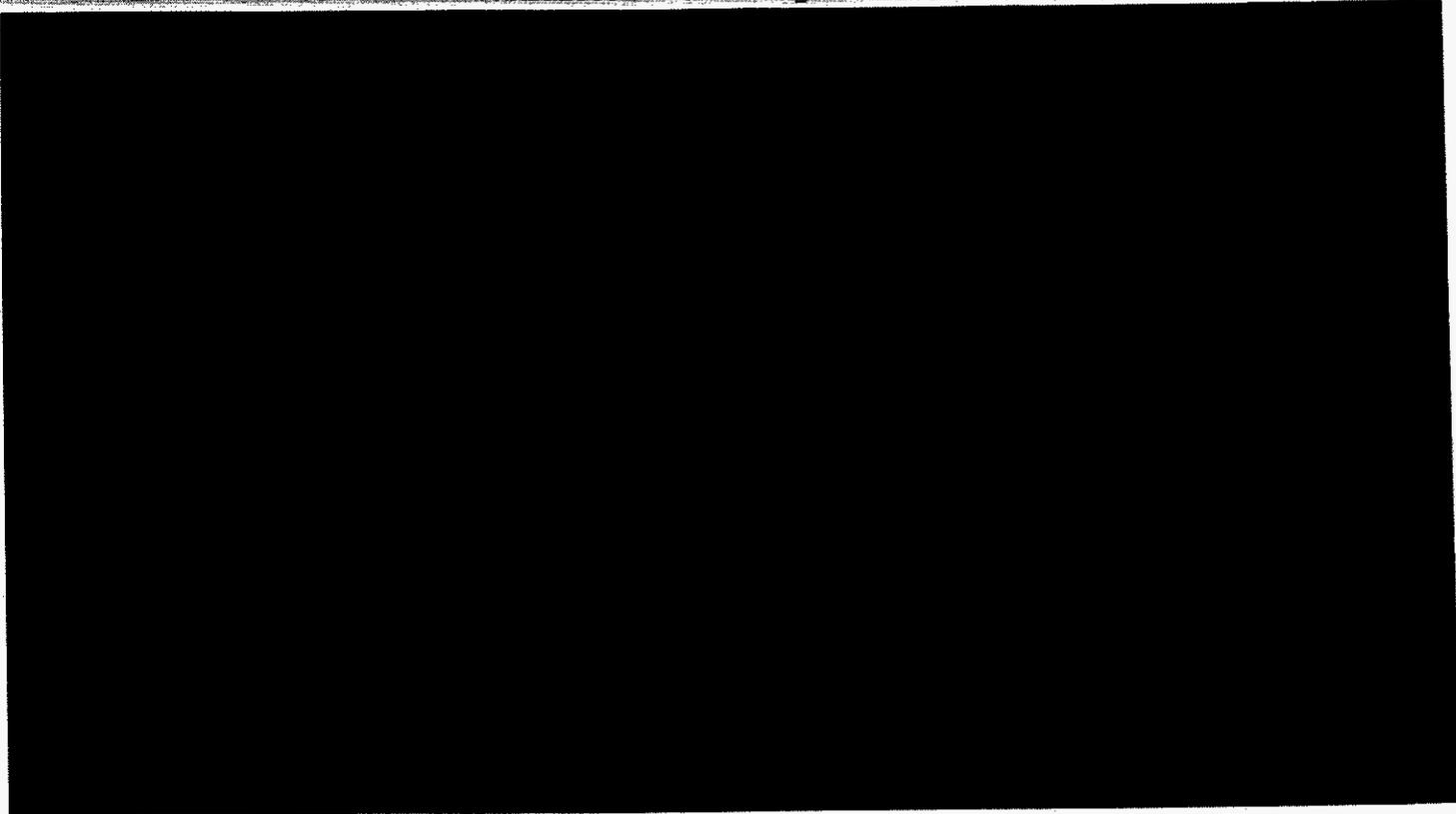
Suspension

Redacted - Privileged



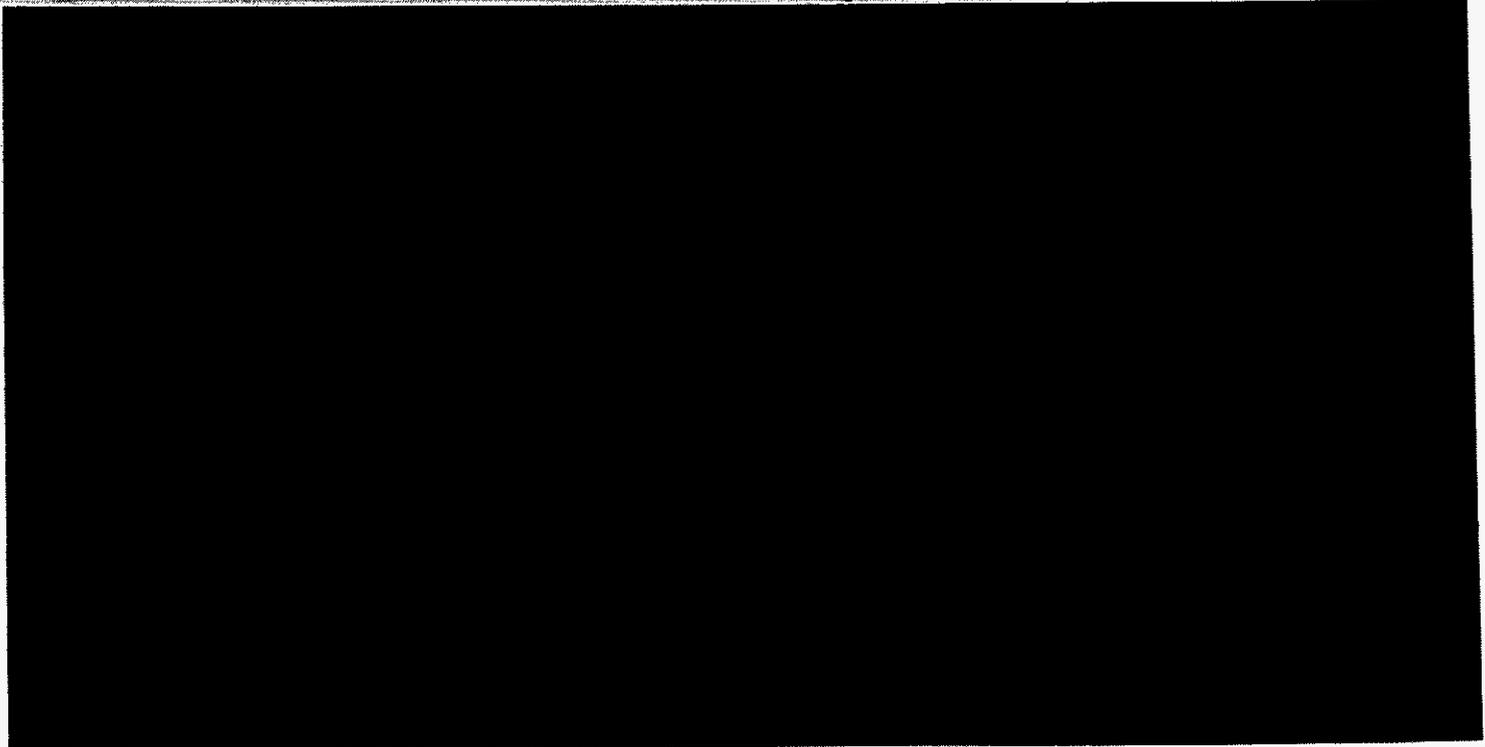
EPC Contract Approach

Suspension (continued)

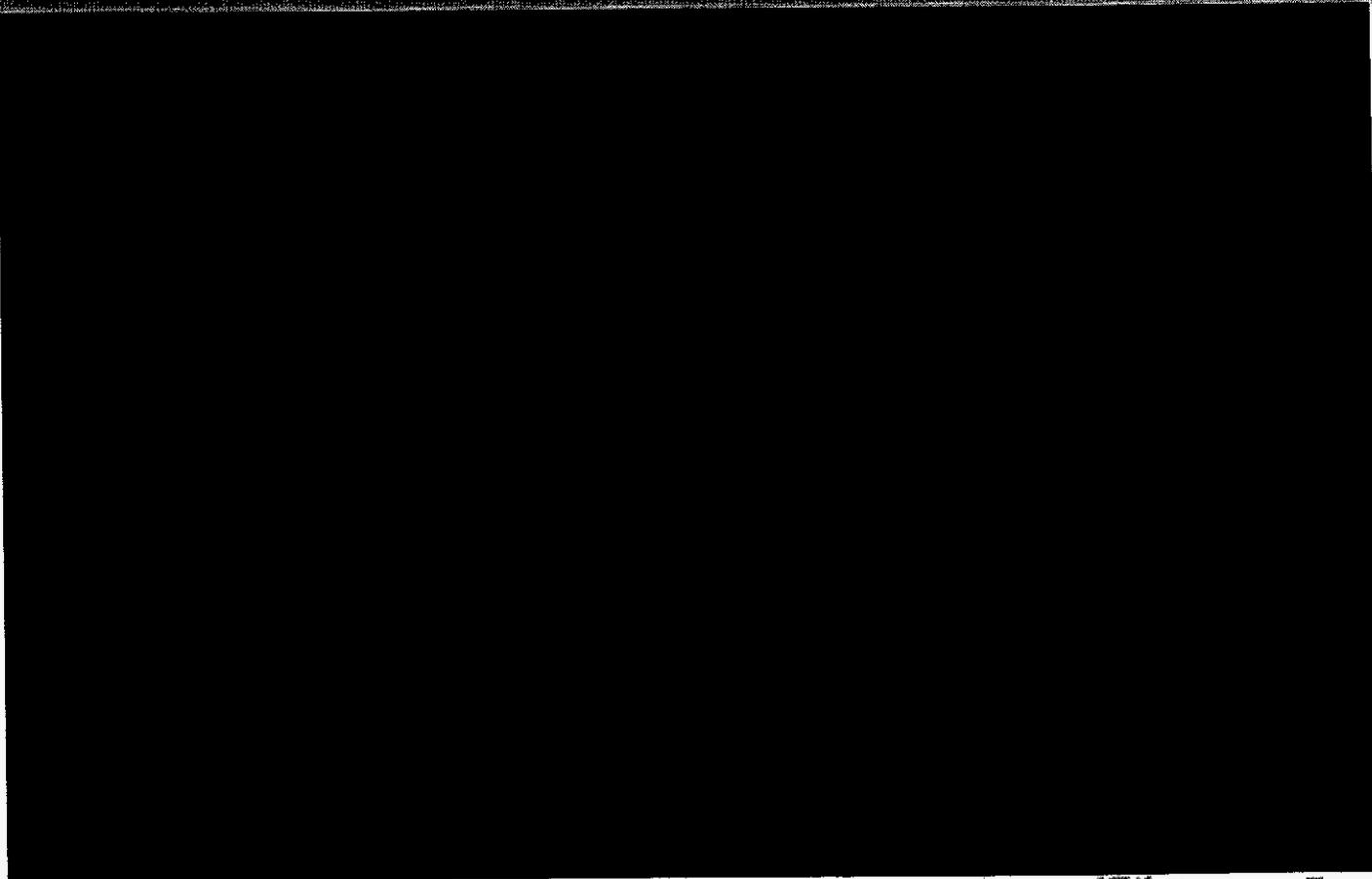


EPC Contract Approach

Re-negotiation Challenges

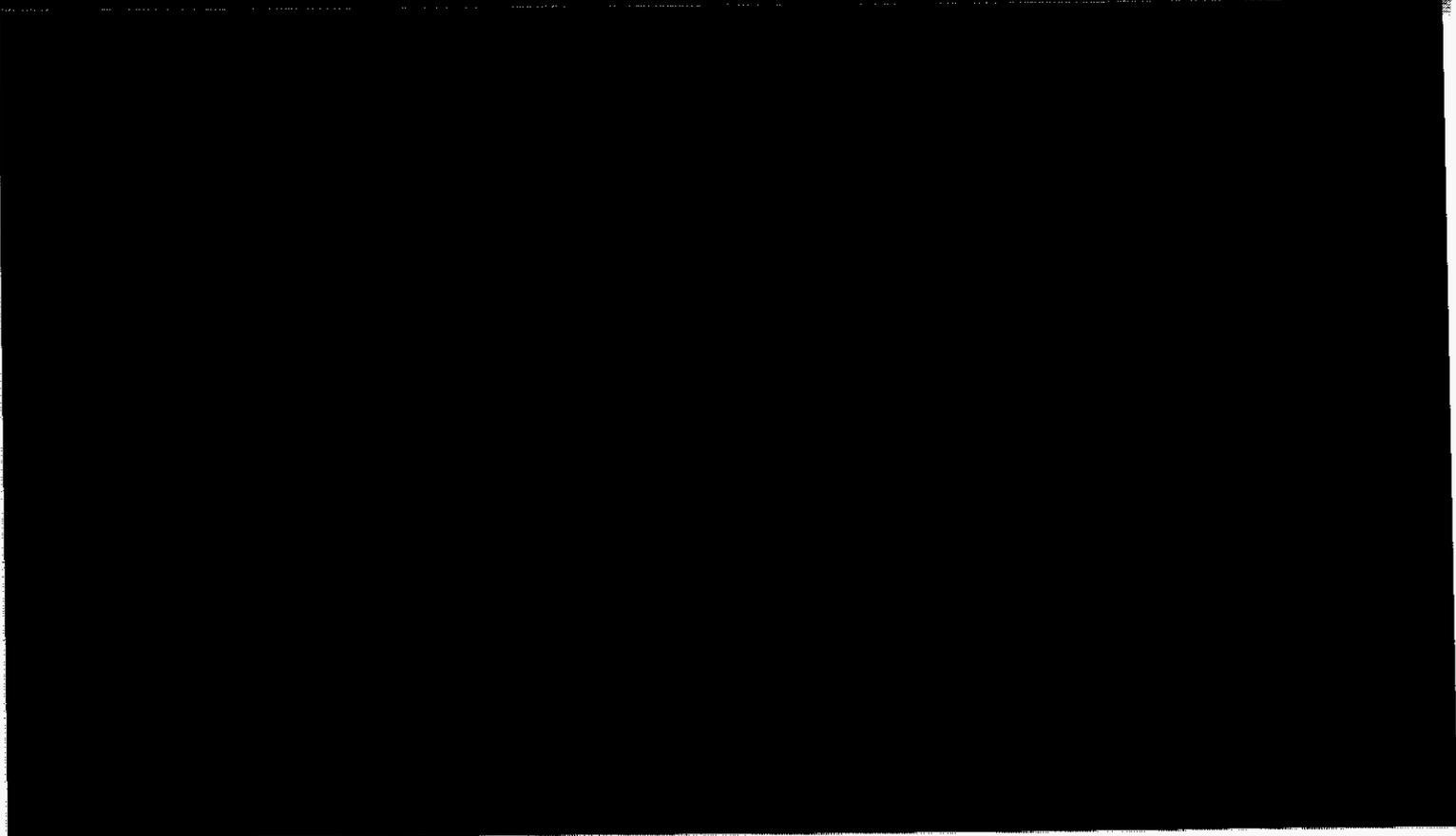


36-Month Shift - PEF Resource Options
Additional 16-month Capacity Need



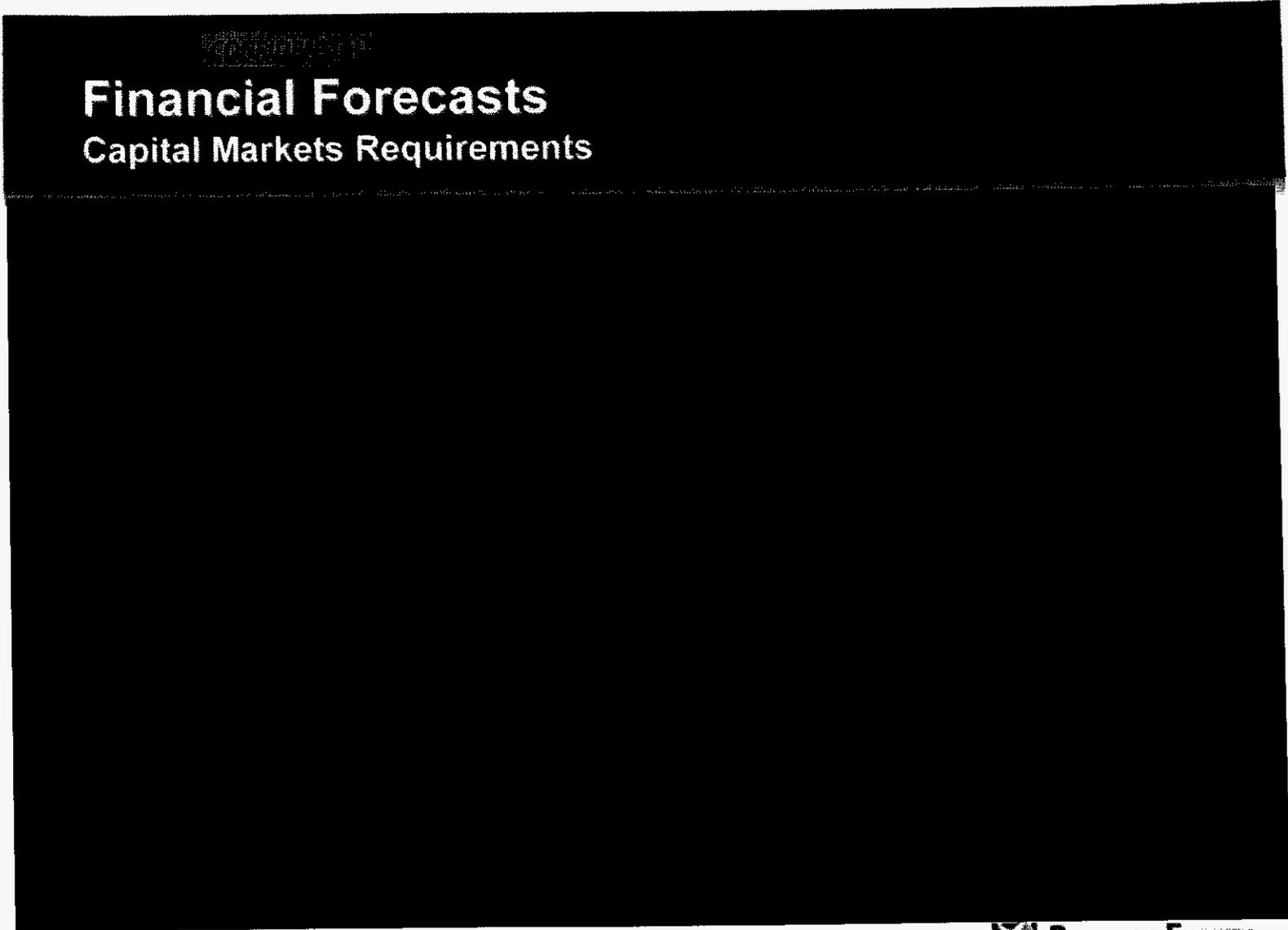
Financial Forecast

Capital Plan Deltas



Financial Forecasts

Capital Markets Requirements



Regulatory/Legislative

Upcoming filings remain important

- w Base rate case (3/20) *PSC Hearings September 09*
- w TYSP filing (4/1) *PSC Workshop August 09*
- w NCRC filing (5/1) *PSC Hearings September 09*

NCRC filing (5/1)

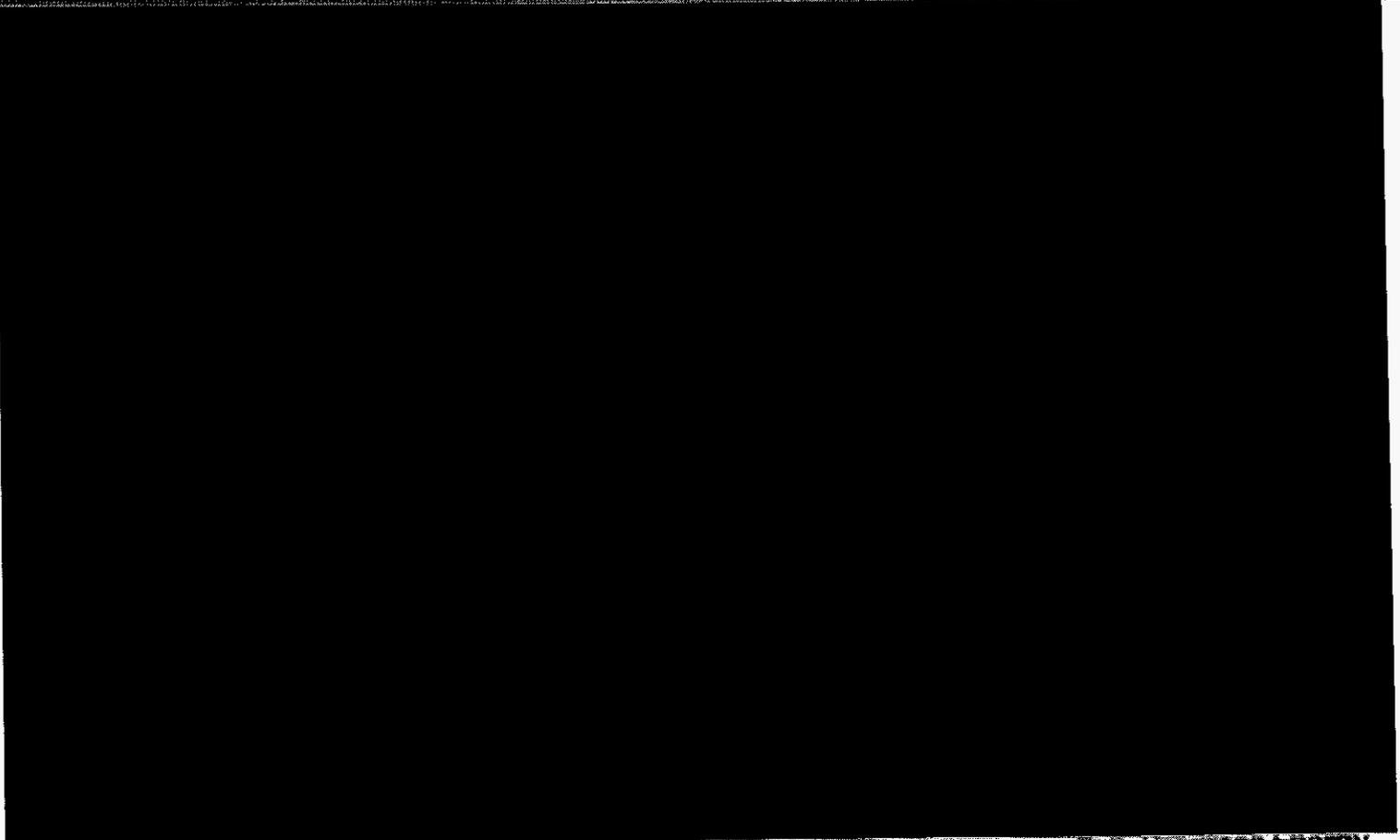
- w Notify Commission of expected schedule shift and bases
- w Lower capital projections and near-term customer price

Other regulatory issues

- w Site Certification Application
- w NRC COLA

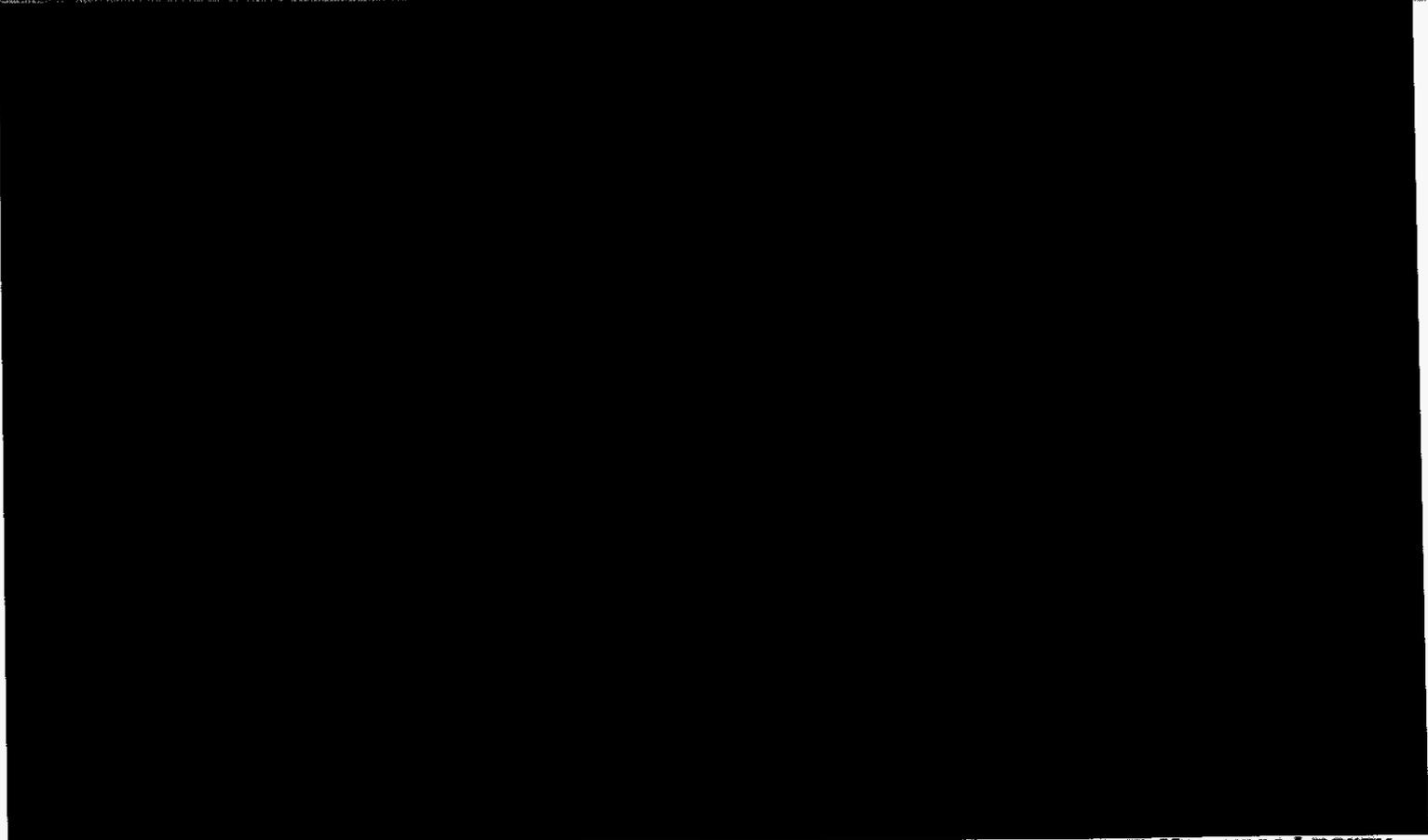
Customer Bill Impact

Low Case – with Carbon, RPS; Impact of 80% versus 50%

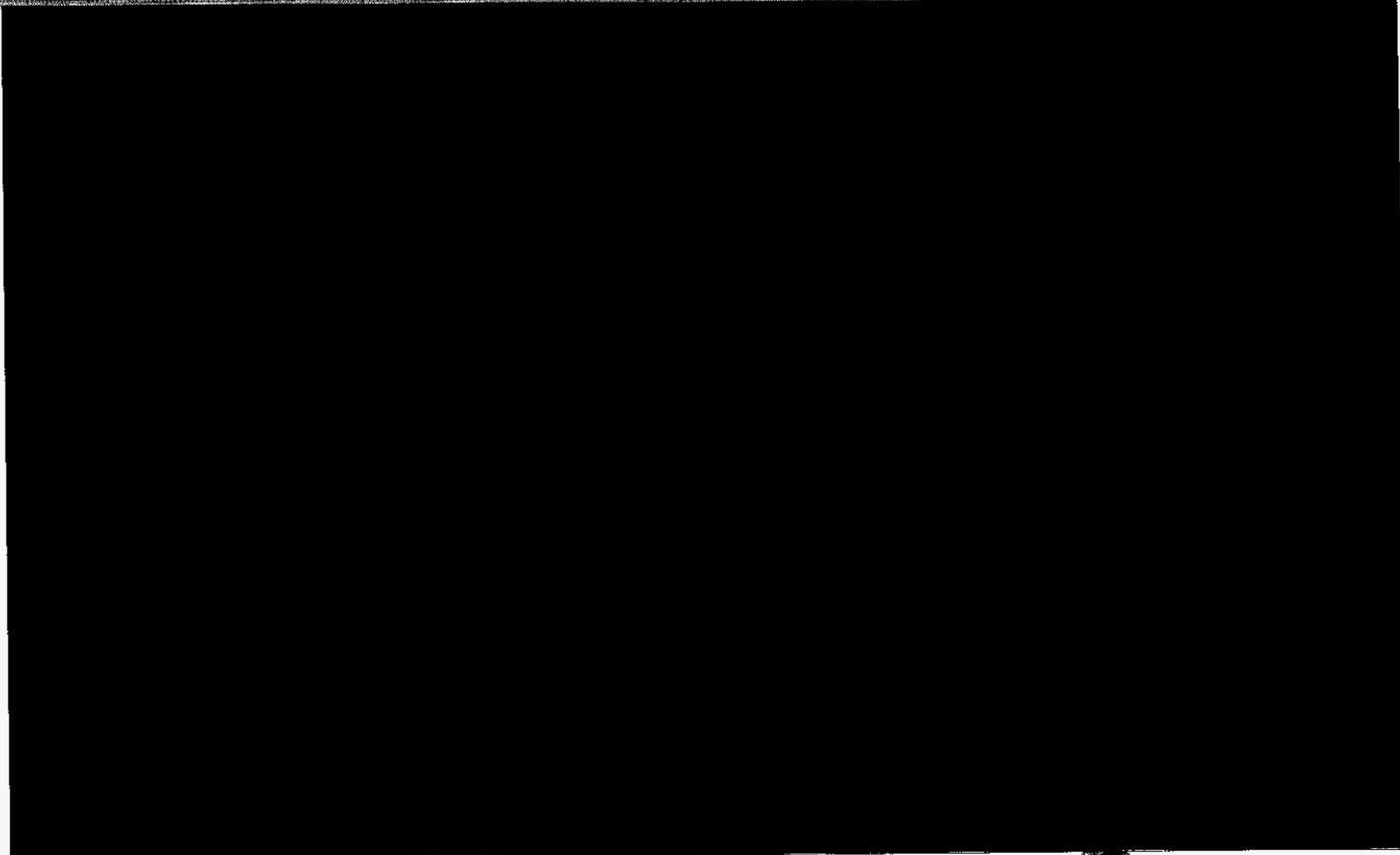


Customer Bill Impact

High Case – with Carbon, RPS ; Impact of 80% versus 50%

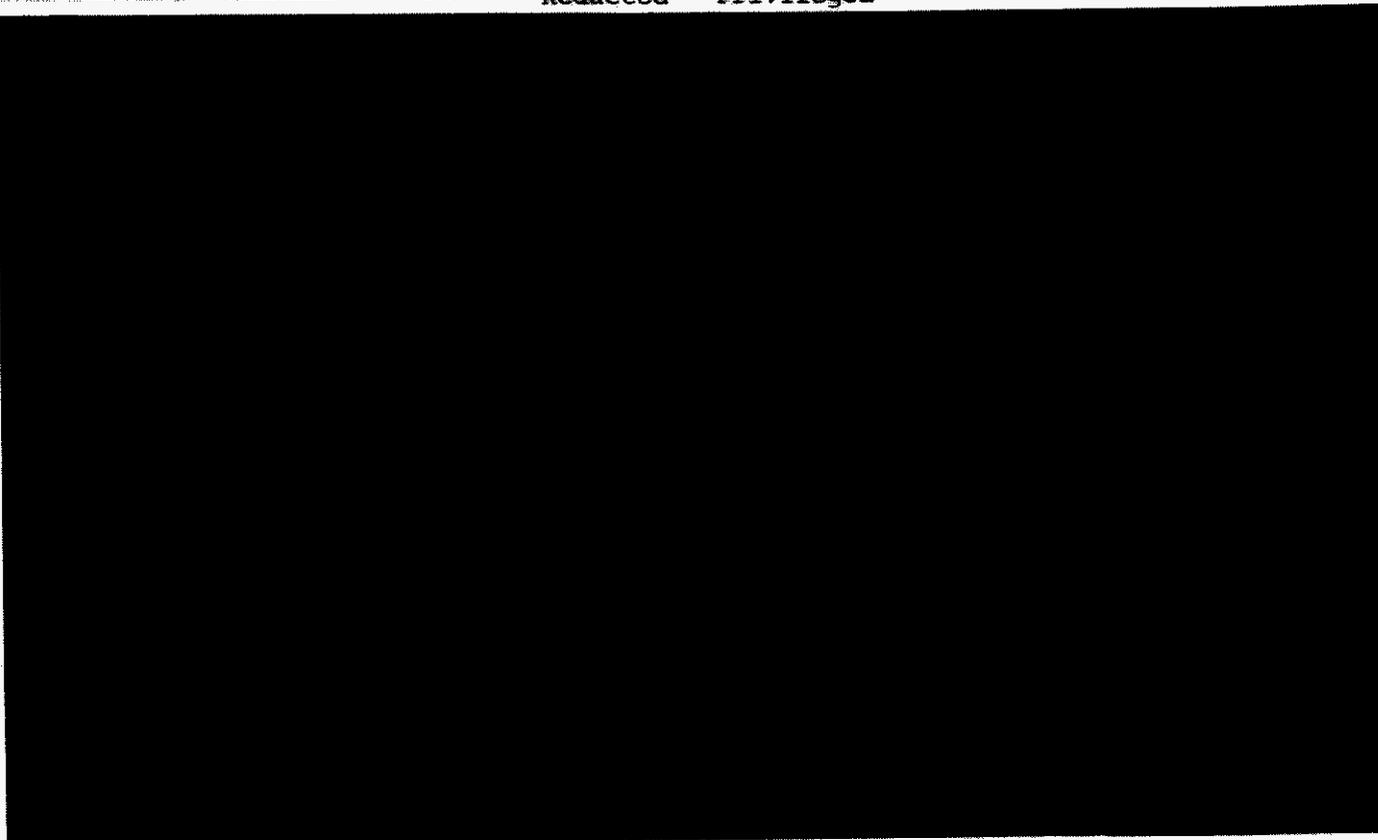


Customer Bill Impact Nuclear Cost Recovery During Construction



36-Month Shift - Joint Ownership

Redacted - Privileged



36 Month Shift – Issues

Additional time to gain certainty

- w Federal policy, financial markets, COLA progress
- w Improves near-term customer price impact

Some opportunity to advance work

[Redacted]

CONFIDENTIAL

Communicate change to WEC/Shaw

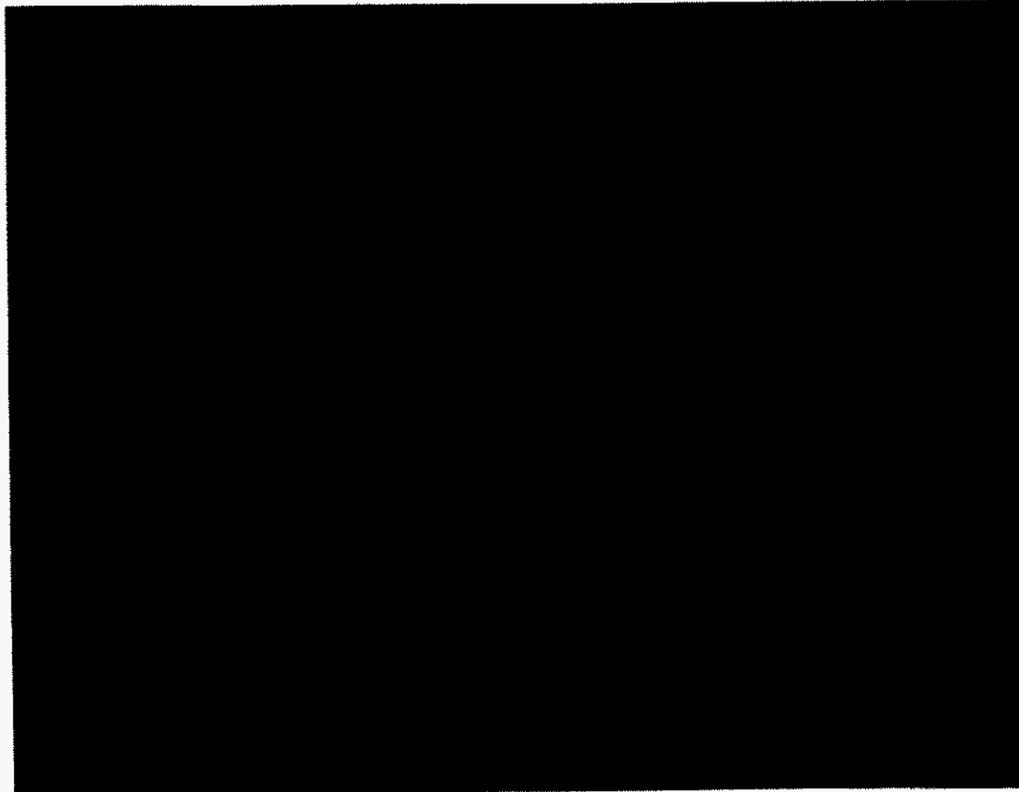
- w Renegotiate EPC, [Redacted]

Redacted - Privileged

Uncertainty of total project cost estimate (without feedback from WEC/Shaw)

Levy COLA Only

Redacted - Privileged



CONFIDENTIAL



William D. Johnson
Chairman, President
and Chief Executive Officer

April 15, 2009

**BOARD OF DIRECTORS
PROGRESS ENERGY, INC.**

CONFIDENTIAL

We will use the attached presentation in our Board conference call this Friday, April 17, at 1 p.m. (call-in number: 888-363-4735; access code 5814305). The purpose of the call is to discuss our near-term plan and year-end options regarding the Levy nuclear project in Florida.



P.O. Box 1551
Raleigh, NC 27602

T > 919.546.5463
F > 919.546.3210

09NC-OPCPOD3-61-000049

CONFIDENTIAL

Board of Directors
April 15, 2009
Page 2

CONFIDENTIAL



Redacted - Non-responsive

If you have questions before our call, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "William D. Johnson", is written in a cursive style.

WDJ/dj

09NC-OPCPOD3-61-000050

CONFIDENTIAL

Levy Nuclear Project Update

April 17, 2009



09NC-OPCPOD3-61-000051

Today's Agenda/Decisions

- Input on options for Levy based on NRC schedule and other issues
- Impact of public announcement of schedule shift
- Key 2009 milestones and decisions to be made before 12/31/09
- Customer impact and other economic effects of schedule shift
- Related regulatory and other rate filings
- Other potential impacts

CONFIDENTIAL

Conditions to Proceed with Levy Project

Levy Project Success Factors

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Levy Project Must Support Our Financial Success Factors

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Landscape Changes

Potential Implications

Capital market deterioration

Share price near or below book value
Our sector no longer holding up
Debt market concerns (unsecured)



Ability to raise capital

Federal energy policy landscape

Climate change
Nuclear/coal policies
Renewables
Environmental regulation



Timing and support for new nuclear

Broad economic indicators continue to show weakness

Prospects for late 2009/early 2010 recovery uncertain
Impact on load/energy
Customer ability to pay



**Resource planning impacts/
challenging rate environment**



CONFIDENTIAL



Florida regulatory/legislative climate

Price impact
Potential legislation



Timing and support for new nuclear

Adjustments to Strategy

- Minimize nuclear capital expenditures prior to issuance of combined operating license (COL)
- Reduce external capital requirements over next two to three years to allow financial markets to recover
- Provide time for greater clarity in federal climate change policy

Levy Options

- Option 1 – 20-month shift for Levy 1, Unit 2 follows 18 months
- Option 2 – 36-month shift for Levy 1, Unit 2 follows TBD
- Option 3 – 36-month shift for Levy 1, Unit 2 follows 18 months
- Option 4 – Preserve COLA

20-Month Shift Alternative

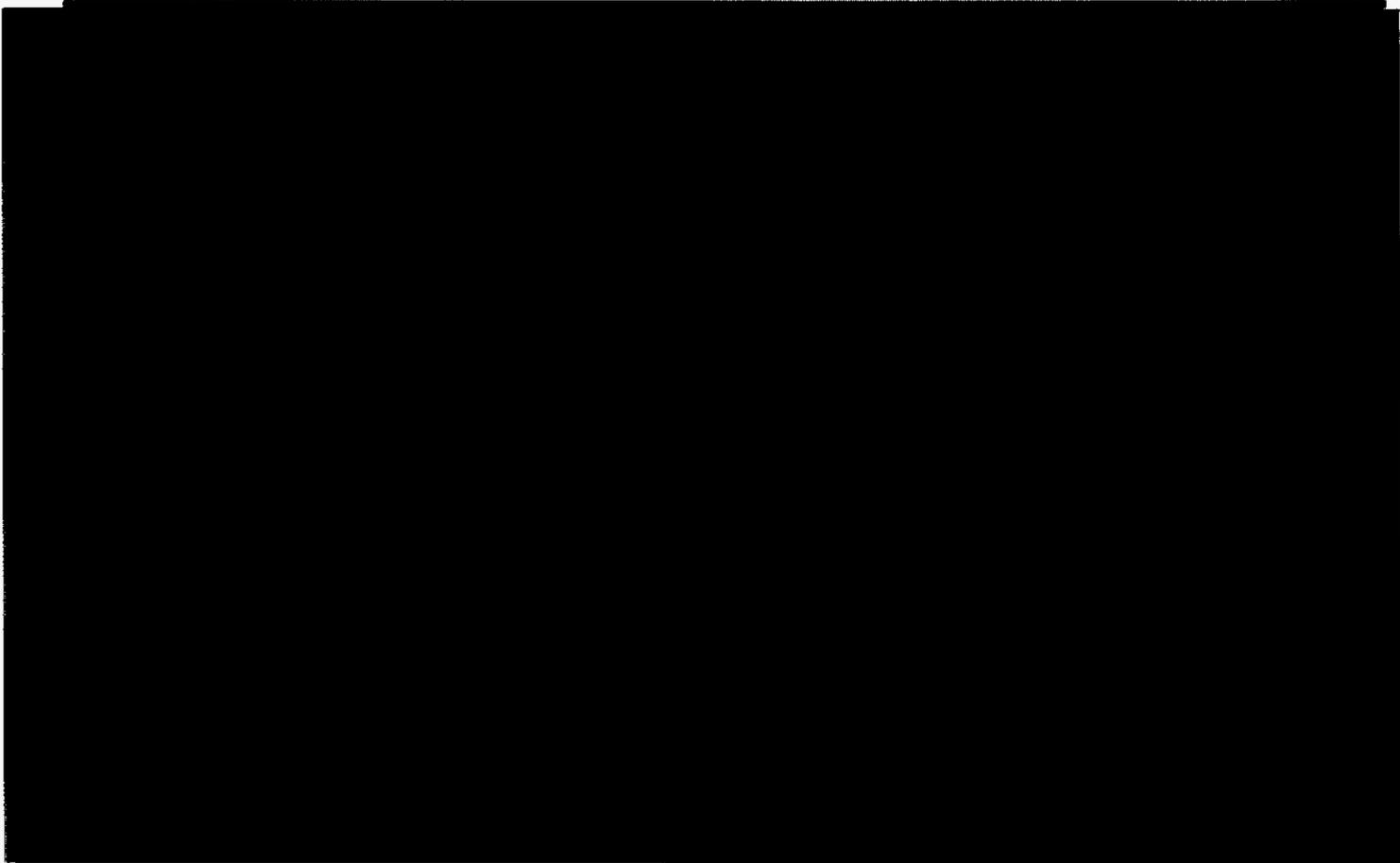
- Alter Levy construction schedule
 - Shift Unit 1 by 20 months – April 2018
 - Unit 2 completion to follow by 18 months
 - Transmission shift remains flexible
 - Outcome
 - Accommodates expected LWA outcome
 - Provides additional time for and certainty on:
 - ◆ Obama Administration nuclear position
 - ◆ Financial market and economic rebound
 - ◆ Customer/policymaker support
 - ◆ PEF rate case, first NCRC prudence hearing
 - ◆ Federal policies on carbon, renewables and coal
 - ◆ JO participation
 - ◆ NRC COLA process
 - ◆ Commodity/labor stabilization
- [REDACTED]
- Minimizes near-term customer price impact

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

Levy Regulatory Milestones and Illustrative Cash Flows



36-Month Shift Alternative

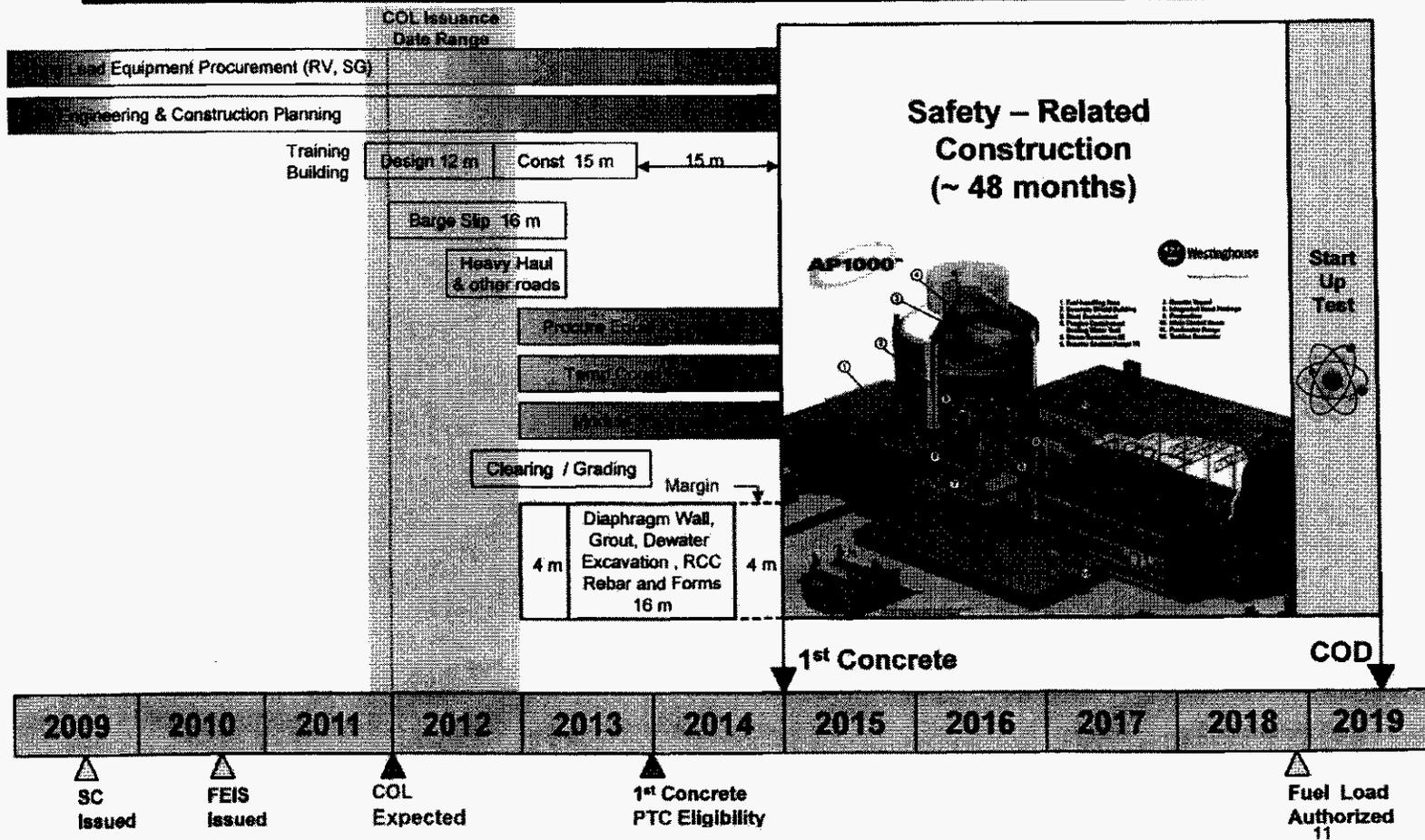
(***Bold italics denotes differences from 20 month shift***)

- Alter Levy construction schedule
 - ***Shift Unit 1 to June 2019 (~36 months)***
 - Unit 2 completion to follow by 18 months
 - Transmission shift remains flexible
- Outcome
 - Accommodates expected LWA outcome
 - Provides additional time for and certainty on:
 - ◆ Obama Administration nuclear position
 - ◆ Financial market and economic rebound
 - ◆ Customer/policymaker support
 - ◆ PEF rate case, first NCRC prudence hearing
 - ◆ Federal policies on carbon, renewables and coal
 - ◆ JO participation
 - ◆ NRC COLA process
 - ◆ Commodity/labor stabilization

CONFIDENTIAL

- Minimizes near-term customer price impact

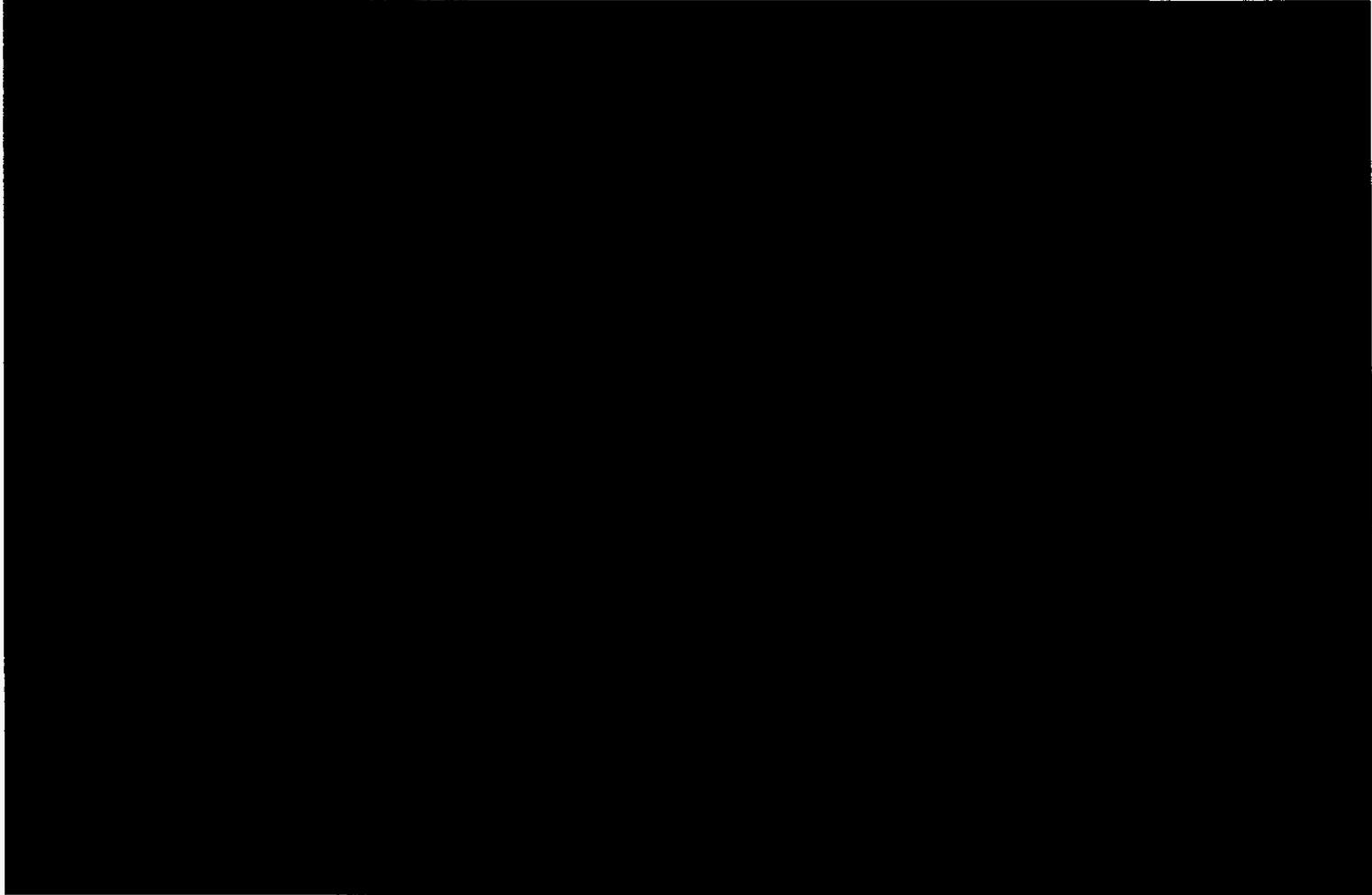
36-Month Shift – Levy Schedule (COD mid-2019) Adjusted Pre-Construction Activities (dates are approximate)



CONFIDENTIAL

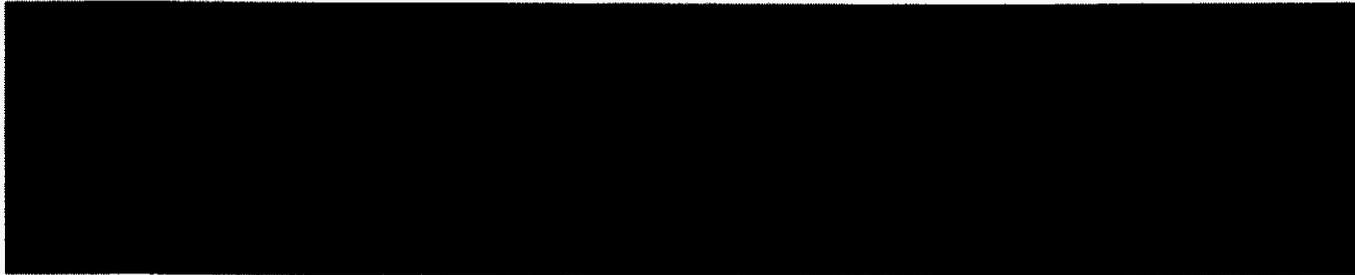
Illustrative Example Only

Consolidated Financial Impact (\$ millions)



Nuclear Cost Recovery Filing – May 1

- Annual Nuclear Cost Recovery Clause (NCRC) filing on May 1
- Primary issues Redacted - Privileged



Next Steps

[REDACTED]

CONFIDENTIAL

[REDACTED]

[REDACTED]

- File nuclear cost recovery petition on May 1
- Make public announcement of schedule shift on May 1

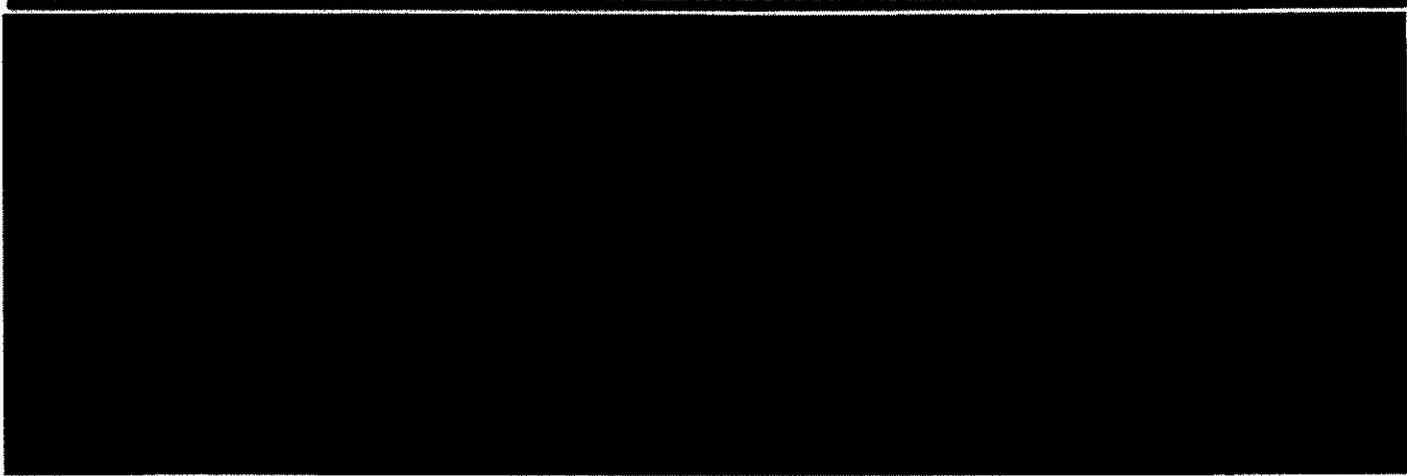
[REDACTED]

Summary

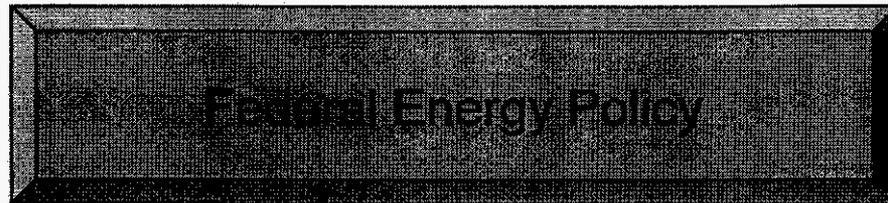
- **Levy nuclear remains vital to PE's Balanced Solution**
- **Basis for shift in planned commercial operation**
 - Necessary to align project timing with NRC LWA schedule
- **Provides additional benefits**
 - Reduces near-term capital expenditures
 - Provides near-term customer price relief
 - Allows for more certainty in federal electric industry policy
 - Allows settling of economy and financial markets
- **PE remains committed to new nuclear in FL**
 - Strongest state on policy support for new nuclear
 - Early local, regional and state support have aided project
- **Ongoing evaluation and deliberate, cautious approach are prudent given our risk environment**

Alternative Strategic Investment Options for PEC

Redacted - Non-responsive

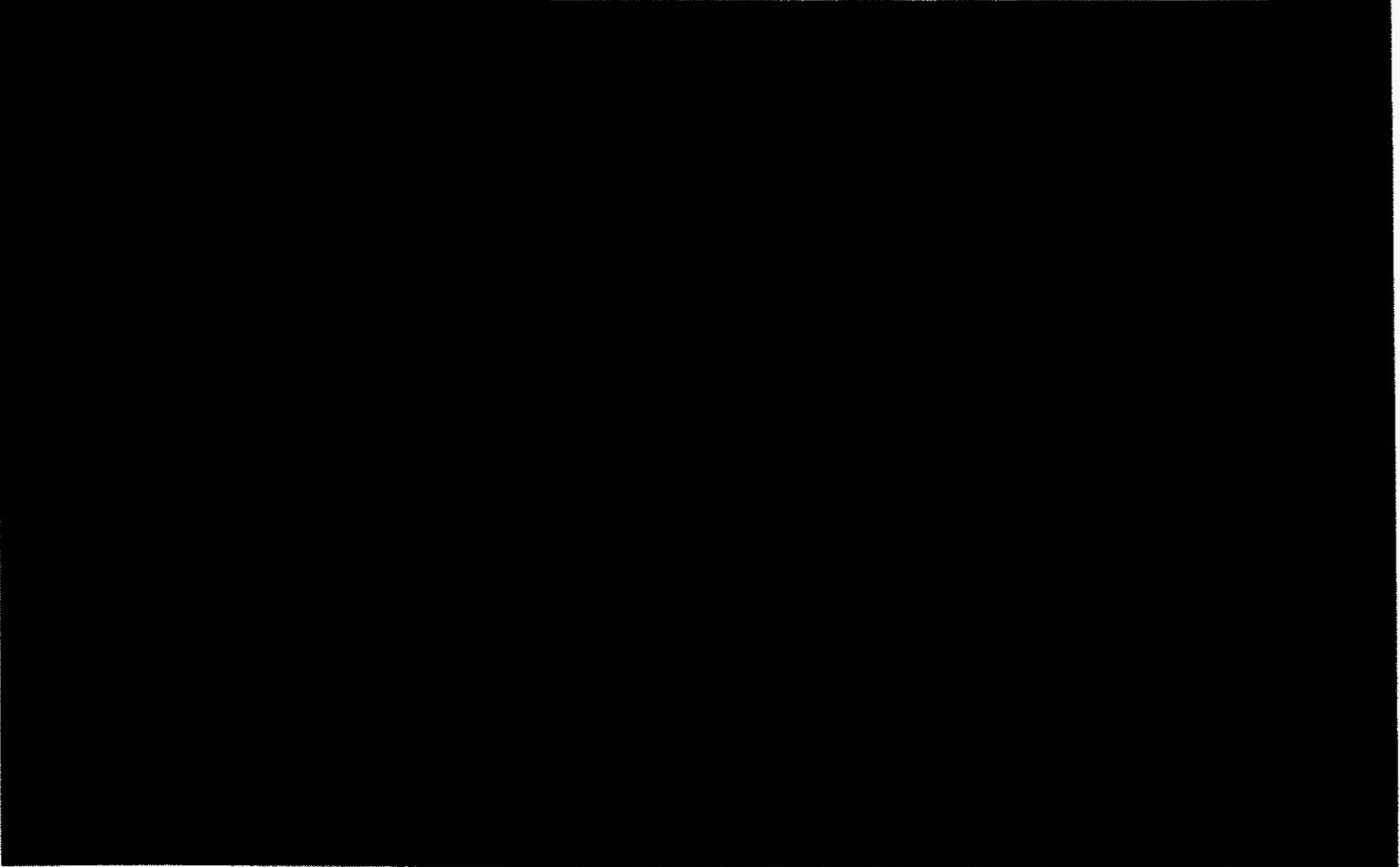


CONFIDENTIAL



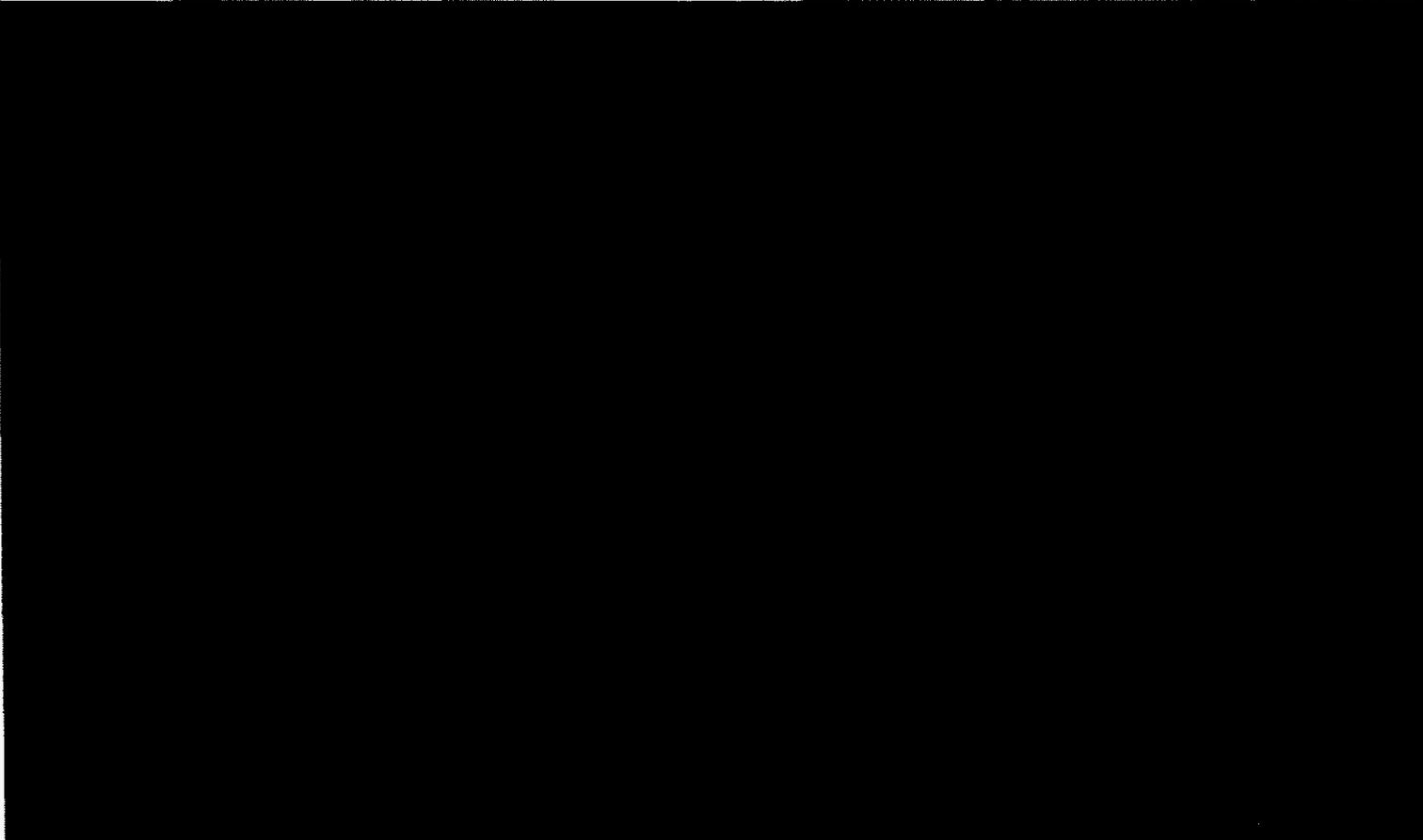
CONFIDENTIAL

Redacted - Non-responsive



CONFIDENTIAL

Redacted - Non-responsive

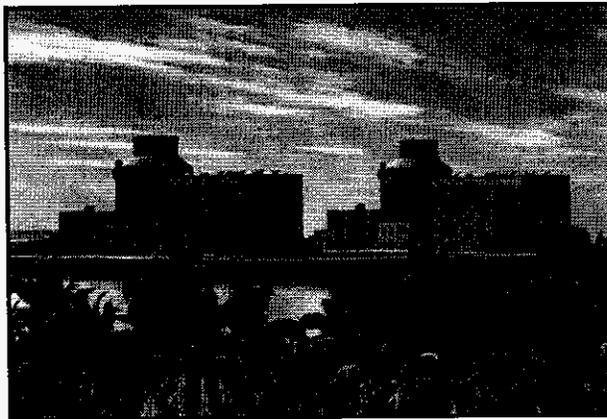


CONFIDENTIAL

Levy Nuclear Plant

Discussions on the Levy Project Schedule

April 9th, 2009
Jeff Lyash
Garry Miller

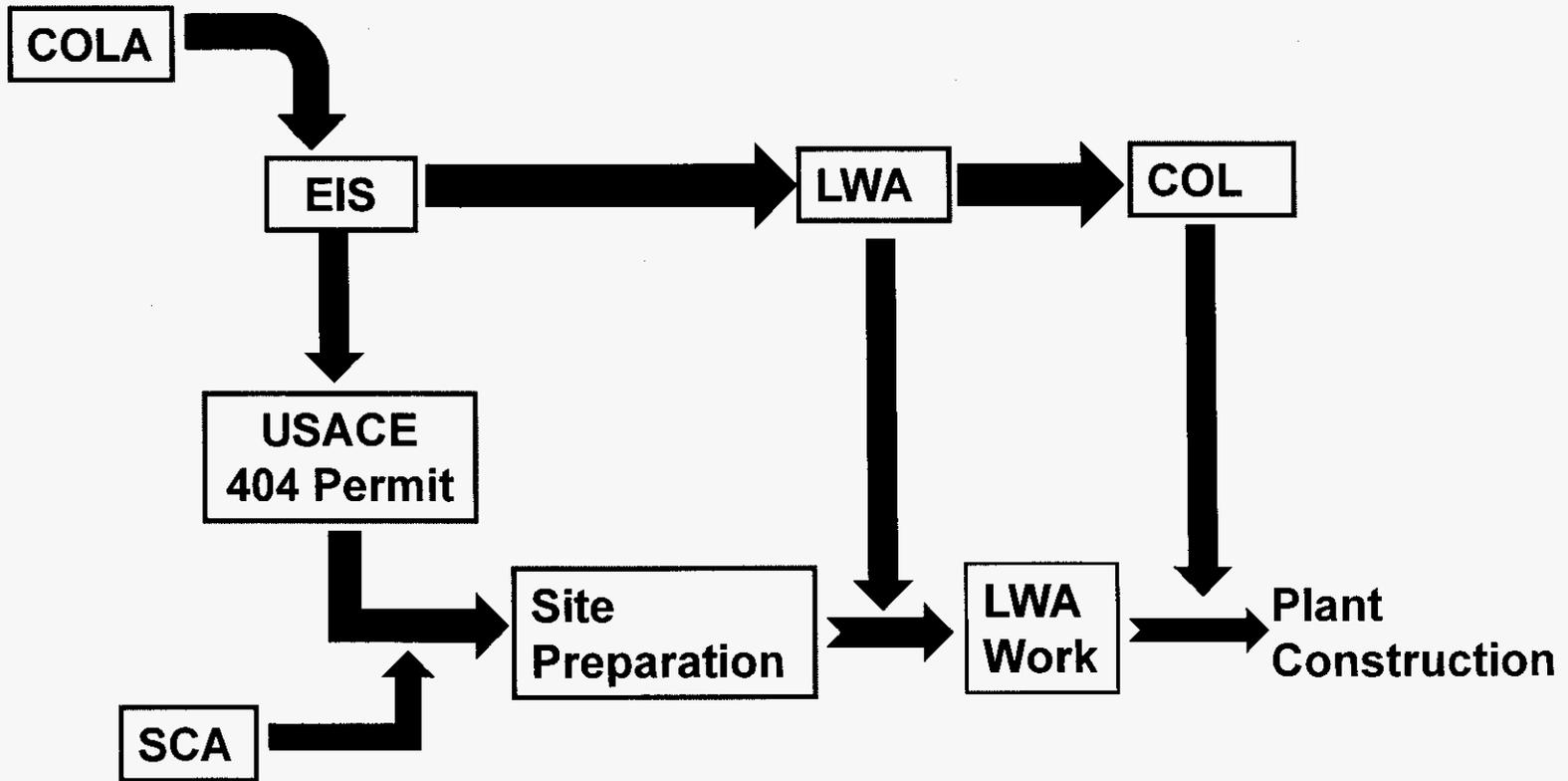


09NC-OPCPOD3-61-000070

Topics

- NRC Regulatory Schedule
- Other Schedule Considerations
- Plan and Actions
- Suspension
- FL PSC Regulatory Schedule
- External Communications

Levy Nuclear Project Regulatory Sequence including LWA



Regulatory Schedule Limited Work Authorization (LWA)

- July 30th 2008 LWA Scope Request
 - ◆ Nuclear Island scope - [assuming excavation was already completed], prepare foundation surface with dental concrete, place engineered backfill, install waterproofing, install mud mat, install rebar, and install safety-related concrete forms

- Sept 12th 2008 LWA Scope Revision
 - ◆ Nuclear Island scope - [ADDED] **install perimeter diaphragm wall, [ADDED] install permeation grouting**, prepare foundation surface with dental concrete, place engineered backfill, install waterproofing (beneath the mud mat), install mud mat, install rebar, and install safety-related concrete forms

Regulatory Schedule Limited Work Authorization (continued)

- Feb 18th 2009 NRC Schedule Milestone Transmittal
 - ◆ EIS and SER Milestones provided (next slide)
 - ◆ LWA Scope/Schedule Unresolved
 - ◆ *“The LNP Units 1 and 2 COLA includes a Limited Work Authorization (LWA) request. During a January 23, 2009, teleconference call, we discussed with members of your staff how the complex geotechnical characteristics of the Levy County site relate to the LWA review. We understand now that you plan to modify the scope of activities requested in the LNP LWA. Upon receipt of your letter which identifies the current planned scope of LWA activities, we will prepare a review schedule related to the LNP Units 1 and 2 LWA. As such, the dates provided in Table 1 represent milestones related to COL issuance alone.”*
- Apr 2009 LWA Status
 - ◆ Only diaphragm wall remains as viable (timely) LWA scope
 - ◆ Would not facilitate excavation
 - ◆ Involves parallel regulatory hearing process and associated risk

Regulatory Schedule

EIS and SER

Environmental Impact Statement (EIS) – (~ 24 months)

	Milestone Description	Estimated Milestone Date
Phase 1	EIS Scoping Complete	May 28, 2009
Phase 2	Draft EIS Issued	Oct 26, 2009
Phase 3	Response to Draft EIS	April 6, 2010
Phase 4	Final EIS Issued	Sept 22, 2010

Safety Evaluation Report (SER) – (~ 31 months)

	Milestone Description	Estimated Milestone Date
Phase 1	RAIs Transmitted to PGN	Feb 11, 2010
Phase 2	Advance SER with No Open Items	Sept 30, 2010
Phase 3	ACRS Review	Feb 20, 2011
Phase 4	FSER issued	May 5, 2011
	COL Issued	~ Dec 2011

Levy Project Schedule Regulatory Considerations

- Lack of a meaningful LWA
- Potential for additional unanticipated COL delay
 - ◆ Potential for SER delay
 - ◆ Potential for extended contested hearings (contentions have not been dispositioned by the ASLB yet)
- Pace of regulatory proceedings potentially affected by nuclear support of the new administration
 - ◆ Yucca Mountain

Levy Project Schedule

The Plan Must:

- Accommodate the timing issues with the LWA
- Demonstrate an appropriate approach to risk management
- Maintain a total project cost that supports the continued economic feasibility of the project
- Demonstrate continued prudence and address current circumstances affecting customers and the company
- Adjust the Levy schedule once (versus a multiple series of changes)

Levy Project Schedule Actions

- Modify the Project Schedule
- Reduce the near term capital commitments and defer as much of the capital spending as possible to after the COL is issued
- Preserve the value of the amounts already expended for long lead items and equipment
- Minimize the impact of the schedule change to the overall project cost

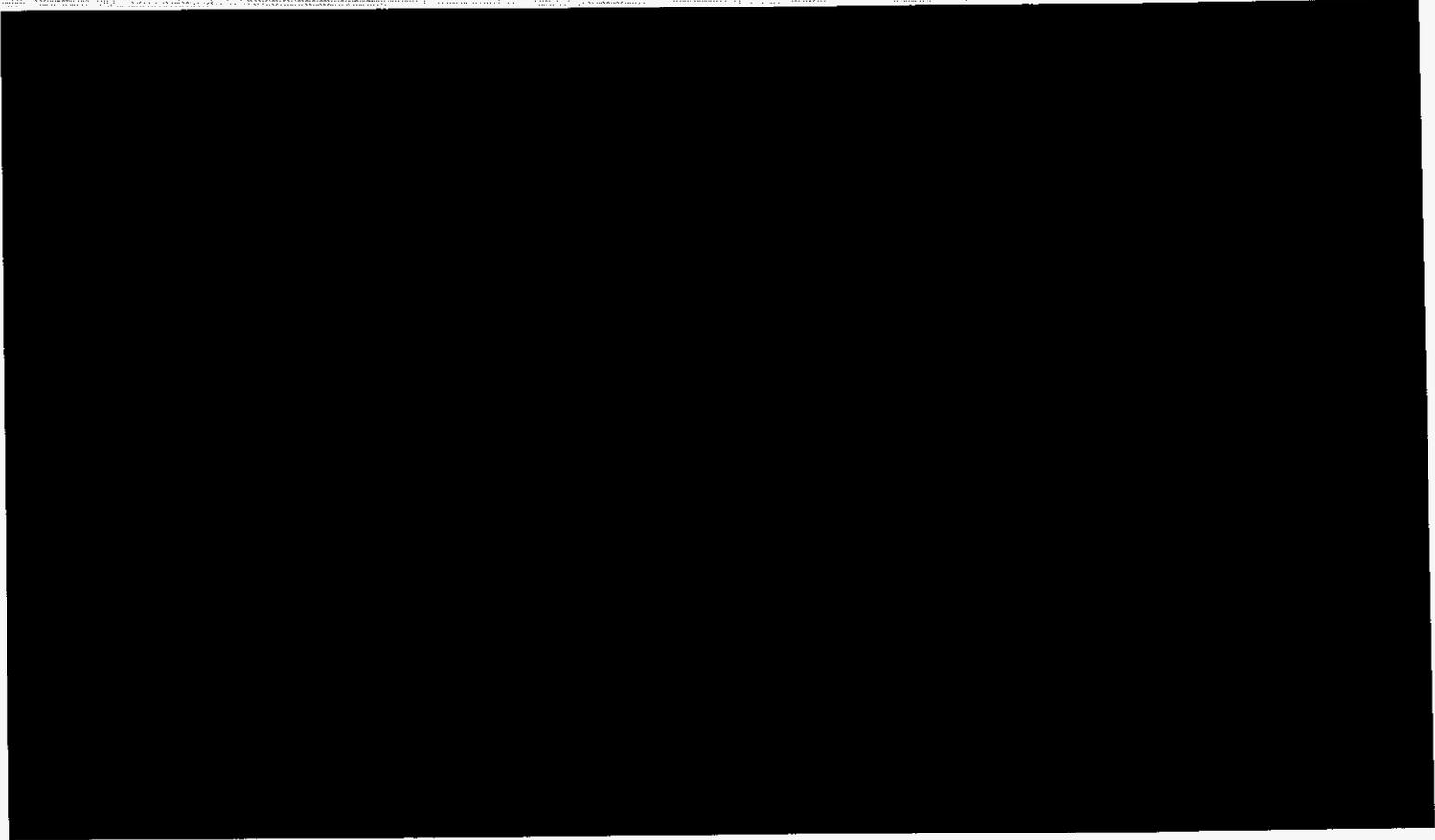
Levy Project Schedule Actions (continued)

- Analysis of specific schedule/cost scenarios to support PGN decision making
 - 24 month Levy COD schedule delay for the following Unit 2 scenarios
 - 18 month Unit 2 COD delta
 - 36 month Unit 2 COD delta
 - > 60 month Unit 2 COD delta
 - 36 month Levy COD schedule delay for the following Unit 2 scenarios
 - 18 month Unit 2 COD delta
 - 36 month Unit 2 COD delta
 - >60 month Unit 2 COD delta
- Begin contract amendment negotiations, to conclude by August 2009

CONFIDENTIAL

EPC Agreement Suspension Provisions

CONFIDENTIAL



Levy Project Schedule Suspension

- Suspension of all Consortium work except:
 - ◆ Consortium efforts on the revised project schedule and cost analysis
 - ◆ Associated contract amendments to the EPC
 - ◆ Support of Levy regulatory work including the COL, SCA, NPDES permits, etc.
- Coordinated suspension of Fuel contract activities
- Partial suspension in place until:
 - ◆ EPC Contract Amendment negotiations have progressed to the point that PEF is satisfied that new contract project objectives can be achieved
 - ◆ Near-term EPC work flow has been adjusted to reflect the revised schedule

FL Public Service Commission (PSC) Regulatory Schedule

- March 1st - FL PSC Cost Recovery filing
 - ◆ 2008 Actuals
- May 1st - FL PSC Cost Recovery filing
 - ◆ 2009 Actuals/Estimated,
 - ◆ 2010 Predicted
 - ◆ Total project cost update and Continued Feasibility
- Sept 8th – FL PSC Hearings in Tallahassee
- Oct 16th – FL PSC Vote
- Oct 26th – Final Order issued by FL PSC

CONFIDENTIAL

**Levy Project Schedule
External Communications**

Discussion

CONFIDENTIAL



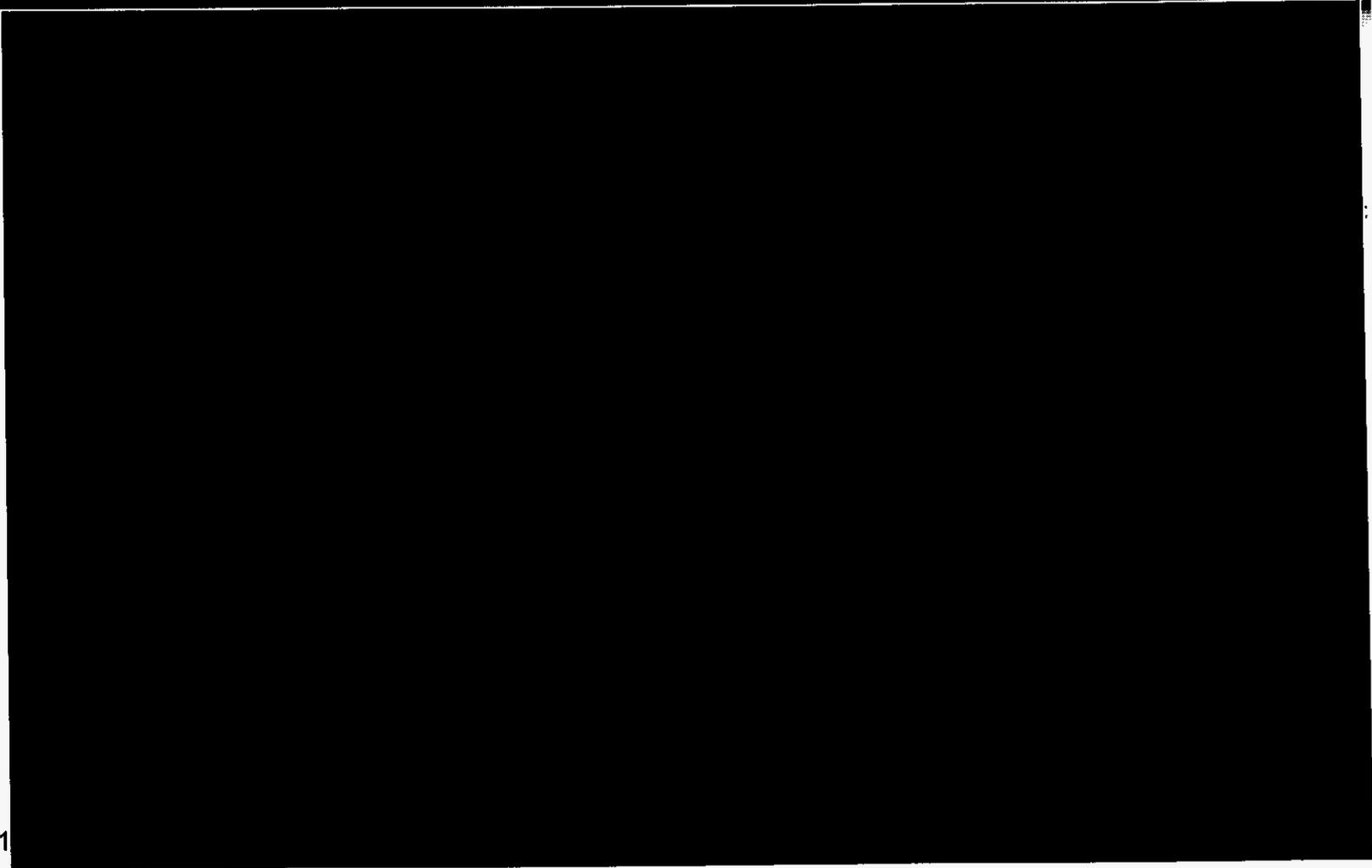
Discussion Resource Slides

(hand out and collect back)

CONFIDENTIAL

EPC Cash Flow

Derived from Current EPC Agreement - Exhibit F



36 Month Shift Scenario For Discussions Purposes (dates are approximate)

