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 Subject: Filing Docket 100009
 Attachments: Docket 100009 PEF Notice of Partial Withdrawal of its 17th Req for Conf Class.pdf



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<<Docket 100009 PEF Notice of Partial Withdrawal of its 17th Req for Conf Class.pdf>> Docket 100009 In re: Nuclear Cost Recovery Clause

1. Attached for filing and service is Progress Energy Florida's Notice of Partial Withdrawal of its Seventeenth Request for Confidential Classification.
2. This document is nine (9) pages.
3. This document is being filed on behalf of Progress Energy Florida, Inc.
4. This document is being filed by

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: NUCLEAR POWER PLANT COST
RECOVERY CLAUSE

Docket No. 100009-EI
Submitted for filing: Aug. 18, 2010

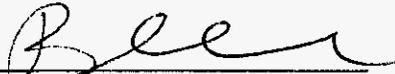
**PROGRESS ENERGY FLORIDA'S NOTICE OF PARTIAL WITHDRAWAL
OF ITS SEVENTEENTH REQUEST FOR CONFIDENTIAL CLASSIFICATION**

Progress Energy Florida, Inc., ("PEF" or the "Company"), files its notice of partial withdrawal of its Seventeenth Request for Confidential Classification (the "Request"), filed with the Commission on July 27, 2010, and states:

Upon further review, and in consideration of the passage of time, PEF agrees to partially withdraw its Request as it pertains to Page 12, Lines 7-15 of the testimony of William R. Jacobs, Jr., Ph.D. (the "Testimony"), and not to seek confidential classification of that portion of the Testimony as originally contemplated by the Request. It is PEF's understanding that this agreement resolves any objections regarding the confidentiality of the information in the Testimony. PEF reiterates its request for confidential classification regarding the remaining information outlined in the Request, i.e., certain portions of the Testimony as represented in the redacted version of that document attached hereto as Exhibit A, and nothing contained in this partial withdrawal should be construed as waiving the Company's right to seek the continued confidentiality of those documents.

Respectfully submitted this 15th day of August, 2010.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via electronic and U.S. Mail this 17th day of August, 2010.


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PROGRESS ENERGY FLORIDA
In re: Nuclear Cost Recovery Clause
Docket 100009-EI

**PROGRESS ENERGY FLORIDA'S NOTICE OF PARTIAL
WITHDRAWAL OF ITS SEVENTEENTH REQUEST FOR
CONFIDENTIAL CLASSIFICATION**

EXHIBIT A

DOCUMENT NUMBER 0471

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FPSC-COMMUNICATIONS

Redacted

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery)
Clause)
_____)

Docket No. 100009-EI

FILED: July 8, 2010



DIRECT TESTIMONY

OF

WILLIAM R. JACOBS, JR., Ph.D.

ON BEHALF OF THE CITIZENS OF

THE STATE OF FLORIDA

REVIEW OF PROGRESS ENERGY FLORIDA'S

NUCLEAR COST RECOVERY RULE FILING

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FILED NUMBER-DATE
5864 AUG 18 2010
PUBLIC SERVICE COMMISSION CLERK

1 a schedule shift of at least 20 months for the Levy project (See Exhibit WRJ(PEF)-3,
2 pages1-2). The Company issued a letter to the Consortium requesting the Consortium
3 to conduct six schedule and cash flow analyses for the project (See 10NC-OPCPOD1-
4 3-000005). The results of these analyses formed the basis for the Company's
5 announced plan going forward for the Levy Nuclear Project.

6
7 **Q. WHAT WERE THE COMPANY'S STATED STRATEGIC INTENT AND**
8 **OBJECTIVES IN DEVELOPING THE GOING FORWARD PATH FOR THE**
9 **PROJECT?**

10 A. As stated in the March 8, 2010, Senior Management Committee presentation, the
11 strategic intent and objectives were to:

12 "...minimize near term cash flow requirements while maintaining long term
13 flexibility to continue or pursue nuclear development projects." (See 10NC-
14 OPCPOD1-1-000097.)

15
16 **Q. BRIEFLY DESCRIBE THE SCENARIOS ANALYZED BY THE COMPANY.**

17 A. In the Senior Management Committee presentation dated February 15, 2010 (see
18 10NC-OPCPOD101-000057) the Company identified three possible options for the
19 project:

- 20 • Option 1 - Full Speed Project Continuation: This option would lead to Unit 1
21 Commercial Operation Date (COD) in late-2019. Estimated total cost for this
22 option excluding AFUDC is [REDACTED] Expenditures in 2010 – 2012 to
23 support this option would be [REDACTED]
- 24 • Option 2 - Project Cancellation – This option would result in cancellation of
25 the project and [REDACTED] for the base EPC contract plus

1 other payments as required by contractual obligations. Expenditures in 2010 –
2 2012 for this option are estimated to be [REDACTED] If cancelled, the total
3 cost of the LNP that customers would be expected to bear would be [REDACTED]
4 [REDACTED] through 2012 with possible additional costs pending the outcome of
5 negotiations with the Consortium.

- 6 • Option 3 - Project Continuation with EPC Amendment – This option involves
7 continuation of work needed to support COL issuance in late 2012. It
8 assumes that a Notice to Proceed would be issued in 2013 with Unit 1 COD in
9 2021. The estimated total cost for this option excluding AFUDC is [REDACTED]
10 [REDACTED] Expenditures in 2010 – 2012 for this option are estimated to be
11 [REDACTED]

12

13 **Q. WHICH OPTION HAS THE COMPANY SELECTED?**

14 A. The Company decided to proceed with Option 3 as described above.

15

16 **Q. DID THE COMPANY ANALYZE ALL OF THE LIKELY SCENARIOS IN
17 DECIDING THE PATH FORWARD FOR THE LEVY PROJECT?**

18 A. No, they did not. I believe that another reasonably possible outcome scenario is for
19 the project to be cancelled after receipt of the COL in late 2012.

20

21 **Q. DID YOU ASK THE COMPANY FOR THIS SCENARIO ANALYSIS?**

22 A. Yes, I did. In Interrogatory Question 46 I asked the Company if they had estimated
23 the cost for the chosen alternative (continuation with COL and minimum continuation
24 of the EPC contract) followed by cancellation after receipt of the COL. The
25 Company responded:

1 **THE KNOWN UNCERTAINTIES DISCUSSED ABOVE RESULTED IN**
2 **ADDITIONAL COSTS?**

3 A. Yes, I do. I believe that it was unreasonable to sign the EPC contract without
4 knowing the LWA schedule and that signing the EPC contract would result in extra
5 costs. The additional costs incurred by PEF can be seen by comparing the costs spent
6 to date between Levy and Florida Power and Light's Turkey Point 6 and 7 project.
7 Both of the projects are in essentially the same place from a schedule perspective with
8 LNP Unit 1 scheduled COD in late 2021 and Turkey Point Unit 6 COD scheduled for
9 2022. FPL has not signed an EPC contract for the new Turkey Point units but is
10 continuing to pursue a COL for these units. The primary difference in the status of
11 these projects is that PEF has committed to the procurement of long lead material and
12 is now trying to determine the best way to dispose of this material. The difference in
13 dollars spent between the two projects is striking. Through 2011, PEF will have spent
14 [REDACTED] (PEF Exhibit JL-6, page 22) on LNP while FPL will have spent
15 \$170.1 million on the Turkey Point project. PEF will have spent [REDACTED]
16 [REDACTED] due primarily to their unreasonable decision to sign the
17 EPC contract in December 2008. If the projects are cancelled, [REDACTED]

18 [REDACTED]

19

20 Q. **MS. GALLOWAY TESTIFIES EXTENSIVELY TO THE BENEFITS THAT**
21 **PEF GAINED BY HAVING SIGNED THE EPC CONTRACT. DO YOU**
22 **BELIEVE THAT THE COMPANY COULD HAVE ACHIEVED THE SAME**
23 **CONTRACTUAL BENEFITS BY WAITING TO SIGN THE EPC**
24 **CONTRACT UNTIL THE SCHEDULE FOR THE LWA WAS KNOWN?**