

**Eric Fryson**

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**From:** Dana Greene [DanaG@hgslaw.com]  
**Sent:** Monday, May 14, 2012 1:55 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Charles Murphy  
**Subject:** Docket 120007 - Letter to PSC, Office of General Counsel, regarding PEF's Integrated Clean Air Compliance Plan  
**Attachments:** Docket 120007 - Letter to PSC, Office of General Counsel, re PEF's Integrated Clean Air Compliance Plan.pdf

Electronic Filing

a. Person responsible for this electronic filing:

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b. Docket No. 120007-EI

In re: Environmental Cost Recovery Clause

c. Document being filed on behalf of Progress Energy Florida, Inc.

d. There are a total of 3 pages.

e. The document attached for electronic filing is a letter to PSC, Office of General Counsel, regarding Progress Energy Florida, Inc.'s Integrated Clean Air Compliance Plan.

Thank you for your cooperation.

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DOCUMENT NUMBER 03059

03059 MAY 14 2012

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5/14/2012

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May 14, 2012

Charles W. Murphy, Esquire  
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Florida Public Service Commission  
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Re: *In re Environmental Cost Recovery Clause*, Docket No. 120007-EI  
Progress Energy Florida's Integrated Clean Air Compliance Plan

Dear Mr. Murphy:

On behalf of Progress Energy Florida, Inc. (PEF or "Company"), I am writing to update the Commission and the parties regarding PEF's ongoing integrated clean air compliance planning activities. As discussed below, PEF expects to incur additional costs, beyond those previously anticipated, for emissions monitoring and modeling activities associated with PEF's Integrated Clean Air Compliance Plan.

In Order No. PSC-11-0553-FOF-EI issued in Docket No. 110007-EI on December 7 2011, the Commission approved ECRC recovery of PEF's costs associated with emissions testing and related analyses necessary to develop PEF's strategy for achieving compliance with new hazardous air pollutant standards (now known as "MATS") at Crystal River Units 4 and 5. At that time, PEF expected to incur approximately \$300,000 in costs for emissions testing needed to assess mercury, particulate and acid gas emissions from the Crystal River units. Based on a review of the final MATS rule issued on December 21, 2011, as well as the results of initial emissions testing, PEF has determined that more detailed emissions testing and continuous monitoring is required to enable PEF to adequately assess potential mercury control strategies. Among other things, PEF plans to install mercury monitors that will enable the Company to develop a longer-term assessment of mercury emissions under a variety of operating conditions and control options. This longer-term assessment is necessary to ensure that potential control options can consistently achieve compliance on a 30-day rolling average basis as required under the final MATS rule.

In addition, as noted in PEF's annual review of its Integrated Clean Air Compliance Plan (filed as Exhibit PQW-1 on April 2, 2012), Best Available Retrofit Technology ("BART") requirements for sulfur dioxide ("SO<sub>2</sub>") could become an issue for PEF units depending upon the results of ongoing litigation over EPA's Cross-State Air Pollution Rule ("CSAPR"). EPA is now requiring Florida to amend its State Implementation Plan to facilitate implementation of BART requirements once the CSAPR litigation is resolved.

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Charles W. Murphy, Esq.  
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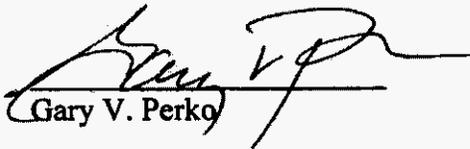
As a result, PEF will be working with the Florida Department of Environmental Protection to perform air quality modeling necessary to determine whether emissions from PEF units impact visibility conditions so as to trigger BART requirements for SO<sub>2</sub>.

Because the additional emissions monitoring and modeling activities discussed above are within the scope of PEF's previously approved Integrated Clean Air Compliance Plan, PEF will include the costs associated with these activities within the Company's estimated/actual projection filings for that program. We also will keep the Commission apprised of any further developments related to the Integrated Clean Air Compliance Plan during the course of this year's ECRC proceedings.

In the meantime, please do not hesitate to contact me should you have any questions or comments.

Very truly yours,

HOPPING GREEN & SAMS, P.A.

By:   
Gary V. Perko

Attorneys for PROGRESS ENERGY FLORIDA, INC.

Enclosure

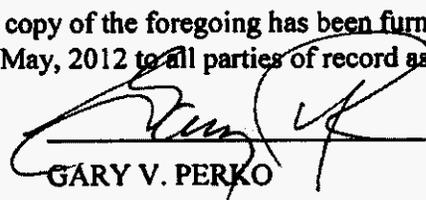
cc: All counsel of record

Hopping Green & Sams

Attorneys and Counselors

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic (\*) or regular U.S. Mail this 14 day of May, 2012 to all parties of record as indicated below.

  
GARY V. PERKO

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