Hopping Green & Sams

Attorneys and Counselors

October 12, 2012

BY HAND-DELIVERY

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

Re: Docket No. 120007-EI

Dear Ms. Cole:

It has come to my attention that the exhibits referenced in and attached to the testimony of Patricia Q. West originally filed on behalf of Progress Energy Florida, Inc., on August 1, 2012, and re-filed on August 8, 2012, were mis-numbered. Accordingly, I enclose for filing the original and fifteen (15) copies of Ms. West's exhibits with proper numbering, as well as an errata sheet correcting the references to the exhibits in Ms. West's testimony.

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

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 give me of us a call at 222-7500.

Very truly yours,

HOPPING GREEN & SAMS, P.A.

By: _____
Gary V. Perko

Attorneys for PROGRESS ENERGY FLORIDA, INC.

COM	5
AFD	4
APA	1
ECO	1
ENG	1
GCL	1
IDM	1
TEL	
CLK	1

cc: Certificate of Service

Post Office Box 6526 Tallahassee, Florida 32314 119 S. Monroe Street, Suite 300 (32301) 850.222.7500 850.224.8551 fax www.hgslaw.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via hand-delivery (*) or regular U.S. Mail this 12th day of October 2012 to all parties of record as indicated below.

GARY V. PERKO

Charles Murphy, Esquire* Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850 cmurphy@psc.state.fl.us James D. Beasley, Esquire Jeffry Wahlen, Esquire Ausley & McMullen Law Firm Post Office Box 391 Tallahassee, Florida 32302 jbeasley@ausley.com John T. Butler, Esquire Florida Power & Light Co. 700 Universe Boulevard Juno Beach, Florida 33408 John.butler@fpl.com Ken Hoffman, Esquire Florida Power & Light 215 S. Monroe Street, Suite 810 Tallahassee, Florida 32301-1859 Wade.litchfield@fpl.com Jeffrey A. Stone, Esquire Russell A. Badders, Esquire Steven R. Griffin, Esquire Beggs & Lane Law Firm Post Office Box 12950 Pensacola, Florida 32591 jas@beggslane.com rab@beggslane.com; srg@beggslane.com Ms. Paula K. Brown Tampa Electric Company Post Office Box 111 Tampa, Florida 33601 regdept@tecoenergy.com Capt Samuel Miller c/o AFLSA/JACL-ULT 139 Barnes Drive, Suite 1 Tyndall AFB, Florida 32403-5319 samuel.miller@tyndall.af.mil	J.R. Kelly / Charles Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, #812 Tallahassee, Florida 32399 Kelly.jr@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us Mr. James W. Brew, Esquire c/o Brickfield Law Firm 8th Floor, West Tower 1025 Thomas Jefferson St., NW Washington, DC 20007 jbrew@bbrslaw.com Keefe Law Firm Vicki Gordon Kaufman, Esquire Jon C. Moyle, Jr., Esquire 118 North Gadsden Street Tallahassee, Florida 32301 vkaufman@moylelaw.com jmoyle@moylelaw.com Ms. Susan D. Ritenour Gulf Power Company One Energy Place Pensacola, Florida 32520-0780 sdriteno@southernco.com White Springs Agricultural Chemicals Post Office Box 300 White Springs, Florida 32096 Rmiller@pcsphosphate.com R. Alexander Glenn / John Burnett/Dianne Triplett Post Offoce Box 14042 St. Petersburg, Florida 33733 John.burnett@pgnmail.com Dianne.triplett@pgnmail.com Paul Lewis, Jr. 106 E. College Ave., Suite 800 Tallahassee, Florida 32301 Paul.lewisjr@pgnmail.com

Errata to Testimony of Patricia Q. West
August 1, 2012

Page 3, Line 15: Change "Exhibit No. __ (PQW-1)" to "Exhibit No. __ (PQW-2)"

Page 3, Line 18: Change "Exhibit No. __ (PQW-2)" to "Exhibit No. __ (PQW-3)"

Page 3, Line 21: Change "Exhibit No. __ (PQW-3)" to "Exhibit No. __ (PQW-4)"

Page 5, Line 18: Change "__ (PQW-3)" to "__ (PQW-4)"

Page 7, Line 12: Change "Exhibit No. __ (PQW-1)" to "Exhibit No. __ (PQW-2)"

Page 8, Line 8: Change "Exhibit No. __ (PQW-3)" to "Exhibit No. __ (PQW-4)"

Page 9, Line 2: Change "Exhibit No. __ (PQW-2)" to "Exhibit No. __ (PQW-3)"

Page 11, Line 9: Change "Exhibit No. __ (PQW-3)" to "Exhibit No. __ (PQW-4)"

Hopping Green & Sams

Attorneys and Counselors
Writer's Direct Dial No.
(850) 425-2359

February 8, 2012

BY HAND-DELIVERY

REDACTED

Martha Carter Brown, Esquire
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: *In re Environmental Cost Recovery Clause*, Docket No. 120007-EI
Progress Energy Florida's NPDES Renewal Program

Dear Martha:

On behalf of Progress Energy Florida, Inc. (PEF or "Company"), I am writing to advise the Commission and the parties of a recent development related to PEF's previously approved NPDES Renewal Program.

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 new environmental requirements included in various NPDES renewal permits issued or to be issued for various PEF facilities. At the time, a final NPDES renewal permit had not been issued for PEF's Suwannee River Power Plant. Shortly thereafter, however, on December 14, 2011, the Florida Department of Environmental Protection issued a final NPDES renewal permit and associated Administrative Order for the Suwannee Plant. The Administrative Order includes a new requirement that PEF did not anticipate when it filed its petition requesting approval of the new NPDES Renewal Program in March 2011 or when the Company filed its 2012 cost projections in August 2011. Specifically, the Administrative Order requires PEF to perform a study of copper discharges from the Suwannee Plant and, depending upon the results, may require PEF to perform additional feasibility studies to evaluate options to comply with the copper discharge limit. A copy of the Administrative Order is attached. At this time, PEF expects to incur approximately [redacted] on the initial copper discharge study, beginning in February, 2012. (Because the projected costs constitute confidential business information, PEF is submitting this letter along with a Request for Confidential Classification).

Because the new copper study requirement is within the scope of the previously approved NPDES Renewal Program, PEF will include the costs associated with the new copper discharge study 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 NPDES Renewal Program 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

BEFORE THE STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

IN THE MATTER OF:

Florida Power Corp.
Progress Energy Florida, Inc.
4037 River Road
Live Oak, Florida 32060

Administrative Order No. AC-026-TL

Suwannee River Power Plant
DEP Permit No: FL0000183

ADMINISTRATIVE ORDER

I. STATUTORY AUTHORITY

The Department of Environmental Protection (Department) issues this Administrative Order under the authority of Section 403.088(2)(f), Florida Statutes (F.S.). The Secretary of the Department has delegated this authority to the Director of the Division of Water Resources Management, who issues this order and makes the following findings of fact.

II. FINDINGS OF FACT

1. Florida Power Corp. Progress Energy Florida, Inc. (Permittee) is a "person" as defined under Section 403.031(5), F.S.
2. The Permittee owns and operates a steam electric power generating facility known as Suwannee River Power Plant ("Facility"). The Facility, located at 4037 River Road Live Oak, Suwannee County, Florida 32060, discharges industrial wastewater into waters of the state as defined in Section 403.031(13), F.S.
3. The Permittee has filed a timely application for renewal of NPDES Permit No: FL0000183 (Permit), under Section 403.088(2), F.S.
4. Once-through cooling water discharges to Suwannee River, which is designated a Class III freshwater pursuant to Rule 62-302.400(14), Florida Administrative Code (F.A.C.), and as an Outstanding Florida Water pursuant to Rule 62-302.700(9)(a)(71), F.A.C.
5. Previous sampling has shown that on occasion the once through cooling water concentrations for total recoverable copper exceed the Class III fresh water quality criterion in Rule 62-302.530(23), F.A.C. The Permittee does not add chemical products that contain copper to the wastewater. It is believed that the source of copper is from material used in construction of the once through cooling water system.
6. At issuance of the previous Permit, the Department considered the Facility eligible for a total recoverable copper mixing zone pursuant to Rules 62-4.244 and 62-302.300(10)(b), F.A.C. Hence, the previous Permit included a mixing zone for total recoverable copper. Compliance with the total recoverable copper water quality standard was demonstrated at the edge of the mixing zone.
7. As part of the permit renewal process, the mixing zone size was re-evaluated with a mathematical model using the most recent data available to the Department. The model results predicted that the required size needed to meet the Class III fresh water quality standard at the edge of the mixing zone within the Suwannee River exceeds the maximum size allowed under Rule 62-4.244, F.A.C. Hence, the Department is unable to approve the continuance of the total recoverable copper mixing zone.
8. The Department finds that:

a. There is no present, reasonable, alternative means of disposing of the waste other than by discharging it into the waters of the state;

b. The granting of an operation permit will be in the public interest; and,

c. The discharge will not be unreasonably destructive to the quality of the receiving water.

9. This order and associated wastewater Permit FL0000183 constitute the Department's authorization to discharge pollutants to waters of the state under the NPDES program, and its determination that the Facility is in compliance with Section 403.088, F.S. This order includes an implementation schedule.

III. ORDER

Based on the foregoing findings of fact,

IT IS ORDERED,

10. No later than 180 days after the effective date of this Order, the Permittee shall prepare and submit for the Department's review a plan of study (POS) and schedule for the identification and evaluation of potential copper sources within the Facility and collection of paired intake and discharge data sets that pairs total recoverable and dissolved copper in the Suwannee. The POS shall be designed and implemented to demonstrate that the discharge from the Facility meets the discharge limitations in Part I.A.1. of the Permit. The results of the evaluation shall be submitted in a report (Report) to the Department for review and approval no later than 60 days after the approved POS completion date.

11. If the Report fails to demonstrate that the effluent discharge from the Facility meets the total recoverable copper discharge limitation in Part I.A.1. of the Permit, the Permittee shall prepare a feasibility study (Study) for the evaluation of on-site recycling and treatment options to achieve the discharge limitation(s). The Study shall be submitted to the Department for review and approval no later than 60 days after the approved POS completion date.

12. The Permittee may petition the Department for an appropriate moderating provision or other available relief provided for under Chapters 120 or 403, F.S., and the rules promulgated thereunder. Any petition for a moderating provision shall include an evaluation of all potential on-site reuse and treatment options and the feasibility of each, and sampling of the sediment, using appropriate analytical methods, in and around the outfall for the effluent discharge designated as Outfall D-001 in the Permit. Any such petition shall be submitted no later than 60 days after receipt of Department approval of a Report and shall demonstrate the need for a less stringent discharge limitation than contained in Part I.A.1. of the Permit in accordance with Rule 62-620.620(3), F.A.C.

13. No later than 48 months after the effective date of this Order, the Permittee shall either comply with the total recoverable copper discharge limitations in Part I.A.1. of the Permit, or with an alternative discharge limitation based on the Reports and Study as approved by the Department.

14. Until compliance with the copper limitations in Part I.A.1. of the Permit is achieved as required in III.13. of this Order, the Permittee shall comply with an interim total recoverable copper limitation of 34.0 ug/L at the discharge from Outfalls D-001.

15. The Permittee shall maintain and operate its facilities in compliance with all other conditions of the Permit.

16. This order may be modified through revisions as set forth in Chapter 62-620, F.A.C.

17. Unless otherwise specified herein, reports or other information required by this order shall be sent to: Industrial Wastewater Section, ATTN: Mail Station 3545, Department of Environmental Protection, 2600 Blair Stone Road, Tallahassee, Florida 32399-2400, with a copy sent to: Industrial Wastewater Section, Department of Environmental Protection, Northeast District, 7825 Baymeadows Way, Suite B-200, Jacksonville, Florida 32256-7590.

18. This order does not operate as a permit under Section 403.088, F.S. This order shall be incorporated by reference into NPDES Permit No. FL0000183, which shall require compliance by the Permittee with the requirements of this order.

19. Failure to comply with the requirements of this order shall constitute a violation of this order and Permit No. FL0000183, and may subject the Permittee to penalties as provided in Section 403.161, F.S.

20. This order is final when filed with the clerk of the Department, and the Permittee then shall implement this order unless a petition for an administrative proceeding (hearing) is filed in accordance with the notice set forth in the following Section.

21. If any event occurs that causes delay or the reasonable likelihood of delay, in complying with the requirements of this order, the Permittee shall have the burden of demonstrating that the delay was or will be caused by circumstances beyond the reasonable control of the Permittee and could not have been or cannot be overcome by the Permittee's due diligence. Economic circumstances shall not be considered circumstances beyond the reasonable control of the Permittee, nor shall the failure of a contractor, subcontractor, materialman or other agent (collectively referred to as "contractor") to whom responsibility for performance is delegated to meet contractually imposed deadlines be a cause beyond the control of the Permittee, unless the cause of the contractor's late performance was also beyond the contractor's control. Delays in final agency action on an application for a relief mechanism are eligible for consideration under this paragraph, provided that none of those delays were a result of late submission by the Permittee. Upon occurrence of an event causing delay, or upon becoming aware of a potential for delay, the Permittee shall notify the Department orally at the Department's Northeast District office, (904)-807-3371, within 24 hours or by the next working day and shall, within seven calendar days of oral notification to the Department, notify the Department in writing at Northeast District office, 7825 Baymeadows Way, Suite B-200, Jacksonville, Florida 32256-7590 of the anticipated length and cause of the delay, the measures taken or to be taken to prevent or minimize the delay and the timetable by which Facility intends to implement these measures. If the delay or anticipated delay has been or will be caused by circumstances beyond the reasonable control of the Permittee, the time for performance hereunder shall be extended for a period equal to the delay resulting from such circumstances.

IV. NOTICE OF RIGHTS

A person whose substantial interests are affected by the Department's decision may petition for an administrative proceeding (hearing) under Sections 120.569 and 120.57 of the F.S. The petition must contain the information set forth below and must be filed (received by the clerk) in the Office of General Counsel of the Department at 3900 Commonwealth Boulevard, Mail Station 35, Tallahassee, Florida 32399-3000.

Petitions by the applicant or any of the parties listed below must be filed within fourteen days of receipt of this written notice. Petitions filed by any persons other than those entitled to written notice under Section 120.60(3), F.S., must be filed within fourteen days of publication of the notice or within fourteen days of receipt of the written notice, whichever occurs first.

Under Section 120.60(3), F.S., however, any person who has asked the Department for notice of agency action may file a petition within fourteen days of receipt of such notice, regardless of the date of publication.

The petitioner shall mail a copy of the petition to the applicant at the address indicated above at the time of filing. The failure of any person to file a petition within the appropriate time period shall constitute a waiver of that person's right to request an administrative determination (hearing) under Sections 120.569 and 120.57, F.S.. Any subsequent intervention (in a proceeding initiated by another party) will be only at the discretion of the presiding officer upon the filing of a motion in compliance with Rule 28-106.205, F.A.C.

A petition that disputes the material facts on which the Department's action is based must contain the

(c) A statement of how each petitioner's substantial interests are affected by the Department action;

(d) A statement of the material facts disputed by the petitioner, if any;

(e) A statement of facts that the petitioner contends warrant reversal or modification of the Department action;

(f) A statement of which rules or statutes the petitioner contends require reversal or modification of the Department action; and

(g) A statement of the relief sought by the petitioner, stating precisely the action that the petitioner wants the Department to take.

A petition that does not dispute the material facts on which the Department's action is based shall state that no such facts are in dispute and otherwise shall contain the same information as set forth above, as required by Rule 28-106.301, F.A.C.

Because the administrative hearing process is designed to formulate final agency action, the filing of a petition means that the Department's final action may be different from the position taken by it in this notice. Persons whose substantial interests will be affected by any such final decision of the Department have the right to petition to become a party to the proceeding, in accordance with the requirements set forth above.

Mediation under Section 120.573, F.S., is not available for this proceeding.

This action is final and effective on the date filed with the Clerk of the Department unless a petition is filed in accordance with the above. Upon the timely filing of a petition this order will not be effective until further order of the Department.

Any party to the order has the right to seek judicial review of the order under Section 120.68, F.S., by the filing of a notice of appeal under rule 9.110 of the Florida Rules of Appellate Procedure with the Clerk of the Department in the Office of General Counsel, Mail Station 35, 3900 Commonwealth Boulevard, Tallahassee, Florida, 32399-3000; and by filing a copy of the notice of appeal accompanied by the applicable filing fees with the appropriate district court of appeal. The notice of appeal must be filed within 30 days from the date when the final order is filed with the Clerk of the Department.

DONE AND ORDERED on this 14th day of December, 2011 in Tallahassee, Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION

Mark F. Thomasson, P.E.
Director
Division of Water Resource Management

CLERK STAMP

FILED AND ACKNOWLEDGED on this date, under Section 120.52(7) of the Florida Statutes, with the designated Department Clerk, receipt of which is acknowledged.

Shirley Shields
Clerk

12-14-2011
Date

Copies furnished to Permit Distribution List

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Environmental Cost Recovery Clause	DOCKET NO. 120007-EI
	FILED: March 29, 2012

PROGRESS ENERGY FLORIDA, INC.'S PETITION TO MODIFY SCOPE OF EXISTING ENVIRONMENTAL PROGRAM

Progress Energy Florida, Inc. ("PEF" or "Company"), pursuant to Section 366.8255, Florida Statutes, and Florida Public Service Commission Order Nos. PSC-94-0044-FOF-EI and PSC-99-2513-FOF-EI, hereby petitions the Commission to modify the scope of its previously approved Integrated Clean Air Compliance Program to encompass additional activities such that the costs associated with such activities may be recovered through the Environmental Cost Recovery Clause ("ECRC"). In support, PEF states:

1. Petitioner. PEF is a public utility subject to the regulatory jurisdiction of the Commission under Chapter 366, Florida Statutes. The Company's principal offices are located at 299 First Avenue North, St. Petersburg, Florida.

2. Service. All notices, pleadings and other communications required to be served on the petitioner should be directed to:

Gary V. Perko
Hopping Green & Sams, P.A.
119 S. Monroe St., Suite 300
P.O. Box 6526 (32314)
Tallahassee, FL 32301
Tel. 850.222.7500
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John T. Burnett
Dianne M. Triplett
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St. Petersburg, FL 33701
john.burnett@pgnmail.com
dianne.triplett@pgnmail.com

3. Cost Recovery Eligibility. As further discussed below, the U.S. Environmental Protection Agency ("EPA") recently issued new air emission standards for coal and oil-fired electric generating units ("EGUs"). As a result of the new regulations, PEF will incur costs for

new environmental compliance activities related to its previously approved Integrated Clean Air Compliance Program. As detailed below, the new compliance activities meet the criteria for cost recovery established by the Commission in Order No. PSC-94-0044-FOF-EI in that:

(a) all expenditures will be prudently incurred after April 13, 1993;

(b) the activities are legally required to comply with a governmentally imposed environmental regulation that was created, became effective, or whose effect was triggered after the company's last test year upon which rates are based; and

(c) none of the expenditures are being recovered through some other cost recovery mechanism or through base rates.

The information provided below for each program satisfies the minimum filing requirements established in Part VI of Order No. PSC-99-2513-FOF-EI.

4. PEF's Approved Integrated Clean Air Compliance Plan. In the 2007 ECRC Docket, the Commission approved PEF's Integrated Clean Air Compliance Plan (Plan D) as a reasonable and prudent means to comply with the requirements of the Clean Air Interstate Rule (CAIR), the Clean Air Mercury Rule (CAMR), the Clean Air Visibility Rule (CAVR), and related regulatory requirements. See Order No. PSC-07-0922-FOF-EI, at 8 (Nov. 16, 2007). In each subsequent ECRC docket, the Commission approved PEF's annual review of the Integrated Clean Air Compliance Plan, concluding that the Plan remains the most cost-effective alternative for achieving and maintaining compliance with the applicable air quality regulatory requirements. See Order No. PSC-11-0553-FOF-EI, at 13-14 (Dec. 7, 2011); Order No. PSC-10-0683-FOF-EI, at 6-7 (Nov. 15, 2010); Order No. PSC-09-0759-FOF-EI, at 18 (Nov. 18, 2009); Order No. 08-0775-FOF-EI, at 11 (Nov. 24, 2008).

5. New Environmental Requirements. As the Commission is aware, in February 2008, the U.S Circuit Court of Appeals for the District of Columbia vacated the CAMR regulation and rejected EPA's delisting of coal-fired EGUs from the list of emission sources that are subject to Section 112 of the Clean Air Act. See Order No. PSC-09-0759-FOF-EI, at pp. 15, 18 (Nov. 18, 2009). As a result, in lieu of CAMR, the EPA was required to adopt new emissions standards for control of hazardous air pollutant emissions from coal-fired EGUs. Id. The EPA issued its proposed rule to replace CAMR on March 16, 2011, with publication following in the *Federal Register* on May 3, 2011. See 76 Fed. Reg. 24976 (May 3, 2011). Following the public comment period on the proposed rule, the EPA released the final rule on December 21, 2011, with publication in the *Federal Register* following on February 16, 2012. See 77 Fed. Reg. 9304 (Feb. 26, 2012).

6. The final rule establishes new Mercury and Air Toxics Standards ("MATS") for emissions of various metals and acid gases from both coal and oil-fired EGUs, including, potentially, units at PEF's Crystal River Plant (Units 1, 2, 4, and 5), Anclote Plant (Units 1 and 2), and Suwannee Plant (Units 1, 2, and 3). The Clean Air Act generally provides a 3-year time frame to comply with MATS, although the permitting agency has the authority to add one year, and the President has the authority to add up to two additional years.

7. New Compliance Activities for Anclote Units 1 and 2. Anclote Units 1 and 2 currently have a maximum summer rating of 500MW and 510 MW, respectively. The current natural gas firing capability for each unit is limited to 40% of the total heat input. Because the balance of the heat input is from heavy fuel oil, the units would be subject to the new MATS for oil-fired EGUs. However, PEF has determined that the most cost-effective compliance option

for PEF's Anclote Units 1 and 2 is to convert the units to fire 100% natural gas and thereby remove the units from the scope of the new MATS regulation.

8. PEF considered two compliance alternatives for the Anclote units. The first option would achieve compliance with the new MATS through use of emissions controls, specifically low NOx burners and an electrostatic precipitator ("ESP"). The second option would achieve compliance through conversion of the units to operation on natural gas as the single fuel.[1] After estimating the capital costs and unit performance implications of the two options, PEF determined that the natural gas option has economic benefits in terms of both capital costs and fuel savings. Based on conservative cost estimates associated with the emissions controls that would be necessary to achieve oil-fired compliance, the capital cost of the gas conversion is expected to be at least $12 million less than the capital costs for the emissions controls. PEF also estimated the fuel cost differential of the two options, primarily to ensure that implementation of the gas conversion would not cause an increase in system fuel costs. The analysis demonstrates that the net impact on system cost is positive (savings), indicating an additional benefit.

9. Preliminary studies indicate that the addition of three levels of fuel gas burners in combination with the existing natural gas burners will be required to provide full output on 100% natural gas. Thermal analysis of the boiler for operation on 100% natural gas indicates that a portion of the lower horizontal superheater will need to be removed to limit heat absorption and manage superheater tube metal temperatures. In addition, the gas supply line measurement and regulation ("M&R") facilities will require upgrades to support operation on 100% gas. Finally,

[1] A third option, discontinuation of heavy fuel oil use without conversion, was rejected because of its negative effect on fleet capacity and the resulting requirement to purchase or construct additional generation to meet reserve margin and operational requirements, including potential system reliability impacts

the finishing horizontal superheater for each unit will require metallurgy upgrades to accommodate the peak temperatures resultant from the gas conversion. While the additional burners and the replacement superheater form the majority of the boiler work required, other areas of the boiler and its control system may require configuration changes to complete the conversion based on ongoing boiler engineering analysis and condition assessment.

10. Cost Estimates. PEF expects to incur approximately $79 million in total capital costs to convert the Anclote units to fire 100% natural gas. PEF expects to incur approximately $26 million in 2012 and the remainder (approximately $53 million) in 2013. PEF currently anticipates that both converted units will be placed in service by the end of 2013.

11. Prudence of Expenditures. As discussed above, in order to ensure that the costs incurred to comply with the new regulation are prudent and reasonable, PEF performed a comparative analysis and determined that the natural gas conversion project is the most cost-effective compliance option for Anclote Units 1 and 2. To ensure that actual expenditures are reasonable, PEF will competitively bid procurement of major boiler equipment to boiler original equipment manufacturers (OEMs).

12. No Base Rates Recovery of Program Costs. None of the costs for which PEF seeks recovery by this Petition were included in the MFRs that PEF filed in its last ratemaking proceeding in Docket No. 090079-EI. Therefore, the costs are not recovered in PEF's base rates.

13. No Change in Current ECRC Factors. PEF does not seek to change the ECRC factors currently in effect for 2012. The Company proposes to include in its estimated true-up filing for 2012 all program costs incurred subsequent to the filing of this petition through the end of 2012. PEF expects that all of these costs will be subject to audit by the Commission and that

the appropriate allocation of program costs to rate classes will be addressed in connection with subsequent filings.

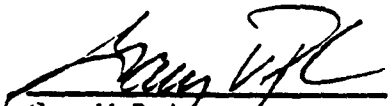
14. No Material Facts in Dispute. PEF is not aware of any dispute regarding any of the material facts contained in this petition. The information provided in this petition demonstrates that the programs for which approval is requested meets the requirements of Section 366.8255 and applicable Commission orders for recovery through the ECRC.

WHEREFORE, PEF requests that the Commission modify the scope of PEF's previously approved Integrated Clean Air Compliance Program to encompass additional activities associated with the Anclote MATS compliance project described above, such that the costs associated with such activities reasonably may be recovered through the ECRC.

RESPECTFULLY SUBMITTED this 29th day of March, 2012.

John T. Burnett
Associate General Counsel
Dianne M. Triplett
Associate General Counsel
PROGRESS ENERGY SERVICE COMPANY, LLC
Post Office Box 14042
St. Petersburg, FL 33733-4042
PEF-151

HOPPING GREEN & SAMS, P.A.

By: 
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Attorneys for PROGRESS ENERGY FLORIDA, INC.

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 via regular U.S. mail this 29th day of March, 2012.

Martha Carter Brown, Esquire
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May 14, 2012

Charles W. Murphy, Esquire
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Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

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_2") 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.

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_2.

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

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 11th day of May, 2012 to all parties of record as indicated below.

GARY V. PERKO

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