

Docket No. 130009-EI: Nuclear Cost Recovery Clause.

Progress Energy Florida, Inc.

Crystal River Unit 3 Power Uprate and the Levy Units 1 & 2 Construction

RECEIVED: FPSC
13 JUN 21 PM 2:17
COMMISSION
CLERK

Witness: **Direct Testimony of JEFFERY A. SMALL**, Appearing on behalf of
the staff of the Florida Public Service Commission

Date Filed: June 21, 2013

COM 5
AFD _____
APA _____
ECO _____
ENG _____
GCL _____
IDM _____
TEL _____
CLK _____

CTR 1

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **COMMISSION STAFF**

3 **DIRECT TESTIMONY OF JEFFERY A. SMALL**

4 **DOCKET NO. 130009-EI**

5 **JUNE 21, 2013**

6 **Q. Please state your name and business address.**

7 A. My name is Jeffery A. Small and my business address is 4950 West Kennedy Blvd,
8 Tampa, Florida, 33609.

9 **Q. By whom are you presently employed and in what capacity?**

10 A. I am employed by the Florida Public Service Commission as a Professional
11 Accountant Specialist in the Office of Auditing and Performance Analysis.

12 **Q. How long have you been employed by the Commission?**

13 A. I have been employed by the Florida Public Service Commission (FPSC) since January
14 1994.

15 **Q. Briefly review your educational and professional background.**

16 A. I have a Bachelor of Science degree in Accounting from the University of South
17 Florida. I am also a Certified Public Accountant licensed in the State of Florida.

18 **Q. Please describe your current responsibilities.**

19 A. Currently, I am a Professional Accountant Specialist with the responsibilities of
20 planning and directing the most complex investigative audits. Some of my past audits include
21 cross-subsidization issues, anti-competitive behavior, and predatory pricing. I am also
22 responsible for creating audit work programs to meet a specific audit purpose and integrating
23 EDP applications into these programs.

24 **Q. Have you presented expert testimony before this Commission or any other**
25 **regulatory agency?**

1 A. Yes. I have provided testimony in the Progress Energy Florida, Inc., (PEF) Nuclear
2 Cost Recovery Clause filings, Docket Nos. 080009-EI, 090009-EI, 100009-EI, 110009-EI,
3 and 120009-EI.

4 I have also testified in the Southern States Utilities, Inc. rate case, Docket No. 950495-WS, the
5 transfer application of Cypress Lakes Utilities, Inc., Docket No. 971220-WS, and the Utilities,
6 Inc. of Florida rate case, Docket No. 020071-WS.

7 **Q. What is the purpose of your testimony today?**

8 A. The purpose of my testimony is to sponsor two staff audit reports of PEF which
9 address the Utility's application for nuclear cost recovery in 2012. The first audit report was
10 issued May 24, 2013, and addressed the pre-construction and construction cost as of
11 December 31, 2012, for Levy County Nuclear Units 1 & 2. This audit report is filed with my
12 testimony and is identified as Exhibit JAS-1. The second audit report was issued May 17,
13 2013, and addressed the 2012 power uprate costs for the Crystal River Unit 3 nuclear power
14 plant. This audit report is filed with my testimony and is identified as Exhibit JAS-2.

15 **Q. Were these audits prepared by you or under your direction?**

16 A. Yes, these audits were prepared by me or under my direction.

17 **Q. Please describe the work you performed in these audits.**

18 For the first audit report, to address the pre-construction and construction costs as of
19 December 31, 2012, for Levy County Nuclear Units 1 & 2:

- 20 • We reconciled the Company's filing to its general ledger and verified that the costs
21 incurred were posted to the proper accounts.
- 22 • We reconciled and recalculated a sample of the monthly revenue requirement accruals
23 displayed on Schedule T-1 to the supporting schedules in the Company's 2012 NCRC
24 filing.
- 25 • We reconciled the monthly preconstruction, and construction carrying cost balances

1 displayed on Schedules T-2.2, and T-2.3, respectively, to the supporting schedules in the
2 Company's 2012 NCRC filing. We recalculated the schedules and reconciled the
3 Allowance for Funds Used During Construction (AFUDC) rates applied by the Company
4 to the rates approved in Order No. PSC-05-0945-S-EI, in Docket No. 050078-EI, issued
5 September 28, 2005.

- 6 • We reconciled the monthly preconstruction deferred tax carrying cost accruals displayed
7 on Schedule T-3A.2 to the supporting schedules in the Company's 2012 NCRC filing. We
8 recalculated a sample of the monthly carrying cost balances for deferred tax assets based
9 on the equity and debt components established in Order No. PSC-05-0945-S-EI.
- 10 • We recalculated a sample of the monthly recoverable O&M expenditures displayed on
11 Schedule T-4 of the Company's 2012 NCRC filing. We sampled and verified the O&M
12 cost accruals and traced the invoiced amounts to supporting documentation. We verified a
13 sample of salary expense accruals and recalculated the respective overhead burdens the
14 Company applied.
- 15 • We recalculated a sample of monthly jurisdictional nuclear construction accruals displayed
16 on Schedules T-6.2, and T-6.3, respectively, of the Company's 2012 NCRC filing. We
17 sampled and verified the generation cost accruals and traced the invoiced amounts to
18 supporting documentation. We verified a sample of salary expense accruals and
19 recalculated a sample of the respective overhead burdens that the Company applied.

20 For the second audit report, to address the uprate cost as of December 31, 2012, for Crystal
21 River Unit 3,

- 22 • We reconciled the Company's filing to its general ledger and verified that the costs
23 incurred were posted to the proper accounts.
- 24 • We reconciled and recalculated a sample of the monthly revenue requirement accruals
25 displayed on Schedule T-1 to the supporting schedules in the Company's 2012 NCRC

- 1 filing.
- 2 • We reconciled the monthly construction carrying cost balances displayed on Schedule T-
3 2.3 to the supporting schedules in the Company's 2012 NCRC filing. We recalculated the
4 schedule and reconciled the Allowance for Funds Used During Construction (AFUDC)
5 rates applied by the Company to the rates approved in Order No. PSC-05-0945-S-EI.
 - 6 • We reconciled the monthly construction deferred tax carrying cost accruals displayed on
7 Schedule T-3A.3 to the supporting schedules in the Company's 2012 NCRC filing. We
8 recalculated a sample of the monthly carrying cost balances for deferred tax assets based
9 on the equity and debt components established in Order No. PSC-05-0945-S-EI.
 - 10 • We reconciled and recalculated a sample of the monthly CPI accruals displayed on
11 Schedule T-3B.3 to the supporting schedules in the Company's 2012 NCRC filing. We
12 recalculated the Company's CPI rate and reconciled the component balances to the
13 Company's general ledger.
 - 14 • We recalculated a sample of the monthly recoverable O&M expenditures displayed on
15 Schedule T-4 of the Company's 2012 NCRC filing. We sampled and verified the O&M
16 cost expenditures and traced the invoiced amounts to supporting documentation. We
17 verified a sample of salary expense accruals and recalculated the respective overhead
18 burdens the Company applied.
 - 19 • We recalculated a sample of monthly jurisdictional nuclear construction accruals displayed
20 on Schedule T-6.3 of the Company's 2012 NCRC filing. We sampled and verified the
21 capital cost expenditures and traced the invoiced amounts to supporting documentation.
22 We verified a sample of salary expense accruals and recalculated the respective overhead
23 burdens that the Company applied.

24 **Q. Were there any audit findings in the audit report, JAS-1, which addresses the**
25 **2012 pre-construction and construction cost for Levy County Nuclear Units 1 & 2.**

1 | A. No.

2 | **Q. Were there any audit findings in the audit report, JAS-2, which addresses the**
3 | **2012 power uprate costs for the Crystal River Unit 3 (CR3) nuclear power plant.**

4 | A. No.

5 | **Q. Does this conclude your testimony?**

6 | A. Yes, it does.

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tampa District Office

Auditor's Report

Progress Energy Florida, Inc.
Nuclear Cost Recovery Clause
Levy Nuclear Plant Units 1 & 2

Twelve Months Ended December 31, 2012

Docket No. 130009-EI
Audit Control No. 13-010-2-2
May 14, 2013

Handwritten signature of Jeffery A. Small in black ink.

Jeffery A. Small
Audit Manager

Handwritten signature of Ronald Mavrides in black ink.

Ronald Mavrides
Audit Staff

Handwritten signature of Linda Hill-Slaughter in black ink.

Linda Hill-Slaughter
Reviewer

Table of Contents

Purpose..... 1

Objectives and Procedures 2

Audit Findings

 None..... 5

Exhibit

 1: Summary of Jurisdictional Recovery Amounts 6

Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Office of Industry Development and Market Analysis in its audit service request dated January 10, 2013. We have applied these procedures to the attached schedule prepared by Progress Energy Florida, Inc. and to several of its related schedules in support of its 2012 Nuclear Cost Recovery Clause for its construction cost expenditures for the Levy Nuclear Plant Units 1 & 2 activity in Docket No. 130009-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Preconstruction costs are costs that are expended after a site has been selected in preparation for the construction of a nuclear power plant, incurred up to and including the date the utility completes site clearing work.

Construction Costs are costs that are expended to construct the nuclear power plant, but not limited to, the costs of constructing power plant buildings and all associated permanent structures, equipment and systems.

Utility refers to Progress Energy of Florida, Inc.
CCRC refers to Capacity Cost Recovery Clause.
NCRC refers to Nuclear Cost Recovery Clause.

Objective: The objective was to determine whether the Utility's 2012 NCRC filings in Docket No. 130009-EI are consistent and in compliance with Section 366.93, Florida Statutes (F.S.), and Rule 25-6.0423, Florida Administrative Code. (F.A.C.)

Procedure: We performed the following specific objectives and procedures to satisfy the overall objective identified above.

Specific

Objective: The objective was to determine whether the Utility's filing is properly recorded on its books and records according to the Uniform System of Accounts (USoA).

Procedure: We reconciled the Utility's filing to its general ledger and verified that the costs incurred were posted to the proper accounts. No exceptions were noted.

Objectives: The objectives were to determine whether Schedule T-1 – Summary of Jurisdictional Recovery Amounts includes the correct balances from the supporting schedules of the filing and the Final True-Up Amount is accurately calculated.

Procedures: We traced the projected and estimated True-Up adjustments included in the schedule to prior NCRC Orders. We reconciled the monthly Construction, Operation and Maintenance (O&M) Expense and Other Adjustments to the supporting schedules in the filing. We recalculated Schedule T-1 and verified the Final True-Up Amount. No exceptions were noted.

Objectives: The objectives were to determine whether Schedules T-2.2 – Preconstruction Plant Additions, Expenditures, and Carrying Cost and T-2.3 – Construction Plant Additions, Expenditures, and Carrying Cost include the correct balances from the supporting schedules of the filing and the Final Construction Carrying Cost and Under (Over) Recovery amounts are accurately calculated.

Procedures: We traced the projected True-Up adjustments and the beginning balances included in the schedules to prior NCRC Orders. We reconciled the monthly construction cost and plant transfer balances to the supporting schedules in the filing. We traced the Allowance for Funds Used During Construction (AFUDC) rate applied by the Utility to the rate approved in Commission Order No. PSC-10-0604-FOF-EI, issued October 4, 2010. We recalculated Schedules T-2.2 and T-2.3 and verified the Final Pre Construction and Construction Carrying Cost and Under (Over) Recovery balances. No exceptions were noted.

Objectives: The objectives were to determine whether Schedule T-3A.2 – Preconstruction Carrying Cost on Deferred Tax Asset includes the correct balances from the supporting schedules of the filing and the Deferred Tax Return Requirement amounts are accurately calculated.

Procedures: We traced the projected True-Up adjustments and the beginning balances included in the schedule to prior NCRC Orders. We traced the Federal Income Tax and the Return on Equity rates applied by the Utility to the rates approved in Commission Order No. PSC-05-0945-FOF-S-EI, issued September 28, 2005. We traced the AFUDC rate applied by the Utility to the rate approved in Commission Order No. PSC-10-0604-FOF-EI. We recalculated Schedule T-3A.2 and verified the Preconstruction Carrying Cost on DTA and Under (Over) Recovery balance. No exceptions were noted.

Objectives: The objectives were to determine whether O&M Expenditure amounts on Schedule T-4 – CCRC Recoverable O&M Expenditures are supported by adequate source documentation and the Total Jurisdictional O&M Cost is accurately calculated.

Procedures: We traced the estimated True-Up adjustments and the beginning balances included in the schedule to prior NCRC Orders. We sampled and verified the O&M cost expenditures and traced the invoiced amounts to supporting documentation. We verified a sample of salary expense accruals and recalculated the respective overhead burdens the Utility applied. We verified the jurisdictional factors applied. We verified that the Interest Provision calculation used the Commercial Paper rates required by Commission rule. We recalculated Schedule T-4 and verified the Total O&M Cost and Interest balance. No exceptions were noted.

Objectives: The objectives were to determine whether jurisdictional nuclear construction expenditures on Schedules T-6.2 - Preconstruction and T-6.3- Construction Capital Additions and Expenditures are accurately calculated and capital additions are supported by adequate source documentation.

Procedures: We sampled and verified the monthly construction expenditures and traced the invoiced amounts to supporting documentation. We verified a sample of salary expense accruals and recalculated the respective overhead burdens the Utility applied. We verified the jurisdictional factors applied. We recalculated Schedules T-6.2 and T-6.3 and verified the Total Jurisdictional Cost balances. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: Summary of Jurisdictional Recovery Amounts

**LEVY COUNTY NUCLEAR 1 & 2
 Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
 Final True-Up Filing: Summary of Jurisdictional Recovery Amounts**

Schedule T-1

EXPLANATION: Provide summary calculation of the monthly Final True-up Amount for each cost category: 1. Site Selection, 2. Preconstruction, and 3. Construction. In the event that no costs were approved for recovery and no costs are being requested, state so. For each category with costs, list and describe the components and levels, identify supporting schedule and line. Include in the final true-up calculation applicable Commission approved projection and estimated true-up amounts for the reported year and identify such orders.

[25-6.0423(5)(c)1.a., F.A.C.]
 [25-6.0423 (8)(d), F.A.C.]

COMPANY:

Progress Energy - FL

Witness: Thomas G. Foster

DOCKET NO.:
 130009-EI

For Year Ended 12/31/2012

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Final Site Selection Costs for the Period [25-6.0423(2)(f), F.A.C.]							
a. Additions (Schedule T-2.1, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Carrying Costs on Additions (Schedule T-2.1, line 7)	0	0	0	0	0	0	0
c. Carrying Costs on Deferred Tax Asset (Schedule T-3A.1, line 12)	0	0	0	0	0	0	0
d. Total Site Selection Amount (Lines 1.a through 1.c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Final Preconstruction Costs for the Period [25-6.0423(2)(g), F.A.C.]							
a. Additions (Schedule T-2.2, line 1)	\$596,526	\$777,148	\$1,872,221	\$668,453	\$2,895,937	\$928,037	\$7,738,324
b. Carrying Costs on Additions (Schedule T-2.2, line 9)	1,081,753	1,071,577	1,053,260	1,050,481	1,053,362	1,055,465	6,365,897
c. Carrying Costs on Deferred Tax (Schedule T-3A.2, line 12)	1,812,581	1,816,765	1,620,890	1,821,418	1,622,493	1,823,185	9,717,131
d. Total Preconstruction Amount (Lines 2.a through 2.c)	\$3,290,862	\$3,485,490	\$4,548,170	\$3,340,352	\$5,571,792	\$3,806,686	\$23,821,352
3. Final Construction Costs for the Period [25-6.0423(2)(i), F.A.C.]							
Avg. Net Additions Balance (Schedule T-2.3, line 7)	\$127,547,913	\$127,555,883	\$127,583,151	\$127,585,588	\$127,586,865	\$127,523,575	
a. Carrying Costs on Additions (Schedule T-2.3, line 9)	1,341,983	1,342,064	1,342,143	1,342,379	1,342,390	1,341,727	8,052,686
b. Carrying Costs on Deferred Tax (Schedule T-3A.3, line 12)	0	0	0	0	0	0	0
c. Total Construction Amount (Lines 3.a through 3.b)	\$1,341,983	\$1,342,064	\$1,342,143	\$1,342,379	\$1,342,390	\$1,341,727	\$8,052,686
4. Allocated or Assigned O&M Amounts (Schedule T-4, line 43)	50,363	73,723	143,333	98,000	101,024	107,152	573,594
5. Other Adjustments	0	0	0	0	0	0	0
6. Total Final Period Amount (Lines 1.d + 2.d + 3.c + 4 + 5)	\$4,663,208	\$4,881,278	\$8,031,648	\$4,780,731	\$7,015,206	\$5,055,564	\$32,447,633
7. Projected Amount for the Period (Order No. PSC 11-0547-FOF-EI)	\$5,918,516	\$7,391,558	\$5,876,728	\$5,872,342	\$6,100,439	\$5,775,827	\$36,935,211
8. Estimated True-up Amount for the Period (Order No. PSC 12-0650-FOF-EI)	\$4,683,208	\$4,881,278	\$4,189,740	\$5,815,003	\$5,087,050	\$4,978,601	\$29,834,881
9. Final True-up Amount for the Period	(\$0)	\$0	\$1,841,908	(\$1,034,272)	\$1,928,155	\$76,963	\$2,812,752

Exhibit 1: (continued)

LEVY COUNTY NUCLEAR 1 & 2
Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
Final True-Up Filing: Summary of Jurisdictional Recovery Amounts

Schedule T-1

EXPLANATION: Provide summary calculation of the monthly Final True-up Amount for each cost category: 1. Site Selection, 2. Preconstruction, and 3. Construction. In the event that no costs were approved for recovery and no costs are being requested, state so. For each category with costs, list and describe the components and levels, identify supporting schedule and line. Include in the final true-up calculation applicable Commission approved projection and estimated true-up amounts for the reported year and identify such orders.

[25-6.0423(5)(c)1.a.,F.A.C.]
 [25-6.0423 (8)(d),F.A.C.]

COMPANY:
 Progress Energy - FL

Witness: Thomas G. Foster

DOCKET NO.:
 130009-EI

For Year Ended 12/31/2012

Line No.	(H)	(I)	(J)	(K)	(L)	(M)	(N)
	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	12 Month Total
Jurisdictional Dollars							
1. Final Site Selection Costs for the Period [25-6.0423(2)(f),F.A.C.]							
a. Additions (Schedule T-2.1, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Carrying Costs on Additions (Schedule T-2.1, line 7)	0	0	0	0	0	0	0
c. Carrying Costs on Deferred Tax Asset (Schedule T-3A.1, line 12)	0	0	0	0	0	0	0
d. Total Site Selection Amount (Lines 1.a through 1.c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Final Preconstruction Costs for the Period [25-6.0423(2)(g),F.A.C.]							
a. Additions (Schedule T-2.2, line 1)	\$1,403,754	\$2,185,107	\$1,073,471	\$1,350,507	\$1,597,066	\$1,195,492	\$16,543,722
b. Carrying Costs on Additions (Schedule T-2.2, line 9)	1,053,837	1,058,732	1,062,355	1,052,555	1,044,670	1,037,695	12,675,742
c. Carrying Costs on Deferred Tax (Schedule T-3A.2, line 12)	1,823,088	1,622,908	1,624,368	1,627,687	1,630,776	1,633,417	19,479,375
d. Total Preconstruction Amount (Lines 2.a through 2.c)	\$4,080,680	\$4,866,746	\$3,760,194	\$4,030,749	\$4,272,512	\$3,868,604	\$48,698,839
3. Final Construction Costs for the Period [25-6.0423(2)(i),F.A.C.]							
Avg. Net Additions Balance (Schedule T-2.3, line 7)	\$127,427,075	\$127,317,048	\$127,203,900	\$130,442,834	\$133,945,351	\$134,611,375	
a. Carrying Costs on Additions (Schedule T-2.3, line 9)	1,340,711	1,339,554	1,338,363	1,372,441	1,409,293	1,416,300	16,269,349
b. Carrying Costs on Deferred Tax (Schedule T-3A.3, line 12)	0	0	0	0	0	0	0
c. Total Construction Amount (Lines 3.a through 3.b)	\$1,340,711	\$1,339,554	\$1,338,363	\$1,372,441	\$1,409,293	\$1,416,300	\$16,269,349
4. Allocated or Assigned O&M Amounts (Schedule T-4, line 43)	82,156	81,451	82,226	57,319	79,569	51,890	988,205
5. Other Adjustments	0	0	0	0	0	0	0
6. Total Final Period Amount (Lines 1.d + 2.d + 3.c + 4 + 5)	\$5,483,547	\$6,287,752	\$5,180,783	\$5,460,509	\$5,761,375	\$5,334,794	\$65,956,393
7. Projected Amount for the Period (Order No. PSC 11-0547-FOF-EI)	\$5,807,596	\$5,894,011	\$6,708,961	\$6,761,017	\$6,614,918	\$6,603,209	\$75,324,920
8. Estimated True-up Amount for the Period (Order No. PSC 12-0650-FOF-EI)	\$4,994,790	\$5,198,731	\$5,223,817	\$5,418,760	\$5,842,093	\$6,000,568	\$62,311,440
9. Final True-up Amount for the Period (Line 6 - line 8)	\$488,757	\$1,089,021	(\$42,834)	\$43,749	(\$80,718)	(\$665,774)	\$3,644,953

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Tampa District Office

Auditor's Report

Progress Energy Florida, Inc.
Nuclear Cost Recovery Clause
Crystal River Unit 3 Uprate

Twelve Months Ended December 31, 2012

Docket No. 130009-EI
Audit Control No. 13-010-2-1
May 14, 2013

Handwritten signature of Jeffrey A. Small in black ink.

Jeffery A. Small
Audit Manager

Handwritten signature of Ronald Mavrides in black ink.

Ronald Mavrides
Audit Staff

Handwritten signature of Linda Hill-Slaughter in black ink.

Linda Hill-Slaughter
Reviewer

Table of Contents

Purpose..... 1

Objectives and Procedures..... 2

Audit Findings

 None..... 5

Exhibit

 1: Summary of Jurisdictional Recovery Amounts 6

Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Office of Industry Development and Market Analysis in its audit service request dated January 10, 2013. We have applied these procedures to the attached schedule prepared by Progress Energy Florida, Inc. and to several of its related schedules in support of its 2012 Nuclear Cost Recovery Clause for its construction cost expenditures for the Crystal River 3 Uprate activity in Docket No. 130009-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Construction Costs are costs that are expended to construct the nuclear power plant, but not limited to, the costs of constructing power plant buildings and all associated permanent structures, equipment and systems.

Utility refers to Progress Energy of Florida, Inc.
CCRC refers to Capacity Cost Recovery Clause.
NCRC refers to Nuclear Cost Recovery Clause.

Objective: The objective was to determine whether the Utility's 2012 NCRC filings in Docket No. 130009-EI are consistent and in compliance with Section 366.93, Florida Statutes (F.S.), and Rule 25-6.0423, Florida Administrative Code. (F.A.C.)

Procedure: We performed the following specific objectives and procedures to satisfy the overall objective identified above.

Specific

Objective: The objective was to determine whether the Utility's filing is properly recorded on its books and records according to the Uniform System of Accounts (USoA).

Procedure: We reconciled the Utility's filing to its general ledger and verified that the costs incurred were posted to the proper accounts. No exceptions were noted.

Objectives: The objectives were to determine whether Schedule T-1 – Summary of Jurisdictional Recovery Amounts includes the correct balances from the supporting schedules of the filing and the Final True-Up Amount is accurately calculated.

Procedures: We traced the projected and estimated True-Up adjustments included in the schedule to prior NCRC Orders. We reconciled the monthly Construction, Operation and Maintenance (O&M) Expense, and Other Adjustments to the supporting schedules in the filing. We recalculated Schedule T-1 and verified the Final True-Up Amount. No exceptions were noted.

Objectives: The objectives were to determine whether Schedule T-2.3 – Construction Carrying Cost include the correct balances from the supporting schedules of the filing and the Final Construction Carrying Cost and Under (Over) Recovery amounts are accurately calculated.

Procedures: We traced the projected True-Up adjustments and the beginning balances included in the schedule to prior NCRC Orders. We reconciled the monthly construction cost and plant transfer balances to the supporting schedules in the filing. We traced the Allowance for Funds Used During Construction (AFUDC) rate applied by the Utility to the rate approved in

Commission Order No. PSC-10-0604-FOF-EI, issued October 4, 2010. We recalculated Schedule T-2.3 and verified the Final Construction Carrying Cost and Under (Over) Recovery balance. No exceptions were noted.

Objectives: The objectives were to determine whether Schedule T-3A.3 – Construction Carrying Cost on Deferred Tax Asset includes the correct balances from the supporting schedules of the filing and the Deferred Tax Return Requirement amounts are accurately calculated.

Procedures: We traced the projected True-Up adjustments and the beginning balances included in the schedule to prior NCRC Orders. We traced the Federal Income Tax and the Return on Equity rates applied by the Utility to the rates approved in Commission Order No. PSC-05-0945-FOF-S-EI, issued September 28, 2005. We traced the AFUDC rate applied by the Utility to the rate approved in Commission Order No. PSC-10-0604-FOF-EI. We recalculated Schedule T-3A.3 and verified the Construction Carrying Cost on DTA and the Under (Over) Recovery balance. No exceptions were noted.

Objectives: The objectives were to determine whether Schedule T-3B.3 – Construction Period Interest (CPI) includes the correct balances from the supporting schedules of the filing and the CPI amounts are accurately calculated.

Procedures: We traced the beginning balances included in the schedule to prior NCRC Orders. We recalculated the Utility's monthly CPI rate and reconciled the component balances to the Utility's general ledger. We recalculated the schedule and traced the Monthly CPI Rate to supporting documentation. No exceptions were noted.

Objectives: The objectives were to determine whether O&M Expenditure amounts on Schedule T-4 – CCRC Recoverable O&M Expenditures are supported by adequate source documentation, and the Total Jurisdictional O&M Cost is accurately calculated.

Procedures: We traced the estimated True-Up adjustments and the beginning balances included in the schedule to prior NCRC Orders. We sampled and verified the O&M cost expenditures and traced the invoiced amounts to supporting documentation. We verified a sample of salary expense accruals and recalculated the respective overhead burdens the Utility applied. We verified the jurisdictional factors applied. We verified that the Interest Provision calculation used the Commercial Paper rates required by Commission rule. We recalculated Schedule T-4 and verified the Total O&M Cost and Interest balance. No exceptions were noted.

Objectives: The objectives were to determine whether jurisdictional nuclear construction expenditures on Schedule T-6.3 – Monthly Capital Additions are accurately calculated and capital additions are supported by adequate source documentation.

Procedures: We sampled and verified the monthly construction expenditures and traced the invoiced amounts to supporting documentation. We verified a sample of salary expense accruals and recalculated the respective overhead burdens the Utility applied. We verified the jurisdictional factors applied. We recalculated Schedule T-6.3 and verified the Total Jurisdictional Cost balance. No exceptions were noted.

Audit Findings

None

Exhibit

Exhibit 1: Summary of Jurisdictional Recovery Amounts

CRYSTAL RIVER UNIT 3 UPRATE
 Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
 Final True-Up Filing: Summary of Jurisdictional Recovery Amounts

Schedule T-1

EXPLANATION: Provide summary calculation of the monthly Final True-up Amount for each cost category. 1. Site Selection, 2. Preconstruction, and 3. Construction. In the event that no costs were approved for recovery and no costs are being requested, state so. For each category with costs, list and describe the components and levels, identify supporting schedule and line. Include in the final true-up calculation applicable Commission approved projection and estimated true-up amounts for the reported year and identify such orders.

[25-0.0423(5)(c)1.b., F.A.C.]
 [25-0.0423 (8)(d), F.A.C.]

COMPANY:

Progress Energy - FL

Witness: Thomas G. Foster

DOCKET NO.:

130009-EI

For Year Ended 12/31/2012

Line No.	(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars							
1. Final Site Selection Costs for the Period [25-0.0423(2)(f), F.A.C.]							
a. Additions (Schedule T-2.1, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Carrying Costs on Additions (Schedule T-2.1, line 7)	0	0	0	0	0	0	0
c. Carrying Costs on Deferred Tax Asset (Schedule T-3A.1, line 12)	0	0	0	0	0	0	0
d. Total Site Selection Amount (Lines 1.a through 1.c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Final Preconstruction Costs for the Period [25-0.0423(2)(g), F.A.C.]							
a. Additions (Schedule T-2.2, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Carrying Costs on Additions (Schedule T-2.2, line 9)	0	0	0	0	0	0	0
c. Carrying Costs on Deferred Tax (Schedule T-3A.2, line 12)	0	0	0	0	0	0	0
d. Total Preconstruction Amount (Lines 2.a through 2.c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Final Construction Costs for the Period [25-0.0423(2)(i), F.A.C.]							
Avg. Net Additions Balance (Schedule T-2.3, line 6)	\$145,436,905	\$147,064,121	\$149,214,247	\$152,299,011	\$155,011,262	\$159,238,950	
a. Carrying Costs on Additions (Schedule T-2.3, line 10)	1,530,200	1,547,321	1,569,943	1,602,399	1,630,936	1,675,417	9,558,215
b. Carrying Costs on Deferred Tax (Schedule T-3A.3, line 12)	52,471	54,864	57,329	59,842	62,426	65,105	352,038
c. Total Construction Amount (Lines 3.a through 3.b)	\$1,582,671	\$1,602,185	\$1,627,272	\$1,662,241	\$1,693,362	\$1,740,522	\$9,908,253
4. Allocated or Assigned O&M Amounts (Schedule T-4, line 43)	16,057	42,742	53,500	34,145	13,716	39,823	202,086
5. Other Adjustments (a)	(290,685)	(286,951)	(283,234)	(279,513)	(275,790)	(272,065)	(1,688,220)
6. Total Final Period Amount (Lines 1.d + 2.d + 3.c + 4 + 5)	\$1,310,063	\$1,357,976	\$1,397,538	\$1,416,672	\$1,431,290	\$1,508,380	\$8,422,119
7. Projected Amount for the Period (Order No. PSC 11-0547-FOF-EI)	\$800,009	\$800,065	\$800,196	\$800,343	\$800,526	\$800,746	\$4,801,908
8. Estimated True-up Amount for the Period (Order No. PSC 12-0650-FOF-EI)	\$1,261,138	\$1,267,349	\$1,263,651	\$1,300,015	\$1,306,444	\$1,312,938	\$7,761,534
9. Final True-up Amount for the Period (Line 6 - line 8)	\$28,925	\$70,627	\$103,888	\$116,658	\$124,846	\$195,442	\$640,585

(a) Included in January to December: In-service revenue requirement, depr and taxes which represents a monthly refund to customers.

Exhibit 1: (continued)

CRYSTAL RIVER UNIT 3 UPRATE
 Site Selection, Preconstruction Costs, and Carrying Costs on Construction Cost Balance
 Final True-Up Filing: Summary of Jurisdictional Recovery Amounts

Schedule T-1

EXPLANATION: Provide summary calculation of the monthly Final True-up Amount for each cost category: 1. Site Selection, 2. Preconstruction, and 3. Construction. In the event that no costs were approved for recovery and no costs are being requested, state so. For each category with costs, list and describe the components and levels, identify supporting schedule and line. Include in the final true-up calculation applicable Commission approved projection and estimated true-up amounts for the reported year and identify such orders.

[25-8.0423(5)(c)1.b., F.A.C.]
 [25-8.0423 (8)(d), F.A.C.]

COMPANY:
 Progress Energy - FL

Witness: Thomas G. Foster

DOCKET NO.:
 130009-EI

For Year Ended 12/31/2012

Line No.	(H) Actual July	(I) Actual August	(J) Actual September	(K) Actual October	(L) Actual November	(M) Actual December	(N) 12 Month Total
Jurisdictional Dollars							
1. Final Site Selection Costs for the Period [25-8.0423(2)(f), F.A.C.]							
a. Additions (Schedule T-2.1, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Carrying Costs on Additions (Schedule T-2.1, line 7)	0	0	0	0	0	0	0
c. Carrying Costs on Deferred Tax Asset (Schedule T-3A.1, line 12)	0	0	0	0	0	0	0
d. Total Site Selection Amount (Lines 1.a through 1.c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2. Final Preconstruction Costs for the Period [25-8.0423(2)(g), F.A.C.]							
a. Additions (Schedule T-2.2, line 1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Carrying Costs on Additions (Schedule T-2.2, line 9)	0	0	0	0	0	0	0
c. Carrying Costs on Deferred Tax (Schedule T-3A.2, line 12)	0	0	0	0	0	0	0
d. Total Preconstruction Amount (Lines 2.a through 2.c)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Final Construction Costs for the Period [25-8.0423(2)(i), F.A.C.]							
Avg. Net Additions Balance (Schedule T-2.3, line 8)	\$184,080,470	\$187,685,942	\$170,368,712	\$172,589,781	\$178,357,194	\$179,891,811	20,403,400
a. Carrying Costs on Additions (Schedule T-2.3, line 10)	1,726,148	1,764,281	1,792,518	1,815,991	1,855,525	1,892,714	802,415
b. Carrying Costs on Deferred Tax (Schedule T-3A.3, line 12)	87,857	70,685	73,525	76,440	79,422	82,467	802,415
c. Total Construction Amount (Lines 3.a through 3.b)	\$1,794,003	\$1,834,958	\$1,866,043	\$1,892,432	\$1,934,947	\$1,975,181	\$21,205,814
4. Allocated or Assigned O&M Amounts (Schedule T-4, line 43)	33,818	60,538	59,440	14,165	29,615	33,125	432,585
5. Other Adjustments (e)	(268,338)	(264,610)	(260,881)	(257,151)	(253,420)	(249,890)	(3,242,310)
6. Total Final Period Amount (Lines 1.d + 2.d + 3.c + 4 + 5)	\$1,559,283	\$1,630,882	\$1,664,902	\$1,649,448	\$1,711,142	\$1,758,818	\$18,398,090
7. Projected Amount for the Period (Order No. PSC 11-0547-FOF-EI)	\$801,003	\$801,287	\$801,828	\$801,998	\$802,408	\$802,858	\$9,813,098
8. Estimated True-up Amount for the Period (Order No. PSC 12-0850-FOF-EI)	\$1,319,498	\$1,328,124	\$1,332,818	\$1,339,575	\$1,346,400	\$1,353,293	\$15,799,241
9. Final True-up Amount for the Period (Line 6 - line 8)	\$239,785	\$304,758	\$331,786	\$309,871	\$364,741	\$405,323	\$2,598,848

(e) Included in January to December: inservice revenue requirement, depr and taxes which represents a monthly refund to customers.