BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause	DOCKET NO. 140009-EI Submitted for filing: March 3, 2014

REDACTED

DIRECT TESTIMONY OF MICHAEL R. DELOWERY
IN SUPPORT OF ACTUAL COSTS

ON BEHALF OF
DUKE ENERGY FLORIDA, INC.

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY DUKE ENERGY FLORIDA, INC.

FPSC DOCKET NO. 140009-EI

DIRECT TESTIMONY OF MICHAEL R. DELOWERY

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Mike Delowery. My current business address is 400 South Tryon Street, Charlotte, NC 28202.

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

A. I am employed by Duke Energy, Inc. and currently serve as the acting Vice President of the Project Management and Construction ("PMC") department. I was appointed the acting Vice President, PMC, when Mr. John Elnitsky, the prior Vice President, PMC, was asked to take on a strategic role with the coal ash taskforce. Prior to being appointed as acting Vice President, PMC, I was the General Manager, Projects, of the PMC department. Duke Energy Florida, Inc. ("DEF" or the "Company") is a fully owned subsidiary of Duke Energy.

Q. What are your responsibilities as the acting Vice President of Project Management and Construction?

A. As the acting Vice President, PMC, I report directly to Mr. Dhiaa Jamil, Executive Vice President, Energy, and President, Duke Energy Nuclear. In this role I am the senior manager who has oversight responsibility for the

Decommissioning of the Crystal River Unit 3 ("CR3") plant, the CR3 Extended Power Uprate ("EPU") project wind-down, the Decommissioning Transition Organization ("DTO"), and the CR3 Investment Recovery Project ("IRP"). I also have responsibility over new power plant construction and retrofit of existing fossil and hydro-electric power plants for Duke Energy. Prior to my current role I was the General Manger of Projects in the PMC department. Prior to that I was the Decommissioning Planning Manager at CR3 and in that role I was responsible for the development of the decommissioning plan following the decision to retire CR3, for regulatory submittals to the United States Nuclear Regulatory Commission ("NRC"), and for implementation of closeout of CR3 major project activities.

Q. Please summarize your educational background and professional experience.

A. I hold a Bachelor of Science in Mechanical Engineering from Drexel University and have over 22 years of experience in the nuclear power plant industry. I initially joined Progress Energy in May 2011 and was the General Manager responsible for the potential repair of the CR3 containment building. In February 2014 I was appointed to my current position.

Prior to joining Duke Energy, I worked for Florida Power & Light ("FP&L") where I held various management positions including project director of the St. Lucie Nuclear Power Plant Extended Power Uprate, maintenance director, project director of the St. Lucie Nuclear Power Plant steam generators and reactor head replacement projects, and manager of projects. Prior to joining FP&L, I held a number of positions at Exelon and completed a rotational

assignment with the Institute of Nuclear Power Operations ("INPO") as a senior evaluator of equipment reliability for both domestic and international nuclear power stations.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. On February 5, 2013, Duke Energy announced its decision to retire and decommission the CR3 nuclear power plant. As a result of this decision, the CR3 EPU project was cancelled.

In accordance with the cancellation of the EPU project my direct testimony supports the Company's request for cost recovery pursuant to Section 366.93(6), Fla. Stat. (2013) and Rule 25-6.0423(7), Fla. Admin. Code (2014) for the prudent costs incurred in 2013 for the EPU project. I also will explain the EPU project wind-down progress and the status of disposition for EPU-related contracts, equipment, and materials. I will also describe the process for disposition of EPU-related assets and the prudency of DEF's 2013 project management, contracting, accounting, and cost oversight policies and procedures for the EPU project wind-down and investment recovery efforts.

In addition, based on the agreement by the parties to the 2013 Nuclear Cost Recovery Clause ("NCRC") docket, as approved by the Florida Public Service Commission ("Commission") in Order No. PSC-13-0493-FOF-EI, a review of 2012 EPU project costs and policies and procedures was deferred to this docket. Accordingly, I will also address the prudence of EPU project 2012 costs

and 2012 project management, contracting, accounting, and cost oversight policies and procedures pursuant to the nuclear cost recovery statute and rule.

Q. Do you have any exhibits to your testimony?

A. Yes, I am sponsoring the following exhibits to my testimony:

- Exhibit No. ___ (MRD-1), Direct Testimony and Exhibits of Jon Franke in Support of 2012 Actual Costs on behalf of Progress Energy Florida, Inc. in Docket No. 130009-EI;
- Exhibit No. __(MRD-2), DEF's EPU LAR Withdrawal Letter to the NRC;
- Exhibit No. ___ (MRD-3), DEF's contract suspension letters to EPU vendors;
- Exhibit No. ___ (MRD-4), confidential EPU Project Closeout Plan, Revision 0;
- Exhibit No.___(MRD-5), CR3 Administrative Procedure, AI-9010, Conduct of CR3 Investment Recovery, Revision 0; and,
- Exhibit No. ____ (MRD-6), CR3 Investment Recovery Project, Project Execution Plan, Revision 0.

As to 2013 EPU project costs I am co-sponsoring Schedule 2013 Detail, and sponsoring Appendices D and E, which are included as part of Exhibit No. ___ (TGF-3), to Thomas G. Foster's direct March 3, 2014 testimony.

In addition, as to 2012 EPU costs as reflected in the March 2013 direct testimony, which is incorporated and made a part of my current testimony in Exhibit No. ___ (MRD-1), I co-sponsor the cost portions of the Schedules for the 2012 EPU Nuclear Filing Requirements ("NFRs"), and sponsor capital

expenditure variances and contract information which are included as Exhibit No. ___ (TGF-1) to Mr. Thomas G. Foster's testimony. These exhibits were prepared by the Company, and they are generally and regularly used by the Company in the normal course of its business, and they are true and correct to the best of my information and belief.

Q. Do you have any changes to the 2012 direct testimony regarding the prudence of the 2012 EPU costs and project management, contracting, accounting, and cost oversight controls that you have included as Exhibit No. __(MRD-1) to your current testimony?

A. Progress Energy Florida, Inc. is now Duke Energy Florida, Inc. as a result of the merger between Duke Energy and Progress Energy, Inc. Otherwise, the information in Jon Franke's March 2013 direct testimony attached as Exhibit No. ___ (MRD-1) to my current testimony with respect to the 2012 EPU costs and project management, contracting, accounting, and cost oversight controls remains true and accurate. I adopt this testimony and exhibits in their entirety along with the sponsored schedules.

Q. Please summarize your testimony.

A. My direct testimony supports DEF's request for a prudence determination on the actual costs it incurred in 2012 and 2013 for the EPU project and updates the prudent EPU project wind-down and asset disposition.

As a result of Duke Energy's decision to retire CR3, the EPU project was not needed and was accordingly cancelled. DEF immediately notified the NRC of

the retirement decision and withdrew the Company's EPU License Amendment Request ("LAR") application. DEF immediately suspended all contractor and purchase order work activities on the EPU project. DEF demobilized the EPU project team and released or reassigned project personnel. DEF developed and implemented an EPU Project Closeout Plan. Pursuant to this plan, DEF began conducting an analysis to determine the cost effective and beneficial disposition decision for each EPU contract and purchase order pending at the time the CR3 retirement decision was made. The EPU Closeout Plan outlined the initial process for the wind-down of the EPU project and then the transition of the project and related assets to the CR3 Decommissioning Transition Organization ("DTO") and to the newly created Investment Recovery Project ("IRP"), which was formed to assist with the disposition of all CR3 assets, including EPU-related assets, upon the decision to retire and decommission CR3. The Investment Recovery ("IR") team is prudently marketing EPU-related assets internally and externally and making disposition decisions in accordance with its policies and procedures.

III. ACTUAL COSTS INCURRED IN 2013 FOR THE EPU PROJECT.

A. Status of EPU Project Wind-Down.

Q. Will you please describe the status of the EPU project in 2013?

A. Yes. On February 5, 2013, Duke Energy announced that the Duke Energy Board of Directors had decided to retire and decommission the CR3 nuclear power plant. As a result of this decision, the CR3 EPU project was cancelled. Prior to the retirement decision in February, DEF was proceeding with the minimal work

necessary to preserve the option to complete the EPU project during the extended CR3 outage.

Q. How did the Company proceed to cancel the EPU project?

A. DEF took immediate steps to cancel the EPU project. That same day the Company verbally notified the NRC that the Company had decided to retire CR3 and cancel the EPU project. The Company further explained that this decision cancelled the NRC's EPU LAR review. Thereafter, on February 7, 2013, DEF formally notified the NRC in writing that the Company was cancelling the EPU project and withdrawing its EPU LAR application as a result of the decision to retire CR3. See the Company's EPU LAR Withdrawal Letter to the NRC attached as Exhibit No. __(MRD-2) to my direct testimony. The NRC confirmed that the EPU LAR review was cancelled and stopped all work on the EPU LAR effective February 5, 2013. There were no new NRC charges for the NRC review of the EPU LAR after February 5, 2013.

The Company also notified the Florida Department of Environmental Protection ("FDEP") that the Company had decided to retire CR3 and cancel the EPU project. The Company and the FDEP have ceased EPU project permitting activities. The discharge canal cooling tower Point of Discharge ("POD") project that was part of the EPU project was also cancelled when the EPU project was cancelled.

When the Company cancelled the EPU project the Company also sent a formal notification to all vendors with open contracts and purchase orders for the EPU project to suspend all EPU project work activities immediately. A similar

suspension notice letter was sent to contractor AREVA, Inc. to suspend all engineering work in support of the Company's pending EPU LAR application and the EPU project effective immediately. Copies of these letters are included as Exhibit No. ___ (MRD-3) to my direct testimony.

Finally, when the Company decided to cancel the EPU project, the Company demobilized the EPU project team. All EPU project engineering contractors, except for personnel required to manage and maintain existing EPU equipment, were released. All EPU project management and operations support staff were released except for two EPU project team members. The remaining EPU project team members include the EPU project manager, and the EPU project specialist. These EPU project personnel were necessary to perform the EPU project closeout work, perform asset preservation, and assist with the transition of the EPU-related equipment to the IRP.

Q. How did DEF initially implement the EPU wind-down?

A. The EPU Closeout Plan was created in early 2013 to wind down and close out the project. The EPU Closeout Plan addresses: (1) EPU project contracts and purchase orders; (2) EPU equipment maintenance and disposition; (3) EPU documentation closeout; (4) EPU financial impact and closeout; and (5) EPU project regulatory activities closeout. The EPU Closeout Plan is attached as Exhibit No. __(MRD-4) to my direct testimony. Additionally, the EPU Closeout Plan described the transition to the DTO and the IRP. The EPU Closeout Plan is under revision in 2014 to administratively document that the EPU-related assets have been transferred to the IRP as of third quarter 2013.

Q. What happened to existing EPU Work Orders and Engineering Changes in the EPU Project Closeout Plan?

A. There is no further work under the EPU project work orders or Engineering Changes ("ECs") for the project. No EPU EC work order tasks remain open; however, they will be maintained on the system to ensure that there is documentation for them until the documentation is transitioned from the EPU project to the project to decommission CR3. During this transition period, all open EPU Work Orders and Engineering Changes are maintained in the Passport system. All EPU Engineering Change Work Order Tasks were either completed or cancelled. Additional Work Orders are only written when necessary to allow preventive and corrective work to be performed to preserve the equipment. EPU equipment installed in the plant is being maintained by the CR3 Maintenance Department.

Q. Can you describe the process to close out contracts and purchase orders for the EPU equipment in 2013?

A. Yes. As I explained above, when the Company decided to retire CR3 and cancel the EPU project all EPU project vendors with open contracts and purchase orders for EPU equipment or services were notified to immediately suspend all EPU work activities. Following the retirement decision, a formal notification was sent to all vendors with open contracts and purchase orders requesting that all work activities be suspended immediately.

Thereafter, each vendor was contacted individually by EPU and Supply Chain personnel to discuss the path forward regarding possible completion of

work, if that was the economically beneficial decision, or termination of the contract or purchase order. Contract and purchase order closeout options included (1) an assessment of contract and purchase order status, (2) the determination of the percent complete of equipment fabrication, (3) the determination of partial deliverables provided, (4) the determination of the feasibility of accepting shipment and delivery of imminent orders, and (5) the determination of the percentage of full price payment to arrive at recommendations for the termination or beneficial completion of the work under the contract or purchase order.

Q. Does the Company currently have any contracts for EPU Long Lead Equipment ("LLE")?

A. No. DEF negotiated with its vendors and successfully closed out all of its EPU-related LLE contracts in 2013.

Q. Can you generally describe how you closed out the major LLE contracts?

A. Yes. DEF followed the process I have described above to determine the cost effective decision for DEF and its customers.

For example, DEF had contracted with vendor Siemens Energy, Inc. ("Siemens") under Contract No 145569 to procure and install the Low Pressure and High Pressure Turbines. The manufacturing work under the Siemens contract had been completed prior to the retirement decision and thus the closeout negotiations addressed the installation work under the contract. In August of 2013, DEF was able to negotiate a reduction in the final contract amount of [redacted] because no installation work was performed and executed an

amendment closing this contract. All turbine materials previously procured from Siemens are in storage and will be dispositioned through the IRP process.

Another example is Contract 545831 with Curtiss Wright Flow Control Corporation/Scientech ("Scientech") for the Inadequate Core Cooling Mitigation System ("ICCMS"). DEF was able to negotiate a reduction of the final closeout amount from [redacted] to [redacted]. DEF reviewed the closeout costs, verified the percentage completion of work, challenged certain costs, and held the vendor accountable to the terms of the contract. The ICCMS equipment was specifically designed for CR3 and it could not be utilized at another site without a major engineering redesign and possibly NRC approval. Accordingly, based on the extremely low estimated salvage or resale value DEF made the decision not to pay to complete and procure all of the equipment. ICCMS equipment previously completed is in storage and will be dispositioned pursuant to the IRP process.

The closeout of Contract 590969 with SPX Heat Transfer, LLC ("SPX") for the feedwater heat exchangers 3A/3B followed a similar decision-making process. Initially, SPX requested an additional [redacted] to close out the contract. DEF negotiated the closeout of the contract for [redacted], which DEF estimated had minimal salvage value.

For Contract Numbers 488945 and 506636 with Sulzer Pumps (US), Inc. ("Sulzer") for the main feedwater pumps and booster feedwater pumps, DEF negotiated reduced contract closeout costs and took possession of three (3) 3500 horsepower motors and the lube oil skids, which will be dispositioned through the IRP process.

DEF documented its decision-making processes through Integrated Change Forms ("ICF") and finalized these decisions in contract amendments. Appendix E attached to Mr. Foster's testimony as Exhibit No. __ (TGF-3) provides additional details regarding the EPU contracts (over $1 million), the date of closeout, and the estimates of the total final contract amount.

Q. Were these EPU contract closeout decisions prudent?

A. Yes. DEF followed its processes, conducted appropriate analyses, and reached economically beneficial decisions for DEF and its customers.

Q. Can you please explain the transition from the EPU Closeout Plan to the Investment Recovery Project processes and procedures?

A. Yes. The EPU Project Closeout Plan described the initial process for the suspension of EPU work, close-out of major engineering, licensing, and contract or purchase order activities under the project, and the preservation of the EPU-related assets. The Company created the IRP in mid-2013 to have a single group that was responsible for management and disposition of all of the CR3 plant assets. The objective of the IRP is to maximize return to stakeholders on CR3 assets by implementing a program under which marketable CR3 plant assets are identified, maintained, marketed, sold and removed from the site in an efficient manner.

Q. Can you describe the overall goverance for asset disposition?

A. Yes. As I mentioned above, following the decision to retire and decommission the CR3 plant, the Company began the process of setting up an organization to manage that process. It was called the CR3 Decommissioning Transition Organization ("DTO"). Unlike many generating stations that are retired at the end of their useful life, CR3 has material and equipment that retain some value. As a result, as part of the DTO, DEF created the IRP to manage the asset disposition process.

First, the IR team was initially tasked with creating specific governance documents and a procedure for the process of disposition. Administrative Procedure AI-9010, *Conduct of CR3 Investment Recovery* (Rev. 0), was created and approved through DEF's general procedure authorization process. See AI-9010 attached hereto as Exhibit No. ___(MRD-5). Procedure AI-9010 outlines the asset pricing requirements and minimum reviews and approvals required for the execution of transactions, and the record keeping requirements necessary for the disposition of assets from CR3 during the DTO phase. Secondly, an Investment Recovery Project, Project Execution Plan ("IR Project Plan") was created and approved by DTO management. This project plan supplies the overall governance for the IR project and defines the organization, work processes, and systems necessary for the successful disposition of all CR3 assets. See IR Project Plan attached hereto as Exhibit No. __ (MRD-6).

Q. What is the disposition strategy for the EPU equipment in DEF's possession?

A. DEF is committed to using its best efforts in order to maximize disposition value for the EPU-related equipment. EPU equipment will be properly maintained at CR3 until such time as the IRP determines the optimal disposition method for DEF and its customers. DEF is using a step-wise approach for EPU equipment disposition under administrative procedure AI-9010, *Conduct of CR3 Investment Recovery*, attached hereto as Exhibit No. __ (MRD-5), and the CR3 Investment Recovery Project ("IRP"), Project Execution Plan, attached as my Exhibit No. __(MRD-6).

To explain, under the IRP process, assets will be disposed of in the following manner: 1) solicit interest and utilize Duke Energy internal transfers to the fleet in accordance with the *Affiliate Asset Transfer Transactions* process manual, SCD211; 2) if not transferred internally, then solicit external interest from distributors, original equipment manufacturers, and re-sellers and utilize a bid process pursuant to procedure MCP-NGGC-001, *NGG Contract Initiation, Development and Administration*; and 3) for any remaining equipment, disposition at salvage or scrap value if cost effective to do so depending on the location (installed/uninstalled) of the LLE.

In 2013, DEF solicited and pursued internal interest in EPU equipment with Duke Energy affiliates, in accordance with its affiliate asset transfer process, and received positive interest regarding the Low Pressure Turbine Rotors from an affiliated Duke Energy plant. The IR team is currently working through feasibility analyses to determine if some of the turbine equipment could be suitable at this other Duke Energy plant. In addition, IR is pursuing external

interest in EPU-related equipment pursuant to the IR plans and processes. In reaching out to the external market DEF has been employing several different avenues of communication including, 1) contacting the original equipment vendor; 2) utilizing RAPID – a utility parts website; 3) utilizing third party re-sellers; and 4) using its own Supply Chain personnel expertise and contacts to get in touch with potential buyers. If there is external interest in any of the LLE, DEF will then move to disposition this equipment through an external bid process through Power Advocate system. As to EPU equipment that was already installed in the plant, the IRP will also be taking into consideration the cost of safe removal versus the potential resell or salvage value as it performs its cost-benefit analyses and decides upon the optimal disposition decisions for DEF and its customers.

Q. Other than the LLE mentioned above, what other EPU-related assets were dispositioned in 2013?

A. During 2013, several small assets were transferred or salvaged for scrap value. The credits received for these materials are included in Line 1d in the 2013 Detail Schedule attached as Exhibit No. ___(TGF-3) to Mr. Foster's testimony.

In addition, in the end of 2013, DEF initiated a bid process for the EPU Point of Discharge ("POD") Cooling Tower equipment. Response bids on that equipment came back in early 2014, and DEF is in the process of analyzing the bids.

B. EPU Project 2013 Actual Costs.

Q. What costs did DEF incur related to the EPU project in 2013?

A. The total capital costs incurred for 2013, gross of joint owner billing and exclusive of carrying costs, were $11.2 million. This is almost $3.0 million less than DEF estimated. These costs were incurred in the categories of: (1) license application and permitting, (2) project management, (3) on-site construction facilities, (4) power block engineering, procurement and related construction, and (5) non-power block engineering, procurement and related construction. Schedule *2013 Detail* in Exhibit No. ___ (TGF-3) to Mr. Foster's testimony provides further details about these costs.

Q. Please describe the total License Application and Permitting costs incurred and explain why the Company incurred them.

A. Actual 2013 license application and permitting costs were approximately $560,000. Prior to the decision to retire CR3 and cancel the EPU project the Company continued with its pursuit of the EPU LAR from the NRC. The Company's EPU LAR was submitted to the NRC on June 15, 2011 and the NRC accepted the EPU LAR for review on November 21, 2011. Costs incurred in 2013 were for preparing and submitting responses to Requests for Additional Information ("RAI") prior to the retirement announcement and for NRC fees related to the NRC's review of the LAR application. No new NRC fees were incurred after the retirement decision; however, some costs may have been paid out following that time based on the timing of receipt of invoices for NRC work prior to the CR3 retirement decision. In addition, minimal labor costs were

incurred following the retirement decision to close out the licensing and permitting portions of the EPU project.

Q. Please describe the total Project Management costs incurred and explain why the Company incurred them.

A. Actual EPU project management costs in 2013 were approximately $657,000. 2013 project management costs were incurred during the first part of the year based on standard EPU project management activities as described in Exhibit No. ___ (MRD-1). Following the retirement decision in February, 2013, the Company cancelled the EPU project and changed its focus to closeout and wind-down activities. The Company's project management costs included the following project management activities for the EPU project in 2013:

(1) project administration, including project staffing and EPU demobilization and equipment maintenance;

(2) contract administration and closeout;

(3) project management, including closeout project plans, project governance and oversight, task plans, task monitoring plans, and task item completions; and

(4) development and management of project closure processes for the NRC regarding the EPU LAR application.

Each activity was conducted under the Company's project management and cost oversight policies and procedures. The project management work and associated costs were necessary for the EPU work prior to the retirement decision and for closeout and wind-down work following the retirement decision and subsequent

cancellation of the EPU project. These costs were prudently incurred according to the Company's procedures as discussed in more detail below in Section IV.

Q. Please describe the total On-Site Construction Facilities costs incurred and explain why the Company incurred them.

A. The Company incurred approximately $46,000 for On-Site Construction Facilities costs for the EPU project in 2013. These costs were incurred for storage for components and tools related to the EPU, facilities management, and labor costs for oversight of demobilization of storage facilities.

Q. Please describe the total costs incurred for the Power Block Engineering, Procurement and related construction cost items and explain why the Company incurred them.

A. The Company incurred approximately $9.8 million for Power Block Engineering, Procurement costs for the EPU project in 2013. DEF incurred EPU costs for contract payments for fabrication of LLE items that were contractually committed for the project. As of the end of 2013, DEF has received and placed the following LLE items in storage at CR3:

- POD cooling tower and associated equipment;
- Condensate pump motors and discharge head equipment;
- High pressure turbine rotor equipment;
- Low pressure turbine rotor equipment and casings;
- Feedwater heat exchanges 2A/2B and associated equipment;
- ICCMS/fast cooldown equipment;
- Deaerator bypass line equipment;
- EFW system upgrade equipment;
- Atmospheric dump valves/rapid cool down and associated equipment;
- Low pressure injection ("LPI") cross tie /hot injection equipment;

- Feedwater booster pump motors, lube oil skids, and related pump modification equipment;
- Makeup tank bypass line and associated equipment;
- EPU vibration monitoring equipment; and
- Assorted EPU tools.

DEF also incurred some costs in 2013 for engineering work to support and respond to NRC RAIs for the EPU LAR application prior to the retirement decisions.

This category also includes costs incurred to closeout LLE contracts following the retirement decision and any credits associated with the closeout decisions and salvage of the EPU assets mentioned above in 2013.

Q. Please describe the total Non-Power Block Engineering, Procurement and related construction costs and explain why the company incurred them.

A. DEF incurred approximately $56,000 for Non-Power Block Engineering costs related to the disposition of items in the EPU POD lay-down yard. As of October 2013 this work was closed-out and no further costs were incurred in 2013.

Q. How did actual expenditures for January 2013 through December 2013 compare to DEF's actual/estimated costs for the EPU Project?

A. DEF's actual capital expenditures for the EPU project in 2013 were lower than DEF's actual/estimated costs for 2013 by almost $3.0 million. This variance is based on DEF's actual expenditures for 2013 compared to the Actual/Estimated ("AE") Schedules attached to Mr. Foster's May 1, 2013 testimony, which reflected actual/estimated 2013 EPU costs following the retirement decision.

Q. Were there any major variances in 2013 for the EPU costs?

A. Yes, but only as to power block engineering and procurement. The power block engineering and procurement estimate for costs was $13.1 million. Actual power block engineering and procurement expenditures in 2013 were $9.8 million, which was over $3.0 million less than the estimated amount. This under variance was attributable to actual materials storage charges which were approximately $2 million less than estimated and a warehouse inventory adjustment credit of approximately $1 million that was applied to the EPU.

As shown on Appendix D to Exhibit No. __(TGF-3) to Mr. Foster's testimony, the other variances for these categories were all minor variances.

Q. Did DEF incur Operations and Maintenance costs in 2013 for the EPU project?

A. Yes. DEF incurred necessary Operations and Maintenance ("O&M") costs to support the EPU project work in 2013. These O&M costs are identified and included in Schedule *2013 Detail* included in Exhibit No. ___ (TGF-3) to Mr. Foster's testimony.

Q. How did actual O&M expenditures for January 2013 through December 2013 compare with DEF's actual/estimated O&M expenditures for 2013?

A. Total O&M costs were $267,649 or $261,735 less than estimated. Exhibit No. __(TGF-3), Appendix B to Mr. Foster's testimony shows the minor under variances for the O&M costs categories. There were no major (more than $1 .0 million) O&M cost variances to report in 2013.

Q. Were DEF's 2013 EPU project costs prudently incurred?

A. Yes, they were. The Company immediately suspended any additional licensing, contract, and purchase order work, demobilized the EPU project team except for management necessary to wind-down the project, and developed and implemented the EPU Project Closeout Plan. DEF then transitioned the asset recovery efforts to the newly created IR team that was developed specifically for the purposed of asset disposition. DEF is currently working through its IR team to ensure that disposition of EPU assets is cost effective for both the Company and its customers. Any proceeds from the resale of EPU equipment will be credited to customers. For these reasons, as more fully explained above, these costs were prudently incurred.

Q. Are the 2013 EPU project costs included in this NCRC docket for recovery separate and apart from those that the Company incurred in 2013 to decommission CR3?

A. Yes, DEF has only included for recovery in this proceeding those costs that were incurred solely for the EPU project.

IV. 2013 PROJECT MANAGEMENT AND COST CONTROL OVERSIGHT.

Q. Did the Company utilize prudent project management and cost oversight controls when implementing the closeout of the EPU project?

A. Yes it did. The Company developed its closeout and investment recovery plans and procedures utilizing the project management policies and procedures that

have been reviewed and approved as prudent by this Commission in prior year's dockets and that are described in Exhibit No. ___ (MRD-1) to my testimony.

Q. Please explain the project management and cost control oversight processes used for the EPU wind-down in 2013.

A. As an initial matter, the EPU Closeout Plan was developed as a guide for project personnel to demobilize and closeout the EPU project. Each closeout decision in 2013 was documented utilizing the Company's existing ICF documentation and approval process that is part of the EPU project management and cost control policies and procedures previously reviewed and approved as prudent by the Commission. The EPU Closeout Plan outlines the process for the transition of the EPU work orders and Engineering Changes to the CR3 DTO consistent with the guidance contained in procedure EGR-NGGC-0005. DEF also utilized Nuclear Generation Group standard procedure MCP-NGGC-0001, *Contract Initiation, Development and Administration,* for EPU vendor contractor closeout and oversight guidance. These procedures are also part of the project management and cost control procedures previously reviewed by Commission Audit Staff in 2013.

Additionally, as discussed above, the IRP was created, under the guidance of PMC-PRC-00-AD-0002, *Development, Planning and Execution of Large Construction Project,* to disposition all of the CR3 plant assets. Responsibility for EPU equipment disposition was transferred to the IRP and is governed by procedure number AI-9010, *Conduct of CR3 Investment Recovery*, see Exhibit__(MRD-5) to my testimony. AI-9010 was developed specifically for CR3

asset disposition and outlines the pricing requirements, minimum reviews, and approvals required for the execution of transactions and the record keeping requirements necessary for the disposition of assets from CR3. AI-9010 provides specific instructions on expectations, assets pricing, disposition transaction review and approvals, project assurance and removal of installed assets and provides approved forms to document asset disposition.

Q. What other oversight mechanisms did DEF use to oversee the IR process?

A. In 2013, the Company utilized Key Performance Indicators ("KPIs") to monitor the status of the IRP. These KPIs were reviewed by the IR team on a regular basis. Additionally, weekly progress/status meetings were held to review open issues in the project including action items, trends, key schedule milestones and other issues. Monthly progress reports were issued reporting financial results for the overall project, for the prior month. Monthly Project Management and Construction ("PMC") meetings were held for the project team to present updates to PMC senior management. A level 1 IRP schedule was also maintained in 2013 and reviewed on a regular basis during informal weekly meetings. Additionally, project risks were holistically managed in accordance with PJM-0013-ENTSTD, *Project Risk Management*, and a formal risk register was created and is maintained for the project and updated as necessary.

Q. Did DEF perform benchmarking of other utilities as it created and implemented its disposition and wind-down plans?

A. Yes. DEF benchmarked several of the most recently decommissioned nuclear power plants including, Zion Units 1 & 2 in Illinois, San Onofre Units in California, and the Kewaunee Unit in Wisconsin. DEF sought out, reviewed, and implemented lessons learned from these plants' decommissioning efforts as it created its DTO and IR processes.

Q. Are DEF's project management, contracting, and cost oversight controls reasonable and prudent?

A. Yes, they are. These project management policies and procedures reflect the collective experience and knowledge of the combined Company and industry best practice based on benchmarking. Many of these policies and procedures were reviewed in an annual Commission project management audit in the 2013 NCRC docket. The EPU project management, contracting and cost oversight controls for the wind-down and investment recovery efforts are consistent with best practices for project management in the industry and, therefore are reasonable and prudent.

Q. Does this conclude your testimony?

A. Yes, it does.

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DIRECT TESTIMONY
OF JON FRANKE

ON BEHALF OF
PROGRESS ENERGY FLORIDA, INC.

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY PROGRESS ENERGY FLORIDA, INC.

FPSC DOCKET NO. 130009-EI

DIRECT TESTIMONY OF JON FRANKE

I. INTRODUCTION AND QUALIFICATIONS.

Q. Please state your name and business address.

A. My name is Jon Franke. My business address is Crystal River Nuclear Plant, 15760 West Power Line Street, Crystal River, Florida 34428.

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

A. I am employed by Progress Energy Florida, Inc. ("PEF" or the "Company") and serve as Vice President – Crystal River Nuclear Plant.

Q. What are your responsibilities as the Vice President at the Crystal River Nuclear Plant?

A. As Vice President I am responsible for the safe operation of the Crystal River nuclear generating station. The Plant General Manager, Site Support Services and training sections report to me. Additionally, I have indirect responsibilities in oversight of major project and engineering activities at the station.

Q. Did your role or responsibilities change with respect to the CR3 Uprate project as a result of the July 2, 2012 merger between Progress Energy, Inc. and Duke Energy Corporation?

A. No. My role and title remained the same and my responsibilities with respect to the Crystal River Unit 3 Nuclear Power Plant ("CR3") and the Extended Power Uprate ("EPU") project ("CR3 Uprate") did not change as a result of the merger between Progress Energy, Inc. and Duke Energy Corporation ("Duke Energy").

Q. Has the merger impacted the CR3 Uprate project organizational structure?

A. Yes. In the fall of 2012, as a result of the merger integration process, the project management organizational structure for the CR3 Uprate project was adjusted and the Manager, Major Projects – EPU reports to the General Manager, Fleet and Stand Alone Projects, a new position in the combined company. In addition, the CR3 Uprate Engineering Manager was a direct report to the Nuclear Engineering Department and is now a direct report to the Manager, Major Projects – EPU. These changes did not affect my responsibilities. I remain the CR3 Uprate project sponsor.

Q. Please summarize your educational background and work experience.

A. I have a Bachelor's degree in Mechanical Engineering from the United States Naval Academy in Annapolis, MD. I have a graduate degree in the same field from the University of Maryland and Masters of Business Administration from the University of North Carolina at Wilmington.

I have over 20 years of experience in nuclear operations. I received training by the United States Navy as a nuclear officer and oversaw the operation and maintenance of a nuclear aircraft carrier propulsion plant during my service. Following my service in the Navy, I was hired by Carolina Power & Light and was with that company through the formation of Progress Energy and the subsequent merger with Duke Energy. My early assignments involved engineering and operations, including oversight of the daily operation of the Brunswick Nuclear Plant as a U.S. Nuclear Regulatory Commission ("NRC") licensed Senior Reactor Operator. I was the Engineering Manager of that station for three years prior to assignment to Crystal River as the Plant General Manager in 2002. I was promoted to my current position in April 2009.

II. PURPOSE AND SUMMARY OF TESTIMONY.

Q. What is the purpose of your direct testimony?

A. My direct testimony supports the Company's request for cost recovery pursuant to the nuclear cost recovery rule for costs incurred in 2012 for the CR3 Uprate project. I will explain that these costs were prudently incurred for the CR3 Uprate project. I will also address PEF's 2012 project management, contracting, and cost oversight policies and procedures for the CR3 Uprate project and explain why they are reasonable and prudent.

On February 5, 2013, Duke Energy announced that the Duke Energy Board of Directors decided to retire and decommission the CR3 nuclear power plant. As a result of this decision, the CR3 Uprate project was cancelled. The prudence of the decision to retire rather than repair CR3 will be addressed in

Phase 2 of Docket No. 100437-EI, accordingly, I will not address the decision to retire CR3 in my testimony. My direct testimony addresses the prudence of the Company's CR3 Uprate project expenditures in 2012, prior to the Duke Energy Board decision to retire CR3, consistent with the provisions of the nuclear cost recovery clause rule. In my May 1, 2013 direct testimony, I will address the cancellation of the CR3 Uprate project as a result of the Board's decision to retire CR3, and the actual and estimated, and projected costs necessary to cancel and wind-down the CR3 Uprate project.

Q. Do you have any exhibits to your testimony?

A. Yes, I am sponsoring the following exhibits to my testimony:

- Exhibit No. ___ (JF-1), Project Management and Fleet Operating Procedures applicable to the CR3 Uprate project revised in 2012; and
- Exhibit No. ___ (JF-2), Project Management and Fleet Operating Procedures applicable to the CR3 Uprate project new in 2012.

In addition, I am sponsoring Schedules T-6A, T-6B, T-7, T-7A and T-7B and Appendix D and co-sponsoring the cost portions of Schedules T-4, T-4A, and T-6 of the Nuclear Filing Requirements ("NFRs") for the 2012 CR3 Uprate project costs, which are included as part of Exhibit No. __(TGF-2) to Thomas G. Foster's testimony. Schedule T-4 reflects Capacity Cost Recovery Clause ("CCRC") recoverable Operations and Maintenance ("O&M") expenditures for the 2012 period. Schedule T-4A reflects CCRC recoverable O&M expenditure variance explanations for the 2012 period. Schedule T-6.3 reflects the construction expenditures for the project by category. Schedule T-6A.3 reflects descriptions

of the major cost categories of the expenditures and Schedule T-6B.3 reflect explanations for the significant variances between these expenditures and previously filed estimates for 2012. Schedule T-7 is a list of the contracts executed in excess of $1.0 million for 2012. Schedule T-7A reflects details pertaining to the contracts executed in excess of $1.0 million for 2012. Schedule T-7B reflects contracts executed in excess of $250,000, but less than $1.0 million for 2012.

All of these exhibits, schedules, and appendices are true and accurate.

Q. Please summarize your testimony.

A. In this direct testimony, I am supporting the Company's request for a prudence determination and approval for recovery of the actual costs it incurred in 2012 for the CR3 Uprate project. PEF incurred CR3 Uprate project costs in 2012 in preparation for Phase 3, the EPU phase of the project, consistent with the Company's plan in 2011 and 2012 to repair the CR3 containment building, complete the CR3 Uprate project, and return CR3 to commercial service at the end of the existing CR3 outage. The Company primarily incurred EPU costs in 2012 for (1) EPU long lead equipment ("LLE") milestone payments contractually committed to prior to 2012; (2) licensing and engineering costs associated with responding to Requests for Additional Information ("RAIs") for the NRC's review of the Company's EPU License Amendment Request ("LAR"); and (3) engineering analyses for the engineering change ("EC") packages for the EPU Phase work, with project management costs associated with this work. PEF continued to take appropriate steps to minimize CR3 Uprate project spend in 2012

to ensure that only those costs necessary for completion of the CR3 Uprate project in the current, extended CR3 outage were incurred in 2012, consistent with the project management plan implemented by the Company in 2011 and reviewed by the Commission in the nuclear cost recovery clause docket last year. Accordingly, PEF's 2012 CR3 Uprate project costs are reasonable and prudent and PEF requests that the Commission grant PEF's request for recovery of these costs pursuant to the nuclear cost recovery statute and rule.

III. ACTUAL COSTS INCURRED IN 2012 FOR THE CR3 UPRATE PROJECT.

Q. Can you please explain the status of the CR3 Uprate project in 2012?

A. Yes. PEF continued the CR3 Uprate project in 2012 consistent with the determination PEF made in 2011 that the reasonable course of action was to preserve the option of completing the CR3 Uprate project during the current, extended CR3 outage, if the Company determined to repair CR3 upon completion of the Company's evaluation of the decision to repair or retire CR3. At that time, the Company planned to repair CR3 and complete the CR3 Uprate project. The Company continued required EPU work for this plan in 2012, while deferring EPU work activities and costs that were not necessary in 2012 to successfully complete this plan. As a result, only those activities were performed and those costs incurred in 2012 that were necessary to complete the EPU project during the current, extended CR3 outage in the event the Company decided to repair CR3.

Q. What costs did PEF incur for the CR3 Uprate project in 2012?

A. PEF incurred construction costs for the CR3 Uprate project in 2012. The total capital expenditures for 2012, gross of joint owner billing and exclusive of carrying cost, were $44.3 million. This is $7.2 million less than PEF estimated it would spend in 2012 for the CR3 Uprate project. This reduction in expenditures from what PEF estimated that it was going to spend in 2012 is the result of PEF's efforts to efficiently manage the CR3 Uprate project and to push out milestones to later years as necessary to ensure only those costs were incurred that were necessary to complete the EPU work if PEF decided to repair CR3. These costs were incurred in the categories of: (1) license application, (2) project management, (3) permitting, (4) on-site construction facilities, and (5) power block engineering, procurement and related construction. Schedule T-6 in Exhibit No. ___ (TGF-2) to Mr. Foster's testimony provides further details about these costs.

Q. Please describe the total License Application costs incurred and explain why the Company incurred them.

A. Actual 2012 License Application costs were about $2.9 million. The Company's EPU LAR was submitted to the NRC on June 15, 2011 and the NRC accepted the EPU LAR for review on November 21, 2011. In the NRC's Acceptance Review letter, the NRC indicated it might defer portions of its review of the EPU LAR pending a more final CR3 repair schedule. Later, however, the NRC initiated the Technical Review phase of the LAR process and, in practice, did not defer any

portion of the NRC review. As a result, the Company had to incur costs in 2012 for the work required for the NRC Technical Review.

In 2012, the Company prepared and submitted responses to 176 RAIs to support the NRC's Technical Review of the EPU LAR. In 2012, the NRC made substantial progress toward completing its review of the EPU LAR, in fact, many NRC technical branches completed their reviews. The EPU LAR was on target for receipt in time for plant start-up based on the Company's schedule to repair CR3 and complete the EPU work during the current, extended CR3 outage. The License Application work and associated costs were necessary in 2012 for the NRC Technical Review of the EPU LAR and to preserve the option to complete the EPU phase in the current, extended CR3 outage.

Q. Please describe the total Project Management costs incurred and explain why the Company incurred them.

A. Actual CR3 Uprate project management costs in 2012 were approximately $3.3 million. The Company's Project Management costs included the following project management activities for the CR3 Uprate project in 2012:

(1) project administration, including project instructions, staffing, roles and responsibilities, and interface with accounting, finance, and senior management;

(2) contract administration, including status and review of project requisitions, purchase orders, and invoices, contract compliance, and contract expense reviews;

(3) project controls, including schedule maintenance and milestones, cost estimation, tracking and reporting, risk management, and work scope control;

(4) project management, including project plans, project governance and oversight, task plans, task monitoring plans, lessons learned, and task item completions; and

(5) overall management of CR3 Uprate licensing and EPU LAR work.

Each activity was conducted under the Company's project management and cost oversight policies and procedures consistent with industry best practices for a major project like the CR3 Uprate project. The Project Management work and associated costs were necessary for the EPU work and to preserve the option to complete the EPU phase in the current, extended CR3 outage.

Q. Please describe the total Permitting costs incurred and explain why the Company incurred them.

A. The Company incurred $10,709 for permitting costs for the CR3 Uprate project in 2012. These costs were incurred for evaluations by Golder Associates associated with limited permitting activities for the Point of Discharge ("POD") Cooling Tower. The limited permitting work and associated costs were necessary to preserve the option to complete the EPU phase in the current, extended CR3 outage.

Q. Please describe the total On-Site Construction Facilities costs incurred and explain why the Company incurred them.

A. The Company incurred $35,242 for On-Site Construction Facilities costs for the CR3 Uprate project in 2012. These costs were incurred for storage for components and tools. These limited on-site construction facilities costs were necessary for the project and to preserve the option to complete the EPU phase in the current, extended CR3 outage.

Q. Please describe the total costs incurred for the Power Block Engineering, Procurement and related construction cost items and explain why the Company incurred them.

A. The Company incurred approximately $38.1 million for Power Block Engineering, Procurement, and related construction cost items for the CR3 Uprate Project in 2012.

The Company incurred EPU costs for contract milestone payments for fabrication of LLE items that were contractually committed for the project prior to 2012. PEF received and stored several LLE items for the CR3 Uprate project in 2012. Manufacturing of these LLE items was completed in accordance with the terms of material fabrication and procurement contracts entered into prior to 2012. PEF placed the following LLE items in storage at CR3 in preparation for Phase 3 installation: Condensate Pump Motors; High Pressure Turbine Rotor; Low Pressure Turbine Rotors and Casings; In-Core Detector Assemblies; Low Pressure Injection Cross Tie Valves; and Feedwater Valves.

PEF also incurred costs in 2012 for engineering work to support and respond to NRC RAIs for the EPU LAR application and to develop the EC packages for the EPU Phase 3 work. Only engineering work necessary to preserve the option to complete the EPU work during the current, extended CR3 outage was performed in 2012. By May 2012, the EPU phase EC packages were approximately 70 percent complete; EPU phase EC packages are now approximately 75 percent complete. PEF effectively managed the EPU phase engineering work through proper prioritization for completion of vendor contracted ECs and owner review and acceptance of LLE. For example, PEF managed its time and materials engineering scope changes and labor resources to respond to high priority NRC information requests and pushed out less critical path EC work in order to minimize costs without jeopardizing the implementation of the EPU during the extended outage.

PEF appropriately minimized these EPU costs in 2012 where possible. All of the 2012 Power Block Engineering, Procurement, and related construction costs were necessary for the implementation of the CR3 Uprate work in the current, extended CR3 outage, and they were prudently incurred in 2012.

Q. Please describe the total Non-Power Block Engineering, Procurement and related construction costs and explain why the company incurred them.

A. Overall, PEF incurred net expenses of ($48,019) of Non-Power Block Engineering costs related to the EPU POD lay-down yard. There were non-power block engineering costs in 2012 incurred to meet environmental compliance regulations and to maintain the integrity of the stored equipment. Offsetting these

costs was an accounting entry to reverse an expense accrual booked in 2011 that was no longer necessary as a result of closing a contract.

Q. How did actual capital expenditures for January 2012 through December 2012 compare to PEF's actual/estimated costs for 2012 for the CR3 Uprate Project?

A. PEF's actual capital expenditures for the CR3 Uprate project in 2012 were lower than PEF's actual/estimated costs for 2012 by $7.2 million. This variance is based on PEF's actual expenditures for 2012 compared to the Actual/Estimated ("AE") Schedules attached to Mr. Foster's April 30, 2012 testimony, which reflected actual/estimated 2012 CR3 Uprate costs, prior to the Commission's approval of the Company's Motion to defer Commission review of the 2012 CR3 Uprate construction expenditures and associated carrying costs to this docket. As a result of the Commission's decision to grant that Motion, I understand Mr. Foster filed revised NFR AE schedules with the Commission to reflect that deferral.

This variance is the result of the Company's efficient project management of the CR3 Uprate project work to ensure that the only costs incurred were necessary to complete the project during the current, extended CR3 outage if the Company decided to repair CR3. I will explain the reasons for the major (more than $1.0 million) variances below:

Power Block Engineering, Procurement and related construction costs:

Power Block Engineering, Procurement and related construction cost capital expenditures booked on Schedule T-6.3 were $38.1 million for 2012. The estimate for these costs in 2012 was $45.4 million, resulting in a favorable variance of ($7.3 million). The majority of the variance is attributed to deferral of contract payments, control and reduction of engineering work scope, and lower warehouse inventory expenses than projected as a result of deferring EPU work and costs beyond 2012.

This variance, again, demonstrates the results of the Company's efforts to minimize CR3 Uprate project costs in 2012 while still preserving the Company's ability to complete the project in the current, extended CR3 outage if the Company decided to repair CR3.

Q. Were there any other major variances in 2012 for license application, project management, permitting or on-site construction facility costs?

A. No. As described on Schedule T-6B.3, the variances for these categories were all minor variances.

Q. Did PEF incur O&M costs in 2012 for the CR3 Uprate project?

A. Yes. PEF incurred necessary O&M costs to support the CR3 Uprate project work in 2012. These O&M costs are identified and included in Schedule T-4 in Exhibit No. ___ (TGF-2) to Mr. Foster's testimony.

Q. How did actual O&M expenditures for January 2012 through December 2012 compare with PEF's actual/estimated O&M expenditures for 2011?

A. Schedule T-4A, Line 15, on Exhibit No. ___ (TGF-2) to Mr. Foster's testimony shows that total O&M costs were $0.5 million or $65,356 more than estimated. Schedule T-4A shows the minor variances for the O&M costs categories. There were no major (more than $1 .0 million) O&M cost variances to report in 2012.

Q. Were PEF's 2012 CR3 Uprate project costs reasonably and prudently incurred?

A. Yes, they were. PEF incurred only those CR3 Uprate project costs in 2012 necessary to preserve the option to complete the EPU phase during the current, extended CR3 outage, if the Company decided to repair CR3. PEF implemented a project management plan to minimize project costs until the Company made the decision to repair or retire CR3. PEF diligently worked to minimize project costs consistent with that plan throughout 2012. As a result, in 2012 PEF was in position to proceed with the CR3 Uprate project work to implement the EPU phase during the current, extended CR3 outage if the Company decided to repair CR3, but the Company had not unnecessarily incurred costs to move forward with the project. All of PEF's 2012 CR3 Uprate project costs were reasonably and prudently incurred.

Q. Can you please explain how PEF minimized CR3 Uprate project costs in 2012?

A. Yes, I can. In 2012, PEF was proceeding with a CR3 Uprate project plan and schedule to complete the EPU work during the current, extended CR3 outage. PEF understood that completion of this work in accordance with this schedule depended on the Company deciding to repair CR3 after evaluating the decision to repair or retire CR3. As a result, the CR3 Uprate project plan in 2012 was designed to minimize project costs in 2012 while preserving the Company's ability to complete the EPU phase during the current, extended CR3 outage if the Company decided to repair CR3.

As part of the CR3 Uprate project plan in 2012, PEF evaluated the EPU phase work to identify what work was critical to proceed with to maintain a schedule to complete the EPU phase work during the current CR3 outage and what work was not on this critical path. Based on this evaluation, PEF slowed down and postponed work on the EPU phase in 2012 to minimize the CR3 Uprate project costs while preserving the Company's ability to complete the EPU work during the current CR3 outage and implement the power uprate. No EPU phase work was accelerated and mainly regular work hours were permitted on EPU work that PEF had determined needed to be done to maintain this CR3 Uprate project schedule.

PEF delayed the selection of a construction contractor for the EPU phase work from 2012 to the 2013 time frame. PEF individually evaluated each contract and change order for the EPU phase work before execution. For contracts or change orders below $100,000, the EPU phase project manager

performed this evaluation; for contracts or change orders at or above $100,000, the project manager conducted this evaluation and made recommendations with respect to execution of the contract or change order that were reviewed by the manager of nuclear projects and senior management. No contract or change order at or above $100,000 for the EPU phase work was executed without senior management approval. That approval was not granted unless there was a demonstration that the work under the contract or change order was reasonable and necessary to preserve the Company's ability to complete the EPU work on the current CR3 Uprate project schedule.

This type of evaluation was conducted for each item of work for the EPU phase of the CR3 Uprate project. PEF, accordingly, continued payments on the critical path LLE items to implement the EPU phase in the current extended CR3 R16 re-fueling outage. LLE progress payments in 2012 reflect pre-existing contractual commitments. Deferral of these payments was not a viable option in 2012 without cancellation or suspension of contracts, which would result in penalties and an uncertain future regarding LLE contract renewals to meet the EPU phase work schedule if the decision was made to repair CR3. Accordingly, only those LLE contractual payments necessary for the EPU phase work for the project were incurred in 2012.

Q. During 2012, were other steps taken by the Company to minimize EPU phase work costs?

A. Yes. As 2012 progressed, PEF took several additional steps to ensure that only costs necessary to maintain the option of implementing the final phase of EPU

during the extended CR3 outage were incurred. First, on a staffing level, the EPU staffing plan was limited to filling open positions only, and no additional staffing occurred for the project in 2012. In fact, during 2012, the Company reduced Project Support staffing for the CR3 Uprate project. Engineering resources also were reduced in 2012 as development of the EPU EC packages reached 75 percent complete. The Company also continued its practice of sending EPU personnel to provide additional outage support at other plants across the fleet to reduce staffing for the EPU phase work. In this way, the Company ensured the minimal workforce needs for the CR3 Uprate project in 2012.

PEF rigorously reviewed CR3 Uprate costs in 2012 to ensure that only those costs necessary for completion of the EPU work in the extended outage were incurred until a final decision to repair or retire CR3 was made. PEF acted reasonably and prudently in managing the CR3 Uprate project in 2012 to achieve this result. The costs the Company did incur in 2012 for the CR3 Uprate project, therefore, were reasonably and prudently incurred.

Q. Have the Company's efforts to minimize the CR3 uprate costs in 2012 actually resulted in the avoidance or deferral of costs to a later time period?

A. Yes. As I explained above, PEF's actual capital expenditures for the CR3 Uprate project in 2012 were lower than PEF's actual/estimated costs for 2012 by $7.2 million. This is the result of the Company's decision to postpone construction work for the CR3 Uprate project and to minimize staffing and other CR3 Uprate project costs, as I have described above, until management's final decision on whether to repair or retire CR3.

Q. Was the Company's decision in 2012 to continue with the CR3 Uprate project reasonable and prudent?

A. Yes. The Company had not yet completed the extensive analysis of the CR3 containment building repair decision necessary to decide to repair or retire CR3. That analysis was on-going in 2012, and it depended on continued technical design, engineering, and construction work to determine the scope of the repair work, the technical, engineering, construction, and licensing costs and risks, and the schedule for the repair, together with an economic evaluation of repairing or retiring CR3. During this period, the only options available to the Company for the CR3 Uprate project were cancelling the project, accelerating the project, or preserving the ability to complete the project during the current, extended CR3 outage if the decision was made to repair CR3. The Company reasonably and prudently chose to continue the CR3 Uprate project to preserve the ability to complete the EPU phase work if CR3 was repaired while minimizing the project costs until the decision to repair or retire CR3 was made.

IV. ALL COSTS INCLUDED FOR THE CR3 UPRATE ARE "SEPARATE AND APART FROM" THOSE COSTS NECESSARY TO RELIABLY OPERATE CR3 DURING ITS REMAINING LIFE.

Q. Are the CR3 Uprate project costs included in this NCRC docket for recovery separate and apart from those that the Company would have incurred to operate CR3 during the extended life of the plant?

A. Yes, PEF has only included for recovery in this proceeding those costs that were incurred solely for the CR3 Uprate project. In other words, the Company only

included project costs that would not have been incurred but for the CR3 Uprate project.

V. PROJECT MANAGEMENT, CONTRACTING, AND COST OVERSIGHT.

Q. Were the CR3 Uprate Project Management, Contracting and Cost Control Oversight policies and procedures in 2012 substantially the same as the policies and procedures used prior to 2012?

A. Yes. The Company used substantially the same project management, contracting, and cost control oversight policies and procedures in 2012 that the Company used in prior years for the CR3 Uprate project. In fact, for the first six months of 2012, the EPU project management, contracting, and cost control oversight policies and procedures were exactly the same as the policies and procedures in effect in prior years for the project. On July 2, 2012, the merger between Progress Energy and Duke Energy was completed and the process to integrate the two companies commenced. This integration process is on-going, as the policies and procedures are fully integrated, and best practices employed in the new, combined company. In the meantime, the majority of the every-day project management and fleet policies and procedures have not changed substantially. The EPU project management team has remained the same as well. Some of the policy and procedure revisions incorporate Duke Energy governance practices or fleet best practices and lessons learned based on the integration process to date. Other policies and procedures were revised to reflect Duke Energy titles and organization structure. Exhibit No. ___(JF-1) to my direct testimony contains a list of the Project Management policies and procedures, as well as relevant Fleet

and Plant operating procedures, that were revised during 2012 and the reason for the revision.

Through the merger integration process, some new project management, contracting, and cost control oversight policies and procedures were added in 2012 that apply to the CR3 Uprate project. Exhibit No. ___ (JF-2) to my direct testimony contains Project Management policies and procedures as well as relevant Fleet and Plant operating procedures that were newly created or new to and applicable to the CR3 Uprate project in 2012. These policies such as the Fleet Operating Model (PY-AD-ALL-0001), Fleet Standard Workday (AD-AD-ALL-0004), and Conduct of Nuclear Oversight (AD-NO-ALL-1000) procedures were made applicable to the CR3 Uprate project as a result of the merger. The Company is also in the process of transitioning to Duke Energy's project approval process. Duke Energy's Approval of Business Transactions policy ("ABT") and Project Funding Approval (BM-100) and Project Evaluation and Business Case Development (BM-500) superseded the Progress Energy Integrated Project Plan ("IPP") procedures. These procedures reflect what the integrated Company's approval process will be for the fleet on a going forward basis but did not impact the CR3 Uprate project in 2012.

Despite these minor revisions or new policies and procedures, for 2012 the Company's CR3 Uprate project management, contracting, and cost oversight control policies and procedures were essentially the same as the prior year CR3 Uprate project policies and procedures reviewed and approved as reasonable and prudent by this Commission. *See* Order No. PSC-09-0783-FOF-EI, issued Nov.

19, 2009; Order No. PSC-11-0547-FOF-EI, issued Nov. 23, 2011; and Order No. PSC-12-0650-FOF-EI, issued Dec. 11, 2012.

Q. Can you please provide an overview of the Company's CR3 Uprate project management and cost control oversight policies and procedures in 2012?

A. Yes. The Company uses several specific project management and cost oversight Nuclear Generation Group ("NGG") and Corporate procedures, as I describe in exhibit No. __(JF-1) to my direct testimony. In addition, other corporate tools are used to support the management of and cost control oversight for the CR3 Uprate. The Oracle Financial Systems and Business Objects reporting tools provide monthly corporate budget comparisons to actual cost information, as well as detailed transaction information. Key Performance Indicators ("KPIs") to monitor the status of the CR3 Uprate project are reviewed by the project team on a regular basis. Other examples include, EPU Level II Schedules and Action Items; EPU Look-Ahead Schedule; and Monthly Variance Reports. These tools were all used to prudently manage the CR3 Uprate project costs in 2012.

Q. How does the Company manage and control project costs for the CR3 Uprate project?

A. The Company has many control mechanisms in place to manage CR3 Uprate project costs. For example, the CR3 Uprate project management team conducts regular internal meetings to monitor the project schedule and its costs. The collective knowledge and experience of the project management team is used to address work scope, costs, and schedule performance through a continuous review

of the project, including team roles and responsibilities, by creating and implementing lessons learned on an on-going basis, and through regular project management training. Project management regularly addresses equipment and material procurements under contracts, purchase orders, and invoices, and constantly monitors contracts with outside vendors. This includes regular meetings with outside vendors to discuss work scope and implementation, schedule, and costs.

Q. Does the Company verify that the project management and cost control policies and procedures are followed?

A. Yes, it does. PEF uses internal audits to verify that its program management and cost oversight controls are being implemented and are effective in practice. Quality Assurance ("QA") reviews and audits of external vendors are also conducted.

On December 6, 2012, the Audit Services Department issued the "Crystal River 3 (CR3) Financial Regulatory Compliance" audit. This audit included an examination of 2011 and 2012 capital and O&M charges related to CR3 for compliance with the 2012 Stipulation and Settlement Agreement. Other considerations included the NCRC and EPU filings. No specific audit observations or recommendations were identified.

On November 9, 2012, the internal audit department issued the "Crystal River 3 (CR3) Restart Program Management" audit. This audit included a follow up of the 2011 audit of the CR3 Program Management. The audit also included an assessment of the effectiveness of the oversight, governance, and site

Operational Readiness initiatives supporting the planned restart of CR3. Two moderate priority observations were identified that referenced the EPU including follow-up on enhancements recommended in a 2011 audit and 16R start-up plan effectiveness. All of the management action plans in response to these observations are complete or scheduled to be completed.

Several contractor and quality assurance evaluations were also performed in 2012 including audits and surveillance follow-up of Siemens for the Low Pressure Turbines; Flowserve for the Condensate Pump; Sulzer for the Feedwater Booster Pump; and SPX for the Feedwater Heaters 3A and 3B. The audits were generally satisfactory. Several open issues were identified; however, they were either corrected during the surveillance or are being corrected and will be confirmed closed in the surveillance process. None of these issues identified had any impact on 2012 CR3 Uprate costs.

In addition, Nuclear Procurement Issues Committee ("NUPIC") joint external audits were performed on two PEF suppliers in 2012. Scientech/Curtis Wright Flow Control Audit #23239 was performed March 12-16, 2012, which identified nine findings related to the vendor's quality program. The NUPIC audit team, lead by utility Xcel Energy, concluded that with the exception of the nine findings Scientech was adequately implementing their overall QA program and that the findings did not have a significant adverse affect on products or services provided to the nuclear utilities. As of July, 2012, a NUPIC surveillance team confirmed that the stated corrective actions had been implemented and the Findings and Audit were closed. Secondly, AREVA Audit #23171 was conducted from September 17-28, 2012, with lead utility Nebraska Public Power

District. This audit identified five findings to which AREVA responded and only two remain to be completed in 2013 related to necessary revisions to AREVA's QA manual and the creation of condition reports for any nonconformance identified. None of these issues had any impact on CR3 Uprate 2012 costs.

Q. Are the Company's project management and cost control policies and procedures on the CR3 Uprate project reasonable and prudent?

A. Yes, they are. These project management policies and procedures reflect the collective experience and knowledge of the Company and now the combined company, Duke Energy, and the companies have independently or collectively vetted, enhanced, and revised them, as necessary, to reflect industry leading best project management and cost oversight policies, practices, and procedures in 2012. These collective policies and procedures are essentially the same policies and procedures that have been vetted in an annual project management audit in this docket and have been repeatedly approved as prudent by the Commission. We believe, therefore, that the CR3 Uprate project management, contracting, and cost control oversight policies and procedures are consistent with best practices for capital project management in the industry and continue to be reasonable and prudent.

Q. Does this conclude your testimony?

A. Yes, it does.

Procedure Number	Procedure Revision Number/Date	Procedure Title
ACT-SUBS-00335	Rev 8 (July 2012)	Progress Energy Project Governance Policy. Effective Legal Day 1 of the new Duke Energy, this procedure has been superseded by the new Duke Approval of Business Transactions (ABT) policy. During a transition period, this procedure will remain available as a reference document for Legacy Progress employees; however, the new ABT policy governs approval requirements.
ACT-SUBS-00261	Cancelled (July 2012)	Phased Project Evaluation and Authorization Process. The document has been cancelled from the Procedures and Forms Program effective Legal Day 1 of the Progress Energy – Duke Energy merger.
ACT-SUBS-00262	Cancelled (July 2012)	Economic Evaluation Methodology All Business Units. The document has been cancelled from the Procedures and Forms Program effective Legal Day 1 of the Progress Energy – Duke Energy merger.
ACT-SUBS-00271	Rev 8 (July 2012)	Progress Energy Business Analysis Package. Effective Legal Day 1 of the new Duke Energy, this procedure has been superseded by the new Duke Approval of Business Transactions (ABT) policy. During a transition period, this procedure will remain available as a reference document for Legacy Progress employees; however, the new ABT policy governs approval requirements.
ACT-SUBS-00278	Cancelled (July 2012)	Capitalization Policy. The document has been cancelled from the Procedures and Forms Program effective Legal Day 1 of the Progress Energy –Duke Energy merger.
ADM-SUBS-00080	Rev 8 (July 2012)	Major Projects – Integrated Project Plan (IPP). Effective Legal Day 1 of the new Duke Energy, this procedure has been superseded by the new Duke Approval of Business Transactions (ABT) policy. During a transition period, this procedure will remain available as a reference document for Legacy Progress employees; however, the new ABT policy governs approval requirements.
PJM-SUBS-00002	Rev 2 (May 2012)	Project Integration Management. No impact at this time from the Duke merger.
PJM-SUBS-00006	Rev 1 (June 2012)	Project Quality Management. No impact at this time from the Duke merger.

Procedure Number	Procedure Revision Number/Date	Procedure Title
PJM-NGGX-00001	Rev. 1 (June 2012)	Achieving Excellence in Nuclear Projects. No impact at this time from the Duke merger.
NGGM-IA-0047	Cancelled (October 2012)	Interface Agreement Between the Nuclear Generation Group and Corporate Development & Improvement Group Regarding NGG Support for the New Generation Programs and Projects Department. Corporate Development & Improvement Group relocated to a different department as a result of the Duke merger.
ADM-NGGC-0102	Rev 9 (October 2012)	Long Range Planning (LRP) and Project Review Group (PRG). This procedure impacted by the new Duke Approval of Business Transactions (ABT) policy.
ADM-NGGC-0104	Rev 42 (December 2012)	Work Implementation and Completion. No impact at this time from the Duke merger.
ADM-NGGC-0107	Rev 14 (June 2012)	Equipment Reliability Process Guideline. No impact at this time from the Duke merger.
ADM-NGGC-0110	Rev 8 (October 2012)	Oversight of Contractors, Shared Resources, Vendors and Technical Representatives (Supplemental Personnel). No impact at this time from the Duke merger.
ADM-NGGC-0113	Superseded (November 2012)	Superseded by new Duke procedure AD-AD-ALL-0004 Nuclear Generation Department Generation Planning and Communications.
ADM-NGGC-0116	Rev 6 (February 2012) Rev 7 (September 2012) Rev 8 (October 2012)	Nuclear Planning. No impact at this time from the Duke merger.
ADM-NGGC-0118	Cancelled (November 2012)	Fleet Health Process. Procedure was cancelled due to organizational and process changes related to the Duke/Progress merger.
ADM-NGGC-0119	Rev 2 (October 2012)	Nuclear Safety Culture Program. No impact at this time from the Duke merger.
ADM-NGGC-0204	Rev 7 (August 2012)	Work Management (WO Scheduling). No impact at this time from the Duke merger.
CAP-NGGC-0200	Rev 35 (June 2012)	Condition Identification and Screening Process. No impact at this time from the Duke merger.
CAP-NGGC-0201	Rev 18 (October 2012)	Self Assessment/Benchmark Programs. No impact at this time from the Duke merger.
CAP-NGGC-0202	Rev 21 (September 2012)	Operating Experience and Construction Experience Program. No impact at this time of the Duke merger on this procedure.

Procedure Number	Procedure Revision Number/Date	Procedure Title
CAP-NGGC-0205	Rev 16 (June 2012)	Condition Evaluation and Corrective Action Process. No impact at this time from the Duke merger.
CAP-NGGC-1000	Rev 8 (November 2012)	Conduct of Performance Improvement. Revised to reflect new Duke Fleet Procedure Hierarchy, New Fleet Standard Workday, Clarified acceptance of qualifications from Legacy Duke and Legacy Progress and changed management titles to reflect new Duke.
CAP-NGGC-1000	Rev 7 (June 2012)	Conduct of Performance Improvement. No impact at this time from the Duke merger.
EGR-NGGC-0005	Rev 33 (August 2012)	Engineering Change. Revised to reflect new Duke Engineering Manager titles.
EGR-NGGC-0006	Rev 11 (November 2012)	Vendor Manual Program. No impact at this time from the Duke merger.
EGR-NGGC-0006	Rev 10 (September 2012)	Vendor Manual Program. No impact at this time from the Duke merger.
EGR-NGGC-0008	Rev 13 (September 2012)	Engineering Programs. No impact at this time from the Duke merger.
EGR-NGGC-1010	Rev 1 (August 2012)	Conduct of Design Engineering. Changes to clarify the Design Authority as Nuclear Design Engineering or Nuclear Fuels Engineering, and add requirements to obtain Design Authority review for design developed by Nuclear Major Projects Engineering. Deleted Major Projects Design Engineering, Fleet Fire Protection and Metallurgical Services since these groups are no longer part of Design Engineering. Revised the Manager Nuclear Design Engineering Services, Supervisor NGG Configuration Management, Configuration Management Personnel and Manager Nuclear Fleet Design Engineering responsibilities.
HUM-NGGC-0001	Rev 11 (September 2012)	Human Performance Program. No impact at this time from the Duke merger.
HUM-NGGC-0001	Rev 10 (March 2012)	Human Performance Program. No impact at this time from the Duke merger.
HUM-NGGC-0002	Rev 4 (September 2012)	Observation Program. Revised definition for Paired Observation to align

Procedure Number	Procedure Revision Number/Date	Procedure Title
		with legacy Duke and newer INPO definition.
MNT-NGGC-0020	Rev 2 (September 2012)	Cranes and Hoists. No impact at this time from the Duke merger.
MNT-NGGC-0021	Rev 2 (September 2012)	Lifting and Rigging Practices and Equipment. No impact at this time from the Duke merger.
NOD-NGGC-0001	Superseded (November 2012)	Fleet Standard Workday. Superseded by new Duke procedure AD-AD-ALL-0004 Fleet Standard Workday.
OMA-NGGC-0001	Superseded (July 2012)	Nuclear Generation Group Generation Planning and Communication. Superseded by new Duke procedure AD-WC-ALL-0101 Nuclear Generation Department Generation Planning and Communications.
SAF-NGGC-2172	Rev 18 (November 2012)	Industrial Safety. No impact at this time from the Duke merger.
SAF-NGGC-2172	Rev 17 (November 2012)	Industrial Safety. No impact at this time from the Duke merger.
SAF-NGGC-2176	Rev 2 (November 2012)	Job Safety Analysis. No impact at this time from the Duke merger.
SEC-NGGC-2140	Rev 35 (August 2012)	Fitness for Duty Program. No impact at this time from the Duke merger.
SEC-NGGC-2140	Rev 34 (July 2012)	Fitness for Duty Program. No impact at this time from the Duke merger.
SEC-NGGC-2140	Rev 33 (January 2012)	Fitness for Duty Program. No impact at this time from the Duke merger.
TRN-NGGC-0002	Rev 2 (February 2012)	Performance Review and Remedial Training. No impact at this time from the Duke merger.
TRN-NGGC-0002	Rev 3 (August 2012)	Performance Review and Remedial Training. No impact at this time from the Duke merger.
TRN-NGGC-0002	Rev 4 (November 2012)	Performance Review and Remedial Training. No impact at this time from the Duke merger.
TRN-NGGC-1000	Rev 6 (May 2012)	Conduct of Training. No impact at this time from the Duke merger..
TRN-NGGC-1000	Rev 7 (October 2012)	Conduct of Training. Changed reference from ADM-NGGC-0113, "Performance Planning and Monitoring" to AD-BO-ALL-0002, "Performance Measures Program. Changed references to Training Manager Action Team to Training Manager Peer Group.

Docket No. 130009-EI
Progress Energy Florida
CR3 Uprate Procedures New in 2012
Exhibit No. __ (JF-2)
Page 1 of 1

Procedure Number	Procedure Revision Number/Date	Procedure Title
PY-AD-ALL-0001	Rev 2 (November 2012)	Fleet Operating Model
ABT	Rev 1 (July 2012)	Approval of Business Transactions Policy
AD-AD-ALL-0001	Rev 0 (December 2012)	Corporate Functional Area Managers (CFAMS) and Peer Group Process
AD-AD-ALL-0004	Rev 0 (November 2012)	Fleet Standard Workday
AD-PI-ALL-0003	Rev 0 (December 2012)	Change Management
AD-NO-ALL-1000	Rev 0 (July 2012)	Conduct Of Nuclear Oversight
BM-100	Rev 5 (September 2012)	Project Funding Approval
BM-500	Rev 1 (October 2011)	Project Evaluation and Business Case Development

Duke Energy
Crystal River Nuclear Plant
Docket No. 50-302
Operating License No. DPR-72

Ref: 10 CFR 50.90

February 7, 2013
3F0213-06

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555-0001

Subject: Crystal River Unit 3 – Withdrawal of License Amendment Request #309, Revision 0 (TAC NO. ME6527)

Reference: CR-3 to NRC letter dated June 15, 2011, "Crystal River Unit 3 - License Amendment Request #309, Revision 0, Extended Power Uprate" (ADAMS Accession No. ML112070659)

Dear Sir:

Florida Power Corporation hereby withdraws License Amendment Request (LAR) #309, Revision 0, in its entirety. The proposed LAR (Reference) was submitted to obtain approval to perform an extended power uprate which includes modifications to the Crystal River Unit 3 (CR-3) Improved Technical Specifications. The decision to withdraw is based on the determination to retire CR-3.

There are no new regulatory commitments made within this submittal.

If you have any questions regarding this submittal, please contact Mr. Dan Westcott, Regulatory Affairs Manager at (352) 563-4796.

Sincerely,

Jon A. Franke
Vice President
Crystal River Nuclear Plant

JAF/par

xc: Regional Administrator, Region II
Senior Resident Inspector
NRR Project Manager
State Contact

Crystal River Nuclear Plant
15760 W. Powerline Street
Crystal River, FL 34428

February 5, 2013 Letter No. CNTR13-0016

AREVA NP Inc.
7207 IBM Drive
Charlotte, NC 28262

Attention: Ray Stewart

Subject: Contract Work Authorization Suspension Notice

Reference: Progress Energy Contract No. 101659, Work Authorization No. 84

Dear Mr. Stewart,

In accordance with Section 13(C) under the Master Contract No. 101659, Owner is hereby suspending all Work associated with Work Authorization No. 84. In accordance with this suspension notice, all efforts related to Work Authorization No. 84 including any further design and engineering activities previously authorized or currently scheduled under the aforementioned Contract shall be suspended immediately until further notice from Owner. No further design or engineering costs shall be incurred by Owner as of the date of this notification.

Thank you for your prompt attention to this request. Please feel free to contact me at (352) 563-2943 ext. 1048 with any questions regarding notification.

Sincerely,

Larry Sexton
Extended Power Uprate (EPU) Project
Designated Representative

cc:

Paul Ingersoll – PE
Ted Williams - PE
Jay Outcalt – PE
Shannon Frazier – PE

Progress Energy

NGG

February 7, 2013 Letter No. CNTR13-0017

To: All Progress Energy Florida (Duke Energy) Extended Power Uprate (EPU) Vendors

From: Paul Ingersoll, Manager Major Projects (EPU)

Subject: Suspension Notice for all Work under your EPU Contract(s)

Progress Energy Florida (Duke Energy), hereinafter referred to as "Owner", has publicly announced its decision to retire the Crystal River 3 Nuclear Plant located in Citrus County, FL. This letter is being provided as formal notification of the suspension of all Work activities provided under your Contract(s) with Owner in support of the EPU project. All Work activities are defined in the Contract and include but are not limited to the following: design, engineering, manufacturing, procurement, construction, and services. All work activities should be suspended immediately, effective as of the date of this letter and no charges shall be incurred beyond the effective date of this letter unless authorized in writing by Owner's Designated Representative.

Owner will contact each vendor individually in the coming months to discuss the path forward regarding possible completion of Work or termination of the Contract. Please start evaluating your Contract for the following:

- Prepare a detailed breakdown of unreimbursed costs incurred through the date of suspension.
- Evaluate and document if the suspension has any impact to the contract budget.
- Evaluate the possibly of equipment buy backs and explore if equipment can be resold to other customers. Due to the retirement we are highly interested in exploring any proposals that limit financial expenditures.
- Provide any other pertinent recommendations or evaluations not specifically requested, but deemed useful.

Thank you for your prompt attention to this request. Please feel free to contact the Designated Representative (DR) identified in your Contract if you have any questions regarding this suspension notice. You may also contact Jay Outcalt (352-563-2943 x4246) or Shannon Frazier (352-563-2943 x4237) in the contract management office.

Sincerely,

Paul Ingersoll
Manager, Extended Power Uprate Project

15760 W Powerline Street • Crystal River • Florida 33428-6708 • (352) 563-4333 office (352) 563-4364 fax

Progress Energy

NGG

February 7, 2013

Letter No. CNTR13-0018

To: Mr. Ralph Menning, Siemens Energy

From: Jay Outcalt, Major Projects Contracts Manager

Subject: Suspension Notice for all Work under EPU Contract No. 145569-50

Progress Energy Florida (Duke Energy), hereinafter referred to as "Owner", has publicly announced its decision to retire the Crystal River 3 Nuclear Plant located in Citrus County, FL. This letter is being provided as formal notification of the suspension of all Work activities provided under your Contract(s) with Owner in support of the EPU project. All Work activities are defined in the Contract and include but are not limited to the following: design, engineering, manufacturing, procurement, construction, and services. All work activities should be suspended immediately, effective as of the date of this letter and no charges shall be incurred beyond the effective date of this letter unless authorized in writing by Owner's Designated Representative.

Owner will contact Siemens to discuss the path forward regarding possible completion of Work or termination of the Contract. Please start evaluating your Contract for the following:

- Prepare a detailed breakdown of unreimbursed costs incurred through the date of suspension.
- Evaluate and document if the suspension has any impact to the contract budget.
- Evaluate the possibly of equipment buy backs and explore if equipment can be resold to other customers. Due to the retirement we are highly interested in exploring any proposals that limit financial expenditures.
- Provide any other pertinent recommendations or evaluations not specifically requested, but deemed useful.

Owner requests to work with Siemens Energy to close out the CR3 Turbine Generator Uprate Contract No. 145569-50. Please contact the Designated Representative (DR) to discuss scheduling a meeting to review contract closure requirements. Thank you for your prompt attention to this request.

Sincerely,

Jay Outcalt
Contracts Manager

15760 W Powerline Street • Crystal River • Florida 33428-6708 • (352) 563-4333 office (352) 563-4364 fax

Crystal River 3 Extended Power Uprate Project (EPU)

Project Close Out

Sponsoring Business Unit:	Major Projects
Funding Legal Entity:	Progress Energy Florida
Date Prepared:	March 25th 2013

Key Project Contacts:

Role, Department / Group	Name	Phone No.
Manager, Nuclear Plant Projects	Magdy Bishara	352-563-4195
Manager, Design Engineering	Ted Williams	352-563-4356
General Manager Nuclear Projects	Jim Holt	704-382-4204
SVP Nuclear Engineering	Garry Miller	352-563-4477

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Plan Revision Control

0	Ted Williams	Initial publication	03/19/13

Approval

This section contains formal signature approval of the CR3 Extended Power Level Uprate Project Close Out.

Approving Party	Reviewing Position	Signature	Date
Magdy Bishara	Manager, Nuclear Plant Projects	Magdy Bishara	4/24/2013
Ted Williams	Manager, Design Engineering	Ted Williams	4/24/13
Jim Holt	General Manager Nuclear Projects	Jim Holt	4/25/13
Garry Miller	SVP Nuclear Engineering	/s/ Garry Miller	4/24/13

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EPU Contracts Spreadsheet
EPU Purchase Order Spreadsheet
DOC01 List of EPU ECs and Passport Status
DOC02 EPU Screening Categories
DC03 EPU WO Task Closeout
CR3 EPU Projection Template
CR3 EPU Monthly Report Jan 2013
Letter 10CFR 50.90
NRC Permission Letter
EPU LAR 309 Branch Status-Acceptance Review

Extended Power Uprate Project Close Out Executive Summary

On February 5, 2013 a corporate decision was made to retire the Crystal River Unit 3 (CR3) Nuclear plant. On February 7, 2013, the legal entity, Florida Power Corporation, notified the Nuclear Regulatory Commission (NRC) and withdrew the Extended Power Uprate (EPU) License Amendment Request (LAR) #309, Revision 0, in its entirety. As a result of this decision, the EPU project is no longer needed and is cancelled.

The EPU Project Team has demobilized. Since the February 5, 2013 announcement was made to retire CR3, an EPU Project Team demobilization plan was implemented. The EPU Engineering Design Team included 17 in house direct employees and 20 contract employees, the EPU Project Management and Implementation Team consisted of two (2) direct full time employees and 12 contract personnel, and the EPU Operations support staff included 3 direct employees and 12 contract personnel. All EPU contractors, except for the equipment laydown and heavy haul specialist, have been released. All EPU project Operational Staff have been released. Most permanent EPU project employees are charging to the CR3 Station engineering design organization under O&M. There are only three EPU Project Team members following the demobilization of the EPU Project Team Staff. They are the EPU manager, EPU project manager, and EPU project specialist, and they are necessary to perform the EPU Project Closeout work estimated at this time to continue until the end of May. These EPU personnel will coordinate logistics and turnover of EPU equipment and documentation under the EPU Closeout Plan.

This EPU Closeout Plan addresses open EPU project issues including (1) open vendor contracts and purchase orders, (2) equipment disposition / maintenance, (3) EPU documentation closeout (Engineering Changes, Work Orders, etc.), (4) Financial close out, and (5) Regulatory close out. The EPU Closeout Plan for each of these open project issues is summarized below and discussed in greater detail below and in the related attachments.

EPU Contracts and Purchase Orders:

Following the February 5, 2013 announcement by Progress Energy Florida (Duke Energy) of the decision to retire the Crystal River Unit 3 Nuclear Plant, a formal notification was sent to all vendors with open contracts and purchase orders requesting that all work activities be suspended immediately. Under the EPU Closeout Plan, each vendor will be contacted individually to discuss the path forward regarding possible completion of work, if that is the economically beneficial decision, or termination of the contract or purchase order. All contract activities will be turned over to Contract Services. All open purchase orders have been turned over to the Supply Chain.

The Contract and PO Closeout Options include (1) an assessment of contract and purchase order status, (2) the determination of the percent complete of equipment fabrication, (3) the determination of partial deliverables provided, (4) the determination of the feasibility of accepting shipment and delivery of 'imminent' orders, and (5) the determination of the percentage of full price payment to arrive at recommendations for the termination or beneficial completion of the work under the contract or purchase order.

EPU Equipment:

Remaining work associated with EPU equipment includes completion of equipment Work Orders, continued Preventive Maintenance, and receipt of new EPU equipment based on the determination that the completion and delivery of the equipment is the economically beneficial decision. EPU equipment installed in the plant will be maintained by the CR3 Maintenance Department. Any decision to (1) terminate the contract or purchase order and abandon the incomplete EPU equipment, (2) sell the incomplete or complete EPU equipment, or (3) refuse delivery of completed EPU equipment will be documented on an EPU Integrated Change form. It will be the responsibility of the contract Designated Representative (DR), Component Engineering, and Implementation Specialist to oversee and maintain this EPU equipment and submit Integrated Change Forms (ICFs), as required, to document the EPU equipment decision.

Documentation of EPU Work Orders and Engineering Changes (EC):

The EPU Closeout Plan provides the steps to transition the EPU Work Orders and ECs on the system from the EPU project process to the process under the Decommissioning Program Manual. This manual is being developed as part of Decommissioning and will describe the procedural and programmatic processes for the station to follow. During this transition period, all open EPU Work Orders and ECs will be maintained in the PassPort system. All tasks that are in the "WORKING" status in PassPort cannot be cancelled until the hard copy is obtained and turned in to CR3 Projects Document Control. No EPU EC Work Order Tasks are to remain open. Open Facilities Work Orders and receipt of materials/components Work Orders will be evaluated by Project Management & Implementation and Facilities for disposition. The Engineering Transition Team of previous EPU engineers, who are charging to Station O&M, will have the responsibility to transition the close out of EPU Work Orders and ECs consistent with the guidance contained in EGR-NGGC-0005 Engineering changes to the Decommissioning Transition Organization. An ICF will be generated to document these decisions along with the alternatives that were considered.

Financial:

The 2013 EPU financial budget has been revised following the decision to retire CR3. This initial revision includes personnel to perform EPU closeout activities and estimated EPU contract cancellation or closeout cost. An ICF will be developed to document the financial assumptions and the decision to cancel or complete and deliver equipment under contract or purchase order. The initial EPU financial budget does not include any possible future credit from the sale or disposition of EPU assets. The 2013 EPU projected expenditures will be revised as each EPU contract and purchase order is negotiated to final closure. An ICF will be developed to document each final negotiated decision.

An Investment Recovery Team which will be part of the Station DTO Procurement organization, will be formed to provide guidance and assistance with the possible sale or disposition of EPU assets, and the 2013 and future years' projections will be revised.

Regulatory Closeout:

The NRC was notified of the decision to retire CR3 and, on Feb 7, 2013, that the CR3 EPU LAR was being withdrawn. The Florida Public Service Commission (FPSC) also received copies of the NRC notifications. The Company filed its EPU True-up Testimony, Exhibits, and Nuclear Filing Requirements (NFRs) for 2012 on March 1, 2013. A PSC audit for the EPU project in 2012 is underway with the PSC audit results expected to be finalized by May 31, 2013.

EPU Demobilization

On February 4, 2013 the EPU project employed 17 in house direct employees and 20 contract employees working on the EPU Engineering Design Team at various full and part time resource loadings for a total of 30 FTE. The Project Management and Implementation Team consisted of 2 Direct Full Time Employees and 12 contract personnel involved with planning and scheduling, project and financial controls, and implementation personnel. Operations support staff included 3 direct employees and 12 contract personnel.

On February 5, 2013 the announcement of the plant retirement resulted in the cancellation of the EPU project and impacted the EPU Engineering Design Team, Project Management and Implementation Team, and EPU Operations support staff. The following demobilization plan was implemented by the end of February 2013.

On February 12, the 20 Contract Engineering personnel were released. This left only the 17 direct employee engineering staff. On February 14, the 12 Contract Operations Support Personnel were released. This left 3 direct employees in Operations Support who are no longer charging to the EPU project. By Feb 28, 12 contract project management personnel were released from EPU. The remaining 2 project management personnel were the EPU project manager and the EPU contract equipment specialist.

The 17 remaining direct engineering staff were transferred to the CR3 Station engineering design and operations organization the week of Feb 18 for CR3 Station operations and maintenance ("O&M") work. Prior to the week of February 18, the direct engineering staff charged the EPU project for EPU project wind down and close out activities. The close out activities are defined in this plan. The close out activities for the EPU project are expected to be completed in March. At that time, all impacted personnel will be charging CR3 Station O&M or supporting other organizations within major projects and charging appropriately to those projects.

All EPU project direct employees were impacted by the CR3 plant retirement decision. As such, they will decide to redeploy, severance out, or stay as part of the CR3 Decommissioning Transition Team. Current projections estimate that the EPU direct employee decisions will be made by the end of March.

Attachment:
EPU Demobilization Chart

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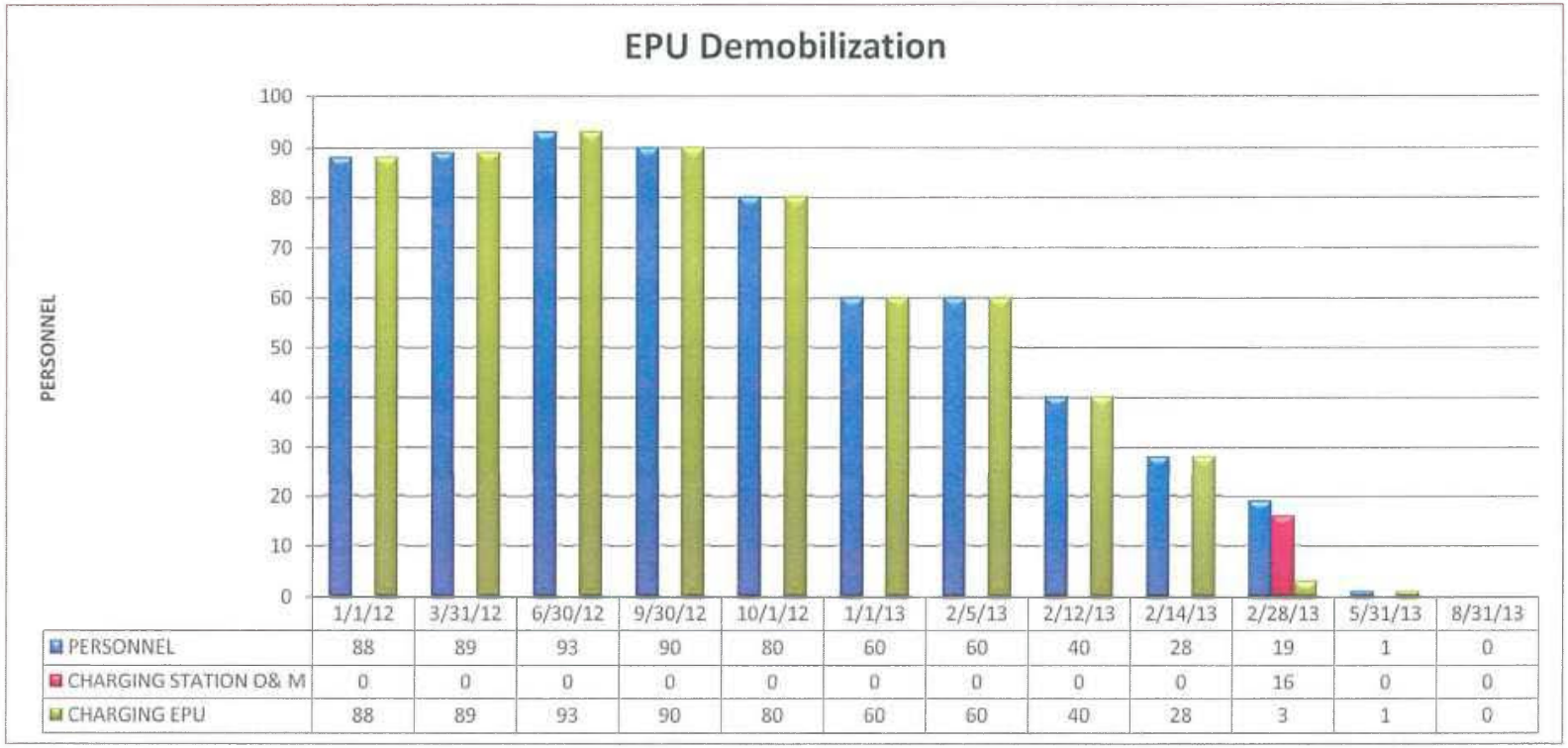

	1/1/12	3/31/12	6/30/12	9/30/12	10/1/12	1/1/13	2/5/13	2/12/13	2/14/13	2/28/13	5/31/13	8/31/13
PERSONNEL	88	89	93	90	80	60	60	40	28	19	1	0
CHARGING STATION D& M	0	0	0	0	0	0	0	0	0	16	0	0
CHARGING EPU	88	89	93	90	80	60	60	40	28	3	1	0

EPU Equipment Disposition

EPU Components Installed (but not in service):

The CR3 EPU project included the installation of several modifications during the 2009 CR3 refueling outage that have not been placed in service. The major component installations include Moisture Separator Re-heaters (MSR), Turbine Generator and Exciter, Secondary Cooling Heat Exchangers, Secondary Cooling Pump Impellers and Motors, ISO Phase Bus Duct Cooler, Condensate Heat Exchangers, and Turbine Generator Lube Oil Cooler tube bundles. Since installation the plant has not operated and these components have not been fully tested. These installed components have been preserved and maintained in an appropriate layup state by CR3 Station engineering, maintenance and operations departments to ensure they do not degrade. EPU is currently paying for the de-humidifier rental to maintain dry layup conditions for the MSRs.

EPU will continue coordination with the CR3 Station to preserve EPU installed components until a cost benefit analysis is completed that considers the potential salvage value of each component compared to the cost to maintain in layup condition for resale value.

EPU Components Not Installed:

Several large EPU components have arrived on site, been received, placed in storage, and are currently being maintained per vendor long term storage instructions. These components include Feedwater Heaters; Condensate Pumps, Motors and Discharge Heads; Low Pressure Turbines and High Pressure Turbine Rotor.

EPU Project and CR3 Station material management will continue to preserve EPU received components until a cost benefit analysis is completed that considers the potential salvage value of each component compared to the cost to maintain in layup condition for resale value.

EPU Components Not Received:

For EPU Project components that have not been received, suspension letters were sent to the component vendors to apprise them of the decision to retire and decommission CR3 and to suspend the vendor contract or purchase order. The EPU Project Manager and Contracts personnel are working with the Supply Chain and Investment Recovery staff to evaluate vendor proposed contract or purchase order closure terms consistent with the contract and purchase order terms to close out the contract or purchase order. Additional details are outlined in the Contract Closure section of this EPU Project Closeout Plan.

CR3 Asset Recovery Team

The EPU Project Management is coordinating CR3 EPU asset disposition with the Major Projects, Finance, Regulatory Strategy, Regulatory Accounting, Legal, Contracts, Supply Chain, and Investment Recovery groups. The current accounting structure for EPU assets will be maintained and the ICF process will be used to document EPU asset component decisions. This EPU Project Close Out Plan will be updated when the CR3 asset disposition plan is fully developed and approved. The following description is the current status of EPU assets. This status might change as EPU asset disposition decisions are made.

Equipment receipt and Preservation

Complete planning Work Orders (WOs) for receiving equipment:

Condensate pumps and discharge heads	WO1782146-05
Booster pumps, motors, oil skids & frames	WO1782146-23
Main feed pumps	WO1782146-24
Feed water heaters 3A/3B	WO1782146-04

Continue Preventative Maintenance PMs:

Maintain PMs for stored Turbine parts
Maintain PMs for stored Feedwater heaters
Maintain PMs for POD components
Maintain chemical storage area inspection
Maintain control of specialty rigging (turbine and condensate motor)

EPU AI-604 Laydown Storage Areas:

11-039 Condensate motor storage 95' el. Turbine building
Current Status: Continue to maintain until motors need to be removed from the building

11-013 H.P. work station 145' el. turbine building
Current Status: Turn this area over to the plant

12-004 A-G H.P. & L.P. turbine parts stored on 145' el.
Current Status: maintain control of these areas

R16-Y059 Rail spur Offload area
Current Status: maintain control of this area

110 building - cool room
Current Status: turn ownership of this area over to the CR3 Station

Attachments:
Planning Document for the shut down
EPU R17 Heavy Hauling Components Spreadsheet

Things to do for the shut down

2/05/13

Planning

Complete planning W.O.'s for receiving equipment

Condensate pumps and discharge heads	WO1782146-05
Booster pumps, motors, oil skids & frames	WO 1782146-23
Main feed pumps	WO 1782146-24
Feed water heaters 3A/3B	WO 1782146-04

Continue PM's

Maintain PM's for stored Turbine parts
Maintain PM's for stored Feedwater heaters
Maintain PM's for POD components
Maintain chemical storage area inspection
Maintain control of specialty rigging (turbine and condensate motor)

EPU AI-604 Areas

11-039 Condensate motor storage 95' el. Turbine building
Suggest: Continue to maintain until motors need to be removed from the building

11-013 H.P. work station 145' el. turbine building
Suggest: Turn this area over to the plant

12-004 A-G H.P. & L.P. turbine parts stored on 145' el.
Suggest: maintain control of these areas

R16-Y059 Rail spur area
Suggest: maintain control of this area

110 building - cool room
Suggest: turn ownership of this area over to the station

REDACTED

EPU R17 Heavy Hauling Components

EC number	Component	Quantity	L X W X H (ft)	Weight (lb / T)	Material delivery date	Storage Requirements	Storage location	Vendor	Spare	Remarks
74980	H.P. Turbine									
	OLD									
	Rotor	1	27.5' L X 7' D	115,000 lb 58 T		ship as rad waste		BBC		
	Inner casing	2	5' X 7' X 5'	24,701 lb 12.5 T (ea)		ship as rad waste		BBC		
	Guide blade carriers	4	4' X 8' X 5'	18,596 lb 9.5T (ea)		ship as rad waste		BBC		
	Lower casing	2	13 X 23 X 11	103,617 lb 52 T		ship as rad waste		BBC		
	New									
	Rotor	1	27.5' L X 7' D	150,000 lb 75T	8/2/2011	protected from the weather	CR#3 Turbine Deck	Siemens		Monthly P.M.
	Inner casing	2	10' X 7' X 8'	26,000 lb 13 T (ea)	8/2/2011	protected from the weather	tent # 80	Siemens		Monthly P.M.
	Guide blade carriers upper and lower	4	4' X 10' X 6'	16,200 lb 8.1 T (ea)	8/2/2011	protected from the weather	tent # 80	Siemens		Monthly P.M.
	inner Gland	2		3,200 lb (ea)	10/27/2011		145' el. turbine deck	Siemens		Monthly P.M.

REDACTED

EPU R17 Heavy Hauling Components										
EC number	Component	Quantity	L X W X H (ft)	Weight (lb / T)	Material delivery date	Storage Requirements	Storage location	Vendor	Spare	Remarks
73794	L.P. Turbine									
	OLD									
	Rotor	2	27' X 15' dia.	246,917 lb 123 T		store on site as rad waste		BBC		
	Upper Casing	2	11' X 20' X 12'	81,571 lb 41T		store on site as rad waste		BBC		
	lower casing w/blade carrier	2	12' X 22' X 9'	82T (ea)		store on site as rad waste		BBC		
	L.P. blade Carrier #1	4 upper (blades included)	2 X 10 X 5 (ea)	6,900 lb 3.5 T (ea)		store on site as rad waste		BBC		
	L.P. blade Carrier #2	4 upper (blades included)	6 X 16 X 8 (ea)	50,925 lb 26 T (ea)		store on site as rad waste		BBC		
	Exhaust cone	4 upper	1 x 17 X 8 (ea)	3,640 lb 2 T (ea)		store on site as rad waste		BBC		
	Jack Shaft LP1 / LP2	1	11' X 4' dia.			store on site as rad waste		BBC		
	Jack Shaft LP2 / Gen	1	4.5' X 4.5' dia.			store on site as rad waste		BBC		

REDACTED

EPU R17 Heavy Hauling Components

EC number	Component	Quantity	L X W X H (ft)	Weight (lb / T)	Material delivery date	Storage Requirements	Storage location	Vendor	Spare	Remarks
	L.P. Turbine									
	NEW									
	Rotor	2	36' X 17' *	353,000 lb 177 T *	6/12/2012	protected from the weather	145' Turbine deck	Siemens		Monthly P.M.
	Upper Casing	2	23' X 17' X 14' *	117,100 58 T *	4/15/2012	protected from the weather	145' Turbine deck	Siemens		Monthly P.M.
	* lower casings w/ blade rings and guide blade carriers installed	2	26' X 17' X 15' *	200,200 lb 100 T *	4/15/2012	protected from the weather	145' Turbine deck	Siemens		Monthly P.M.
	Guide blade #1	4 upper	13' X 4' X 7' *	13,000 lb (ea)	4/15/2012	protected from the weather	unit 4&5 ware house	Siemens		Monthly P.M.
	Blade rings 2 & 3	4 upper	18' X 4' X 10' *	21,000 lb (ea)	4/15/2012	protected from the weather	unit 4&5 ware house	Siemens		Monthly P.M.
	Jack Shaft LP1 / LP2	1	11'L X 4' dia.	20,000 lb	8/15/2012	protected from the weather	Tent 80	Siemens		Monthly P.M.
	Bull gear	1	70" X 70" X 16"	7,000 lb	4/15/2012	protected from the weather	unit 4&5 ware house	Siemens		Monthly P.M.

REDACTED

EPU R17 Heavy Hauling Components

EC number	Component	Quantity	L X W X H (ft)	Weight (lb / T)	Material delivery date	Storage Requirements	Storage location	Vendor	Spare	Remarks
74527	F.W. Booster Pump & Motor									
	OLD									
	Motor	2	8' X 6' X 5' H	12,600 lb 6.5T		Scrap		E-M		
	Pump	2	7' X 6' X 5' H			Scrap		Byron Jackson		
	Base	2	17' X 6' X 1'H	approx 3,000 lb		Scrap		Byron Jackson		
	NEW									
	Motor	3	10' X 10' X 8'H	17,000 lb 8.5T	7/15/2012 new date 10/15/2012	**Indoors** need motor heater hooked up	tent 80	Sulzer	**YES 1**	
	Pump	2	12' X 8' X	18,000 lb	7/15/2012 new date 10/15/2012	Indoors protected from the weather	tent 80	Sulzer	YES 1 Rotating element	
	Base	2	6' X 22' X 4' H	8,000 lb	7/15/2012 new date 10/15/2012	protected from the weather	Rail spur	Sulzer		
	Lube oil skid	2	5' X 5' X 3'H		7/15/2012 new date 10/15/2012	Indoors protected from the weather	tent 80	Sulzer		

REDACTED

EPU R17 Heavy Hauling Components

EC number	Component	Quantity	L X W X H (ft)	Weight (lb / T)	Material delivery date	Storage Requirements	Storage location	Vendor	Spare	Remarks
74527	Main F.W. Pump									
	OLD									
	Pump	2				Scrap		Flowserve		
	NEW									
	Pump w/ pipe extensions	2		11,400 Lb.	3/5/2011	Indoors protected from the weather	tent 80	Sulzer	YES 1 Rotating Element	
	Pump Sole plates (2 per pump)	4		3,500 lb (ea)						
74526	Condensate Pump CDP 1A/B									
	OLD									
	Motor	2	8'H X 6' D	16,272 lb		Scrap		EM		
	mag coupling	2	7.5' H X 6' D	21,518 lb 11T		Scrap				
	discharge head	2	7' H X 6'D	5,500 lb		Scrap				
	Pump	2	15' L *	10,400 lb		Scrap				NOTE: estimate wt. of pump shell 3,400 lb. * Add approx 5' for upper shaft
	NEW									
	Motor w/ adaptor plate	2	9.5' X 6' D	20,100 lb 10T	11/22/2011	Indoors motor heater hooked up	2 - 95' el. Turbine bldg	GE	YES 1	Motor Adaptor plate 1,820 lb's
	Discharge head	2	7' H X 6'D	8,810 lb	3/5/2012	protected from the weather	Tent 80	Flowserve		pump / motor coupling weight 300 lb's
	Pump	3	19' L X 4'D *	11,890 lb	3/5/2012	protected from the weather	Tent 80	Flowserve	YES 1 complete pump	* Add approx 5' for upper shaft.

REDACTED

EPU R17 Heavy Hauling Components

EC number	Component	Quantity	L X W X H (ft)	Weight (lb / T)	Material delivery date	Storage Requirements	Storage location	Vendor	Spare	Remarks
73917	FW Heater 2A/B									
	OLD	2	54' X 6.5' Dia.	104,700 Lb. 52.5 T		scrap				
	NEW	2	53' X 6' Dia.	120,000 Lb. 60 T	on site 7/05/11	outside near the rail spur	rail spur area	Yuba		Monthly P.M.
80138	FW Heater 3A/B									
	OLD	2	45' X 6'- 10" Dia 9'-6" tall	141,600 Lb. 71 T		Scrap				
	NEW	2		approx 160,000 lb's	4/15/2012	outside near the rail spur				

EPU Contract and Purchase Order Closure:

Letter No. CNTR 13-0017 was issued to EPU Project vendors on February 7, 2013 to immediately place all work activities in a suspended status due to the decision to retire CR3. Charges were authorized to be incurred only with written approval by the Designated Representative (DR). Each vendor was requested to evaluate their contract or purchase order and (1) provide a detailed breakdown of unreimbursed costs through the date of suspension, (2) document any impact the suspension may have on the contract budget, (3) evaluate the possibility of equipment buy-backs or resale to other customers, and (4) provide any other pertinent recommendations or evaluations not specifically requested for the disposition of the CR3 EPU asset under contract or purchase order. Upon receipt of this information from the vendor, each vendor will be contacted individually to discuss the path forward for termination and closeout of the contract or purchase order.

Letter No. CNTR13-0016 (dated February 5, 2013) was issued to AREVA NP Inc. on February 6, 2013 to formally place Contract No. 101659, Work Authorization No. 84 immediately in a suspended status in accordance with Section 13(C) under the Master Contract. No further costs should be incurred under this contract as of the date of the notification.

Letter No. CNTR13-0018 was issued on February 7, 2013 to Siemens Energy requesting the same information from Siemens that was requested from other EPU Project vendors in Letter No. CNTR 13-0017. Additionally, Letter No. CNTR13-0018 requests Siemens Energy to work with the DR to close out the CR3 Turbine Generator Uprate Contract No. 145569, Work Authorization No. 50.

The plan for EPU contract and purchase order closeout is to work through each contract and purchase order individually to evaluate the cost effectiveness of the following options:

- Pay final invoice for services incurred through suspension date and close contract
- Terminate for convenience
- Terminate for cause (quality issues with procurement)
- Finish work and take delivery of component
- Finish work and leave component at vendor facility
- Do not complete work and negotiate settlement with vendor
- Explore equipment buy-backs for resale by vendor with vendor

Each DR will provide a recommendation for the most appropriate path forward based upon the status of the procurement and the financial costs incurred to date. Duke will evaluate these options and decide on the option to minimize EPU Project costs moving forward.

All major EPU contracts are identified in the "CR3 Retirement Suspension_Contracts Status 2 12 2013 spreadsheet (Attachment A)". EPU Project Contract Management will work with the Supply Chain group on closing out all major equipment component contracts. Contract closures needing assistance from Supply Chain have been initially identified in Attachment A.

Attachments:
Letter No. CNTR13-0016
Letter No. CNTR13-0017
Letter No. CNTR13-0018
EPU Contracts Spreadsheet
EPU Purchase Order Spreadsheet

Progress Energy

February 5, 2013 Letter No. CNTR13-0016

AREVA NP Inc.
7207 IBM Drive
Charlotte, NC 28262

Attention: Ray Stewart

Subject: Contract Work Authorization Suspension Notice

Reference: Progress Energy Contract No. 101659, Work Authorization No. 84

Dear Mr. Stewart,

In accordance with Section 13(C) under the Master Contract No. 101659, Owner is hereby suspending all Work associated with Work Authorization No. 84. In accordance with this suspension notice, all efforts related to Work Authorization No. 84 including any further design and engineering activities previously authorized or currently scheduled under the aforementioned Contract shall be suspended immediately until further notice from Owner. No further design or engineering costs shall be incurred by Owner as of the date of this notification.

Thank you for your prompt attention to this request. Please feel free to contact me at (352) 563-2943 ext. 1048 with any questions regarding notification.

Sincerely,

Larry Sexton
Extended Power Uprate (EPU) Project
Designated Representative

cc:

Paul Ingersoll – PE
Ted Williams - PE
Jay Outcalt – PE
Shannon Frazier – PE

15760 W Powerline Street• • Crystal River • Florida 33428-6708 • (352) 563-4333 office (352) 563-4364 fax
A Progress Energy Company

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Progress Energy

NGG

February 7, 2013 Letter No. CNTR13-0017

To: All Progress Energy Florida (Duke Energy) Extended Power Uprate (EPU) Vendors

From: Paul Ingersoll, Manager Major Projects (EPU)

Subject: Suspension Notice for all Work under your EPU Contract(s)

Progress Energy Florida (Duke Energy), hereinafter referred to as "Owner", has publicly announced its decision to retire the Crystal River 3 Nuclear Plant located in Citrus County, FL. This letter is being provided as formal notification of the suspension of all Work activities provided under your Contract(s) with Owner in support of the EPU project. All Work activities are defined in the Contract and include but are not limited to the following: design, engineering, manufacturing, procurement, construction, and services. All work activities should be suspended immediately, effective as of the date of this letter and no charges shall be incurred beyond the effective date of this letter unless authorized in writing by Owner's Designated Representative.

Owner will contact each vendor individually in the coming months to discuss the path forward regarding possible completion of Work or termination of the Contract. Please start evaluating your Contract for the following:

- Prepare a detailed breakdown of unreimbursed costs incurred through the date of suspension.
- Evaluate and document if the suspension has any impact to the contract budget.
- Evaluate the possibly of equipment buy backs and explore if equipment can be resold to other customers. Due to the retirement we are highly interested in exploring any proposals that limit financial expenditures.
- Provide any other pertinent recommendations or evaluations not specifically requested, but deemed useful.

Thank you for your prompt attention to this request. Please feel free to contact the Designated Representative (DR) identified in your Contract if you have any questions regarding this suspension notice. You may also contact Jay Outcalt (352-563-2943 x4246) or Shannon Frazier (352-563-2943 x4237) in the contract management office.

Sincerely,

Paul Ingersoll
Manager, Extended Power Uprate Project

15760 W Powerline Street • • Crystal River • Florida 33428-6708 • (352) 563-4333 office (352) 563-4364 fax

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Progress Energy

February 7, 2013 Letter No. CNTR13-0018

To: Mr. Ralph Menning, Siemens Energy

From: Jay Outcalt, Major Projects Contracts Manager

Subject: Suspension Notice for all Work under EPU Contract No. 145569-50

Progress Energy Florida (Duke Energy), hereinafter referred to as "Owner", has publicly announced its decision to retire the Crystal River 3 Nuclear Plant located in Citrus County, FL. This letter is being provided as formal notification of the suspension of all Work activities provided under your Contract(s) with Owner in support of the EPU project. All Work activities are defined in the Contract and include but are not limited to the following: design, engineering, manufacturing, procurement, construction, and services. All work activities should be suspended immediately, effective as of the date of this letter and no charges shall be incurred beyond the effective date of this letter unless authorized in writing by Owner's Designated Representative.

Owner will contact Siemens to discuss the path forward regarding possible completion of Work or termination of the Contract. Please start evaluating your Contract for the following:

- Prepare a detailed breakdown of unreimbursed costs incurred through the date of suspension.
- Evaluate and document if the suspension has any impact to the contract budget.
- Evaluate the possibly of equipment buy backs and explore if equipment can be resold to other customers. Due to the retirement we are highly interested in exploring any proposals that limit financial expenditures.
- Provide any other pertinent recommendations or evaluations not specifically requested, but deemed useful.

Owner requests to work with Siemens Energy to close out the CR3 Turbine Generator Uprate Contract No. 145569-50. Please contact the Designated Representative (DR) to discuss scheduling a meeting to review contract closure requirements. Thank you for your prompt attention to this request.

Sincerely,

Jay Outcalt
Contracts Manager

15760 W Powerline Street • Crystal River • Florida 33428-6708 • (352) 563-4333 office (352) 563-4364 fax

REDACTED

REDACTED

EPU Project Document Closure

Currently, there are EPU Project Engineering Change (EC) packages and Work Orders ("WO's") in development or ACTIVE with either field work completed or no field work completed. To maintain the information contained in these EC packages on the system the EC packages will remain open on the system with the following recommended notations to indicate and preserve the current status of the ECs and WOs.

Recommendation:

For ECs with no field work or documentation updates performed, regardless of EC status

- Place a statement in the Topics Notes portion of the EC with the following information
  - Reason for not implementing mod (i.e. SAFSTOR)
  - No documentation updates performed
  - No field work performed
  - The EC is not required to support spent fuel cooling
  - The EC is not part of a previous commitment
    - Regulatory commitment
    - CAP corrective action
  - Nuclear Tracking Mechanism, (NTM) to Supervisor, Materials Acquisition to disposition any materials purchased in association with this EC (NOTE: 0005 currently requires RE to provide disposition)
- Obtain Operations concurrence (documented via email included in Topic Notes)
- Notify key stakeholders of pending cancellation (EC originator, sponsor, system engineer, program engineer)
- Indicate who in Planning was notified to cancel any WO's initiated.
- Leave EC as-is.

For ECs with field work and/or documentation updates performed

- Place a statement in the Topics Notes portion of the EC with the following information
  - Reason for not implementing mod (i.e. SAFSTOR)
  - Status of documentation updates, if any
  - Status of field work performed, if any
  - The EC is not required to be fully implemented to support spent fuel cooling
  - The EC is not part of a previous commitment
    - Regulatory commitment
    - CAP corrective action
  - NTM to Supervisor, Materials Acquisition to disposition any materials purchased in association with this EC (NOTE: 0005 currently requires RE to provide disposition)
- Obtain Operations concurrence (documented via email included in Topic Notes)

- Do nothing more until a process is developed to permit cancellation without reversing document updates or field work, or performing a "partial implementation" (perhaps a new PassPort status, such as "SAFSTOR")
    - **IF** all of the above requirements cannot be met, **THEN** leave EC as-is until the relevant issue is resolved (Regulatory or CAP commitment, for example), and wait for the applicable process to be in place to abandon the EC
    - **IF** decided to NOT close/Cancel ECs, **THEN** the DTO will implement any EC changes as dictated by the decommissioning Program Manual yet to be developed.

The attachment for ECs that follows, shows ECs that have been previously Cancelled and are not part of the remaining ECs to be considered for closure or cancellation. They are provided here for project documentation completeness.

Attachments:
DC01 List of EPU ECs and Passport Status
DC02 EPU EC Screening Categories
DC03 EPU WO Task Closeout

LIST OF EPU ECs and PASSPORT STATUS

ECs in "ACTIVE", "APPROVED", "ASSIGNED" or "MODIFIED" Status

EC 68886 Deaerator Bypass and Re-Rate Implementation - Passport Status "*ASSIGNED*"
EC 68887 MSR Drains Heat Exchanger Specification - Passport Status "*ACTIVE*"
EC 68888 MSR Drains Heat Exchanger Implementation - Passport Status "*ASSIGNED*"
EC 68890 Iso-phase Bus Duct Cooling System Replacement Implementation - Passport Status "*ACTIVE*"
EC 68925 SCHE-1A/1B Replacement Implementation - Passport Status "*ACTIVE*"
EC 68964 CDHE-3A/3B Replacement Implementation - Passport Status "*ACTIVE*"
EC 69026 Heater Drain Valve and Flow Transmitter Replacement Implementation - Passport Status "*ACTIVE*"
EC 69088 SCP-1A/1B Impellor and Motor Upgrade Implementation - Passport Status "*ACTIVE*"
EC 69172 Piping replacement upstream of HP Reheater Drain Tank Valves - Passport Status "MODIFIED"
EC 69196 MSR Replacement for EPU - Passport Status "*ACTIVE*"
EC 69197 Main Generator and Exciter Replacement - Passport Status "*ACTIVE*
EC 69198 ICS Scaling and Function Curves for Exiting 16R - Passport Status "*ACTIVE*"
EC 70653 Leading Edge Flowmeter RTD Software Upgrade - Passport Status "*ACTIVE*"
EC 70732 Emergency Feedwater System Upgrades for EPU Implementation - Passport Status "*ASSIGNED*"
EC 71057 TB Fiber Optic Communication Backbone for EPU - Passport Status "*ASSIGNED*"
EC 71192 Overall Evaluation of Upgrades for Implementation Exiting 16R - Passport Status "*ACTIVE*"
EC 71193 Overall Margin Implementation - Passport Status "*ASSIGNED*"
EC 71369 ICS Scaling and ICS Run-Back and AULD Implementation - Passport Status "*ASSIGNED*"
EC 71757 TBV Replacement for EPU - Passport Status "*ACTIVE*"
EC 71855 ADV and FCS Implementation - Passport Status "*ASSIGNED*"
EC 72556 Removal of Loop Test Equipment – TB TPower Interface - Passport Status "*ASSIGNED*"
EC 73157 Condensate Pump and Motor Specification - Passport Status "*ACTIVE*"
EC 73351 Feedwater Booster Pump and FWV014/15 Specification - Passport Status "*ASSIGNED*"
EC 73794 Low Pressure Turbine Implementation - Passport Status "*ACTIVE*"
EC 73907 ADV Specification - Passport Status "*APPROVED*"
EC 73917 FWHE-2A/2B Heater Upgrade and BOP Piping Replacement - Passport Status "*ACTIVE*"
EC 73932 LPI Cross Tie Specification - Passport Status "*ASSIGNED*"
EC 73934 LPI Cross Tie Implementation - Passport Status "*ACTIVE*"
EC 74526 Condensate Pump and Motor Implementation - Passport Status "*ACTIVE*"
EC 74527 Feedwater Booster Pump and FWV014/15 Implementation - Passport Status "*ACTIVE*"

EC 74873 Safety Related Motor Operated Valves Specification - Passport Status "*ACTIVE*"
EC 74980 High Pressure Turbine Installation - Passport Status "*ACTIVE*"
EC 75004 Qualification and Preparation of ROTSG for EPU - Passport Status "*APPROVED*"
EC 75659 Makeup Tank Bypass Line Implementation - Passport Status "*APPROVED*"
EC 76095 Safety Related Main Steam System Pipe Supports and Whip Restraints - Passport Status "*ASSIGNED*"
EC 76339 17R Heavy Haul Path for EPU - Passport Status "*ACTIVE*"
EC 76340 Inadequate Core Cooling Implementation - Passport Status "*ASSIGNED*"
EC 76341 Low Pressure Turbine Supervisory Equipment for EPU - Passport Status "*APPROVED*"
EC 76344 Pipe Vibration Monitoring Penetration 304 Fiber Optic Feed-through - Passport Status "*APPROVED*"
EC 77337 Inadequate Core Cooling Specification - Passport Status "*ACTIVE*"
EC 77901 FWHE 2A/2B Removal Path - Passport Status "*APPROVED*"
EC 78021 Main Feedwater Pump Implementation - Passport Status "*ACTIVE*"
EC 78022 Main Feedwater Pump Specification - Passport Status "*ACTIVE*"
EC 79352 High Pressure Injection Modification - Passport Status "*APPROVED*"
EC 79610 ICCMS Main Control Board Modification for EPU - Passport Status "*APPROVED*"
EC 80137 ICCMS Core Exit Thermocouple Conduit & Cable Routing - Passport Status "*APPROVED*"
EC 80138 FWHE-3A/3B Feedwater Heater Replacement - Passport Status "*APPROVED*"
EC 80238 PORV Acoustical Monitoring Relocation for ICCMS - Passport Status "*APPROVED*"
EC 80348 FWHE-3A/3B Feedwater Heater Replacement Specification - Passport Status "*ACTIVE*"

ECs in "REGISTER" Status

EC 85409 5KV Calvert Non-Segregated Bus Replacement - Passport Status "*REGISTER*"
EC 84511 RCS Hot Leg Blow Down Line - Passport Status "*REGISTER*"
EC 75574 SPDS Plant Computer Simulator Updates Implementation - Passport Status "*REGISTER*"
EC 81092 ADV FCS Override - Passport Status "*REGISTER*"

ECs in "CLOSED" or "CANCELED" Status (No Action Needed)

EC 80056 Evaluation of Plant Instrumentation for EPU Impact - Passport Status "*CLOSED*"
EC 76342 FWHE-3A/3B Re-sleeve for EPU - Passport Status "*CANCELED*"
EC 75051 LAR Section 2.2 Supporting Evaluations for EPU - Passport Status "*CANCELED*"
EC 78383 Disposition of Events at 2609 for Extended Power Uprate Contingency - Passport Status "*CANCELED*"
EC 68766 CDHE-3A/3B Replacement for EPU Specification - Passport Status "*CLOSED*"
EC 68767 SCHE-1A/1B Replacement for EPU Specification - Passport Status "*CLOSED*"
EC 76097 Non-Safety Main Steam System Pipe Supports and Whip Restraints - Passport Status "*CANCELED*"
EC 73910 TB Diagonal Brace Modification to Support Installation of SCHE-1B for EPU - Passport Status "*CLOSED*"

EC 74996 Installation of Aux Steam Bypass Line from Unit 1 & 2 Supply - Passport Status "*CANCELED*"
EC 73933 EFP Replacement Specification - Passport Status "*CANCELED*"
EC 74816 Turbine Area Pit Platform Repairs - Passport Status "*CANCELED*"
EC 75001 AULD Upgrade for New EPU Condition for 17R - Passport Status "*CANCELED*"
EC 73835 Deaerator Bypass and Replacement Specification - Passport Status "*CANCELED*"
EC 73476 Installation of New Primary Met Tower and Instrumentation - Passport Status "*CLOSED*"
EC 71194 TB Crane Upgrade for EPU - Passport Status "*CLOSED*"
EC 70656 Turbine building Structural Modifications Resulting from Static Eval - Passport Status "*CANCELED*"
EC 70657 Heavy Haul Path Evaluation for EPU - Passport Status "*CANCELED*"
EC 71191 TB TPower Interface for EPU - Passport Status "*CLOSED*"
EC 70151 Turbine Building (Static) Structural Evaluation for EPU - Passport Status "*CANCELED*"
EC 70454 Turbine Building (Dynamic) Structural Evaluation for EPU - Passport Status "*CANCELED*"
EC 68889 Iso-Phase Bus Duct Cooling System Replacement Specification - Passport Status "*CLOSED*"

EPU EC SCREENING CATEGORIES

Category A – Implemented and Partially Turned Over

These ECs were installed in the plant prior to 2/5/2013 when the retirement of Crystal River 3 was announced. Installation, testing and Return to Operations (RTO) have been performed; however, the modification was awaiting plant start-up to complete testing, turnover and closeout. Plant documents and procedures have been updated and as-built and the Equipment Database (EDB) has been updated. Passport status is "ACTIVE."

Category B – EC Package Development Complete, but not Implemented

These ECs were approved through Revision 0 as of 2/5/2013 when the retirement of Crystal River 3 was announced. Even though approved, package most likely has planned revisions, open items, or caveats that must be satisfied before EC could be implemented. All work was stopped and any outstanding or pertinent information and documentation added to the world folder. No modifications have been made to the plant, no documents have been updated and no changes have been made to the EDB. Passport status is either "APPROVED" or "ACTIVE."

Category C – EC Package Development In-Process

These ECs were still being developed as of 2/5/2013 when the retirement of Crystal River 3 was announced. All work was stopped and any pertinent information and documentation added to the world folder. No modifications have been performed in the plant, no documents have been updated and no changes have been made to the EDB. Passport status is "REGISTER."

Category D – MODIFIED modifications:

These ECs have been installed in the plant with all testing, turnover and closeout complete. Plant documents and procedures have been updated and as-built and the Equipment Database (EDB) has been updated. Passport status is "MODIFIED."

NOTES:

The text above can be added to the "Topic Notes" tab in Asset Suite regardless of the current EC status (i.e. "Topic Notes" can be updated for "APPROVED" ECs without a revision). In addition to adding the paragraph to the "Topic Notes" tab, the EC title should include "Retired, See Topic Notes." Should also consider entering "Retired" or something similar into one of the "Keyword" fields.

Other considerations include rolling an administrative revision to add a folder titled "Retirement Folder" to place all additional information that may be useful at a later date. Also, the "Native File" folder currently protected in CR Projects DCC could be added. Processing and approving an administrative revision would put the folder in a protected condition and preserve the integrity of the EC. Should also consider freezing all in-process ECs to protect the folder, if possible. If not, should construct EC in a way that allows advancing to "APPROVED" status (i.e. include a planned revision) to ensure its integrity.

EC packages should not be CANCELLED because all folders and supporting documentation would be deleted per the requirements of EGR-NGGC-0005 and would be lost forever.

EPU WO TASK CLOSEOUT

NOTES:

1. *All tasks that are in the WORKING status in PassPort cannot be cancelled until the hard copy is obtained and turned in to CR3 Projects Document Control.*
2. *After thorough evaluation, we have concluded that NO EPU EC Work Order Tasks are to remain open.*
3. *Open Facilities Work Orders and receipt of materials/components Work Orders should be evaluated by Paul Chadourne or Hoyt Koon for disposition.*

EC#/ WO & Task(s)	ACTION	Reason
EC 68925 SC Heat Exchanger Replacement		
68925 / 1457928-20,21	Cancel Tasks	ISLT will not be performed
68925 / 1457928-47,48,51,56 & 57	Cancel Tasks	PMT Will not be performed
68925 / 1457929-50	Cancel task	Admin Closeout not needed.
68925 /1642877-01	Cancel Task	Work will not be performed
EC 69196 MSR Replacement		
69196 / 1326562-12,28,34,45,92	Cancel Tasks	PMT and Admin Closeout will not be performed.
69196 / 1288186-01	Cancel Task	No additional Materials needed
69196 / 1326563-10,29,43	Cancel Tasks	PMT and Admin Closeout will not be performed.
69196 / 1326565-09,13,32	Cancel Tasks	PMT and Admin Closeout will not be performed.
69196 / 1326566-16,29,66	Cancel Tasks	PMT and Admin Closeout will not be performed.
69196 / 1392487-09,10	Cancel Tasks	PMT and Admin Closeout will not be performed.

69196 / 1611392-16	Cancel Task	PMT will not be performed.
EC 68886 Deaerator Bypass		
68886 / 1284340-01,02,03,04,05,06,07,08,09,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45,46,47,48,49,50,51,52	Cancel Tasks	No work will be performed
EC 69197 Gen Exciter Replacement		
69197 / 1533670-01,26,29,33,37,38,39	Cancel Tasks	Siemens will not perform work
EC 70732 Emer . Feedwater Pmp Repl		
70732 / 1720441-01,02,03,04,05,08,09,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45,46,47,48,49,50,51,52,53,54,55,56,57,58,60	Cancel Tasks	Work will not be performed
EC 71193 Evaluations Of Upgrades Exiting 17R		
71193 / 1860754-01	Cancel Task	Material not needed
EC 71369 ICS Scaling		
71369 / 1720442-01,02,03,04,05,06,07,08,09,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45,46,47,48	Cancel Tasks	Work Will Not Be Performed
EC 71757 Turbine Bypass Valve Replacement		
71757 / 1447463-78,82,90,92,94,95	Cancel Tasks	PMT Will Not Be Performed
NO EC / 1645450-01,09,10,12	Cancel Tasks	Work Will Not Be Performed
EC 71855 ADV Replacement		
71855 / 1720301-01,02,03,04,05,06,07,08,09,10,11,12,13,14,15,16,17,18,19,20,21,24,25,26,27,28,30,31,32,33,34,35,36,37,38,39,40,41,42,44,45,46,47,48,50,51,52,53,54,56,57,58,59,60,61,62,63,64,65,66,67,68,69,70,71,72,73,74,75	Cancel Tasks	Work Will Not Be Performed
71855 / 1721407-01,02,04,05,06,07,08,09,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,	Cancel Tasks	Work Will Not Be

29,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45, 46,47,48,49,50,51,52,53,54,55,56,57,58		Performed
71855 / 2134401-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27, 28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43, 44,45,46,49,50,51,52	Cancel Tasks	Work Will Not Be Performed
EC 73794 Low Pressure Turbine Replacement		
73794 / 1725120-01,02,03,04,06,07,08,10,11,12,13, 14,15,16,17,18,19,20,21,22,23,27,28,29,30,31,32,33	Cancel Tasks	Work Will Not Be Performed
EC 73917 FWHE 2 A/B Replacement		
73917 / 1720443- 01,02,03,05,06,07,08,09,10,11,12,13,14,15,16,17,18, 19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35	Cancel Tasks	Work Will Not Be Performed
73917 / 1817310-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17,18,19,20,21,22,23,24,25,26	Cancel Tasks	Work Will Not Be Performed
73917 / 1948957-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17,18,19,20,21,22	Cancel Tasks	Work Will Not Be Performed
EC 73930 NIT R17 Changes to Plant CPU		
73930 / 1927269-01	Cancel Tasks	Material Not Needed
73930 / 1580244-01,02	Cancel Tasks	Work Will Not Be Performed
EC 73934 LPI Cross-Tie for EPU		
73934 /1720444-01,03,04,05,06,07,08,09,10,11,12, 13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29, 30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45,46, 47,48,49,50,51,52,53,54,55,56,57,58,59,60,61,62,63, 64,65,66,67,68,69,70,71,72,73,74,75,76,77,78,79,80, 81,82,83,84,85,86,87,88,89,90,91,92,93,94,95,96,97, 98,99	Cancel Tasks	Work Will Not Be Performed
73934 / 2091698-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17,18,19,20,21,22,23,24,25,26	Cancel Tasks	Work Will Not Be Performed
EC 74526 Condensate Pump & Motor Replacement		
74526 / 1720448-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28, 29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45, 46,47,48,49,50,51,52,53	Cancel Tasks	Work Will Not Be Performed

74526 / 1721410-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,29, 30,31,32,33,34,35,36,37,38,39,40,41,42	Cancel Tasks	Work Will Not Be Performed
EC 74527 FW Booster Pump Replacement		
74527 / 1720447-01,02,03,04,06,07,08,09,10,11,12, 13,14,15,18,19,20,21,22,23,24,25,26,27,28,29,30,31, 32,33,34,35,36,37,38,39,40,41	Cancel Tasks	Work Will Not Be Performed
74527 / 1817266-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27	Cancel Tasks	Work Will Not Be Performed
74527 / 1817273-01,02,03,04,06,08,10,11,12,13,14, 15,16,17,18,19,20,21,22,23	Cancel Tasks	Work Will Not Be Performed
74527 / 1817274-01,02,03,04,06,08,10,12,13,14,15, 16,17,18,19,20,21,22	Cancel Tasks	Work Will Not Be Performed
74527 / 1921153-01	Cancel Task	Material Not Needed
EC 74980 High Pressure Turbine Replacement		
74980 / 1720445-01,03,04,05,06,07,08,09,10,11,12, 13,14,15,17,18,19,20,21,22,23,24,25,26,27,28,29,30, 31,32,33,34,35,36,37,38,39,40,41,42,43,44	Cancel Tasks	Work Will Not Be Performed
74980 / 1940686-01,02,03,04,05	Cancel Tasks	Work Will Not Be Performed
EC 75001 AULD Upgrade for EPU Conditions		
75001 / 1720449-01,02	Cancel Tasks	Work Will Not Be Performed
75001 / 1720450-01,02	Cancel Tasks	Work Will Not Be Performed
EC 75004 ROTSG at EPU Conditions		
75004 / 1720446-01,02,03,04,05	Cancel Tasks	Work Will Not Be Performed
EC 75574 Implement NIT R17 for EC 73930 & 75574		
75574 / 1580244-01,02	Cancel Tasks	Work Will Not Be Performed
75574 / 1720572-01,02	Cancel Tasks	Work Will Not Be Performed

EC 75659 Make-up Tank Bypass		
75659 / 1753016-01,02,03,04,05,06,07,08,09,10,11,12,14,15,16,17,18,19,20,21,22	Cancel Tasks	Work Will Not Be Performed
EC 75814 Core Reload R-18		
75814 / 1927270-01	Cancel Task	Work Will Not Be Performed
EC 76095 Main Steam Pipe Supports		
76095 / 1783778-01,02,03,04,06,07,08,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,35,36,37,38,39,40,41,42,43,44,45,46,47,48,49,50,51,52,53	Cancel Tasks	Work Will Not Be Performed
EC 76340 Inadequate Core Cooling Mitigation		
76340 / 1860773-01,02	Cancel Tasks	Work Will Not Be Performed
76340 / 2134401-01,02,03,04,05,06,07,08,09,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45,46,49,50,51,52	Cancel Tasks	Work Will Not Be Performed
EC 76341 L.P. Turbine Supervisory Equip.		
76341 / 1860770-01,02,03,04,05,06,07,08,09,10,11,12,13,14,15,16,17,18,19,20,21	Cancel Tasks	Work Will Not Be Performed
EC 76343 ICS Run Back Mod		
76343 / 1860786-01	Cancel Task	Work Will Not Be Performed
EC 76344 Install Fiber Optic Feed through, Pen 304		
76344 / 1860768-01,02,03,04,05,06	Cancel Task	Work Will Not Be Performed
EC 77901 FWHE 2A/B FW Heater Removal Path		
77901 / 1842414-01,02,03,04,05,06,07,08,09,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,32,33,34,35,36,37,38,39,40	Cancel Task	Work Will Not Be Performed
EC 78021 Main FW Pump Upgrade		

78021 / 1817281-01,04,05,06,07,08,09,11,14,15,16, 17,18,19,20,21,22,23,24,25	Cancel Task	Work Will Not Be Performed
EC 79352 HPI High Pressure Injection		
79352 / 1862734-01,02,03,04,05,06,07,08,09,10,11, 12	Cancel Task	Work Will Not Be Performed
EC 78383 Events @ 2609 MWT		
78383 / 1927272-01	Cancel Task	Work Will Not Be Performed
EC 79610 ICCMS Main Control Board Mods		
79610 / 1927273-01,02,03,04,05,06,07,08,09,10,11, 12,13	Cancel Task	Work Will Not Be Performed
EC 80137 ICCMS Core Exit T/C Conduit/Cable		
80137 / 1927274-01,02,03,04,05,06,07,080,90,10	Cancel Task	Work Will Not Be Performed
EC 80138 FWHE 3A/B Heater Replacement		
80138 / 1816899-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17,18,19,20,22,23	Cancel Task	Work Will Not Be Performed
80138 / 1817336-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15	Cancel Task	Work Will Not Be Performed
EC 80238 PORV Acoustic Monitor Reloc. for ICCMS		
80238 / 1933598-01,02,03,04,05,06,07,08,09	Cancel Task	Work Will Not Be Performed
EC 81092 Atmospheric Dump Valve Override		
81092 / 1927276-01	Cancel Task	Work Will Not Be Performed
EC 84511 RCS Hot Leg Blow Down Line		
84511 / 2121920-01,02,03,04,05,06,07,08,09,10,11, 12,13,14,15,16,17	Cancel Task	Work Will Not Be Performed
POD (NO EC)		
POD / 1873909-01	Cancel Task	Work Will Not Be Performed
EC 69172 Piping Replacement upstream of High Pressure Reheater Drain Tank Dump Valves		
69172 / 1288182-20	Cancel Task	Work Will Not Be Performed

EC 69026 Heater Drain Valve Replacement		
69026 / 1284521-58,59,60,62	Cancel Task	Work Will Not Be Performed
69026 / 1482433-21	Cancel Task	Work Will Not Be Performed
EC 68888 MSR Belly Drains Heat Exchangers		
68888 / 1181265-59,60,61,63,68,69,80,81	Cancel Task	Work Will Not Be Performed
68888 / 1374195-68,72,79	Cancel Task	Work Will Not Be Performed
EC 68964 Condensate Heater Replacement		
68964 / 1181263-50,51,59,72,75	Cancel Task	Work Will Not Be Performed
68964 / 1320761-71,72,73,81,90	Cancel Task	Work Will Not Be Performed
EC 69088 SC Bypass Line		
69088 / 1407407-28,37	Cancel Task	Work Will Not Be Performed
EC 74996 Aux Steam Bypass Line from Unit 1 & 2 Supply		
PHASE 2 / 1649174-15	Cancel Task	Work Will Not Be Performed
EC 69197 Turbine Generator & Exciter Replacement & Lube Oil Cooler Tube Bundle Replacement		
69197 / 1288189-08,10,16,70,71,81,82,84,87	Cancel Task	Work Will Not Be Performed
69197 / 1407416-02,35	Cancel Task	Work Will Not Be Performed
EC 69198 ICS Scaling and Function Curves Exiting 16R		
69198 / 1360853-02,06	Cancel Task	Work Will Not Be Performed
EC 71192 Overall Evaluation of Upgrades Exiting R16		
71192 / 1695263-01	Cancel Task	Work Will Not Be Performed
EC 71057 T.B. Fiber Optic Comm. Backbone		
71057 / 1418596-01	Cancel Task	Work Will Not Be Performed
Facilities- Phase 2		

Fac. Phase 2 / 1447463-78,82,90,92,94,95	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 /1439769-03,05,06,08,10,11	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1439770-04,05,09,10	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1439772-02,03,04,05	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1439773-02,05,06,08,11	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1439774-03,05,06	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1462118-05	Cancel Task	Work Will Not Be Performed
Fac. Phase 2 / 1462123-03,08,09,10	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1462124-01,02,07,08	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1462126-13	Cancel Task	Work Will Not Be Performed
Fac. Phase 2 / 1462130-01,02,03,04,05	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1462131-03,04,05	Cancel Tasks	Work Will Not Be Performed
Fac. Phase 2 / 1466597-06,08	Cancel Tasks	Work Will Not Be Performed

Financials

The EPU Project budget forecast for 2013 has been revised to incorporate the release of contract personnel, the reassignment of permanent employees to CR3 Station O&M, and the final invoicing and contract milestone payments for EPU Project vendor services and long lead equipment. There are only 3 personnel, the EPU Manager, the EPU Project Manager, and the EPU Project Specialist remaining on the EPU budget to handle EPU Project closeout activities and coordination with corporate and CR3 Station organizations for turnover of documents, contracts, and materials/long lead equipment for final disposition. The turnover of these activities is expected at this time to be complete by the end of May, 2013.

The EPU Project budget forecast for 2013 has been reduced from approximately $25M Direct View to approximately $12M Direct View. The revised budget forecast includes the original budget through February 2013, and the anticipated payments for all outstanding invoices and milestone payments. The Siemens turbine generator contract closeout costs are anticipated to be approximately [redacted] The Scientech contract closeout costs for the Inadequate Core Cooling Mitigation System, ICCMS are approximately [redacted] The AREVA contract closeout costs are anticipated to be approximately [redacted] for 2013. Engineering, Licensing, and implementation support are estimated at [redacted] The remaining [redacted] are for the long lead equipment (approximately [redacted] and miscellaneous project controls, support, and activities.

Attachment:
CR3 EPU Projection Template
CR3 EPU Monthly Report Jan 2013

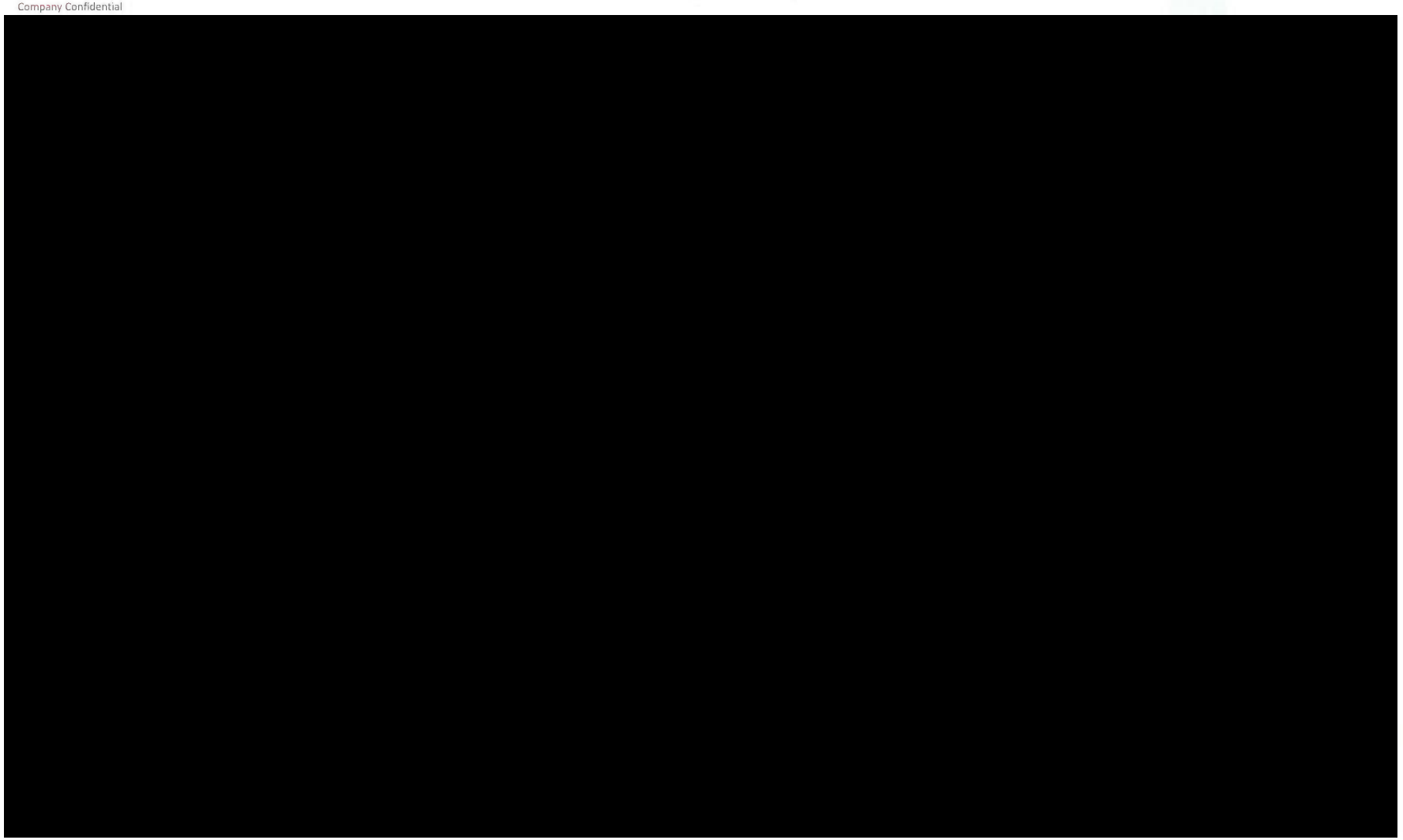
REDACTED

PROGRESS ENERGY FLORIDA (60)
CR3 EPU - Summary by CLASS/WBS Phase (Direct View)
Project Closeout Projection

REDACTED

Company Confidential

PROGRESS ENERGY FLORIDA (60)
CR3 EPU - Summary by CLASS/WBS Phase (Direct View)
Project Closeout Projection



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Company Confidential

PROGRESS ENERGY FLORIDA (60)
CR3 EPU - Summary by CLASS/WBS Phase (Direct View)
Project Closeout Projection

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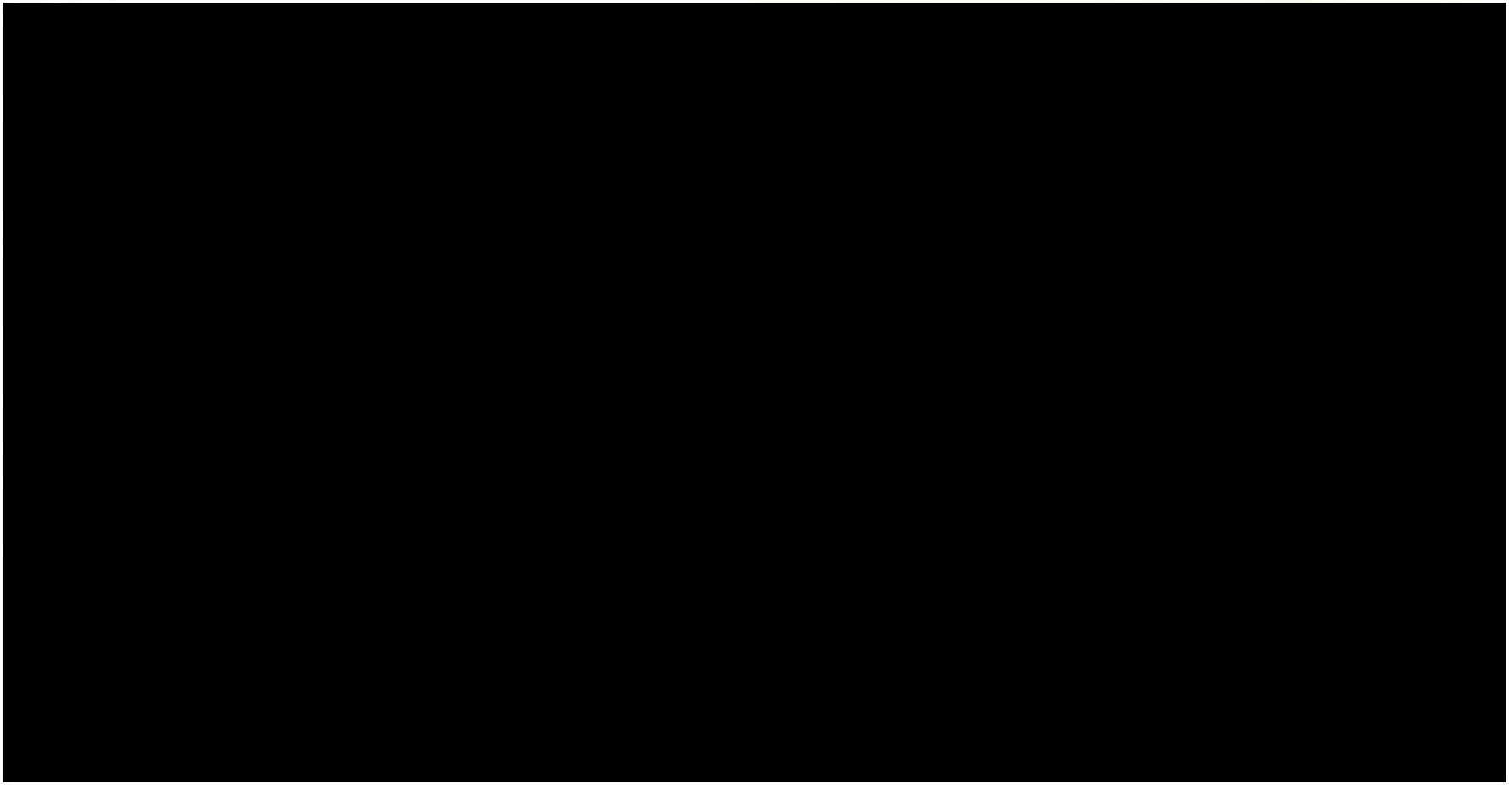
Company Confidential

PROGRESS ENERGY FLORIDA (60)
CR3 EPU - Summary by CLASS/WBS Phase (Direct View)
Project Closeout Projection



3/19/2013 = EPU Projection Template - February 2013.xlsx

REDACTED

EPU MONTHLY STATUS REPORT - JANUARY 2013

SAFETY AND HUMAN PERFORMANCE MANAGEMENT

SAFETY/HUMAN PERFORMANCE METRICS												
	J-12	A-12	S-12	O-12	N-12	D-12	J-13	F-13	M-13	A-13	M-13	J-13
1st Aid	0	0	0	0	0	0	0	0	0	0	0	0
Near Miss	0	0	0	0	0	0	0	0	0	0	0	0
OSHA	0	0	0	0	0	0	0	0	0	0	0	0
Lost Time	0	0	0	0	0	0	0	0	0	0	0	0
Clock Resets	0	0	0	0	0	0	0	0	0	0	0	0

SAFETY NARRATIVE/ANALYSIS

A review of the CR database, observation database, and discussions with the CR3 Major Projects Safety Representative shows no industrial, radiological, and/or environmental safety issues or trends.

HUMAN PERFORMANCE NARRATIVE/ANALYSIS

Fourteen (14) EPU Supervisor observations were required and an overall Thirty-Five (35) were performed ; Thirteen (13) of which were categorized as critical. No adverse trends identified.

The overall focus of these observations was primarily Safety/Office Safety, Human Performance, Chemistry, Leadership, Engineering, Training, Materials, Nuclear Plant Projects, Maintenance, Lifting/Rigging, Welding/Grinding, Vendors, and the Warehouse.

In the Critical Observation Category , the focus was on Environmental Spill Control, Housekeeping (and Office Safety), Meeting Effectiveness, Training (and Pre-Job Briefs),

Major Projects had no Human Performance Clock Resets for the month of January.

[redacted]

STAFFING PLAN - JANUARY 2013 (FTE)						
	2012		2013			
Manpower Classification	Plan	Act	1Q	2Q	3Q	4Q
Project Oversight	**5**	**3**	**4**	**0**	**0**	**0**
GEL	3	1	3			
GOL	2	2	1			
Project Support	**15**	**11**	**14**	**0**	**0**	**0**
GEL	3	3	2			
GOL	12	8	12			
Licensing	**5**	**3**	**2**	**0**	**0**	**0**
GEL	3	2	1			
GOL	2	1	1			
Engineering	**46**	**45**	**34**	**0**	**0**	**0**
GEL	19	15	16			
GOL	27	30	18			
Testing/Procedues/Ops	**13**	**13**	**6**	**0**	**0**	**0**
GEL	4	4	4			
GOL	9	9	2			
Construction	**6**	**7**	**4**	**0**	**0**	**0**
GEL	0	0	0			
GOL	6	7	4			
TOTAL	**88**	**83**	**64**	**0**	**0**	**0**

STAFFING NARRATIVE/ANALYSIS

Estimated staffing in January was 64 FTEs based on the 2013 draft projection. Due to the decision to retire the CR3 plant on February 5, 2013, the EPU project has been cancelled. A revised staffing plan will be developed in February to outline support needed for cancellation activities.

REDACTED

EPU MONTHLY STATUS REPORT - JANUARY 2013

RISK MANAGEMENT

[redacted]

CHANGE MANAGEMENT

[redacted]

REDACTED

EPU MONTHLY STATUS REPORT - JANUARY 2013

SCHEDULE MANAGEMENT

Aug	Sep	Oct	Nov	Dec	Jan
0.95	0.95	0.92	1.00	0.99	0.98

SPI NARRATIVE/ANALYSIS

Schedule performance for the month of January is 0.98. This was the result of continued adjustments of planned revisions and work order planning based on reduced Engineering staff.

LEVEL I SCHEDULE STATUS

EPU Phase 3 Activities	Sch Finish	Act Finish	Status
Engineering (Field Work ECs)	6/28/13		On Track
Major Procurement Received	4/15/13		Lagging
Field Construction (LPT/HPT)	7/31/14		2 Month Work Window
SER Receipt	12/31/13		On Track or Ahead
Engineering (Design Work ECs)	12/31/14		On Track
Startup	6/1/15		CRT Dependent
Close Out	10/1/15		CRT Dependent
Balance of Work (BOW)			
Est, Sched & Constructability Complete	11/1/13		On Track
Construction Preps & Training	1/6/14		On Track
Field Construction Complete	1/6/15		On Track
Project Plans			
Approval to Construct	1Q2013		CRT Dependent

LEVEL 1 SCHEDULE NARRATIVE/ANALYSIS

Due to the decision to retire the CR3 Nuclear Power Plant on February 5, 2013 the EPU project has been cancelled. A cancellation plan will be developed with new milestone dates that encompass the planned work scope.

ENGINEERING CHANGE STATUS - DECEMBER 2012

EC #	Type	Description	EC APPROVED Baseline	EC APPROVED Projected
78021	I	Main Feedwater Pump	[redacted]	[redacted]
76095	I	Safety Related Main Steam System Pipe Supports & Whip Restraints	4/8/13	5/2/13
73934	I	Low Pressure Injection XTie Install for Boron Precipitation	[redacted]	[redacted]
75574	D	SPDS Plant Computer Simulator Updates	4/16/14	4/16/14
71369	D	ICS Scaling, ICS Run-Back & AULD	9/26/13	9/26/13
71193	D	Overall Margin	12/2/14	12/2/14
70732	I	Emergency Feedwater System Upgrades for EPU	[redacted]	[redacted]
76340	I	Inadequate Core Cooling (ICCMS)	6/11/13	6/11/13
79610	I	ICCMS Main Control Board Modification for EPU	[redacted]	[redacted]
76341	I	Low Pressure Turbine Supervisory Equipment Installation for EPU	[redacted]	[redacted]
80056	D	Evaluation of Plant Instrumentation for EPU	[redacted]	[redacted]
81092	I	Atmospheric Dump Valve (ADV) Override	6/26/13	6/26/13
84511	I	Design Analysis & Installation of RCS Hotleg Blow Down Line	6/25/13	6/25/13
85409	I	5KV Calvert Non-Segregated Bus Replacement	TBD	

EC NARRATIVE/ANALYSIS

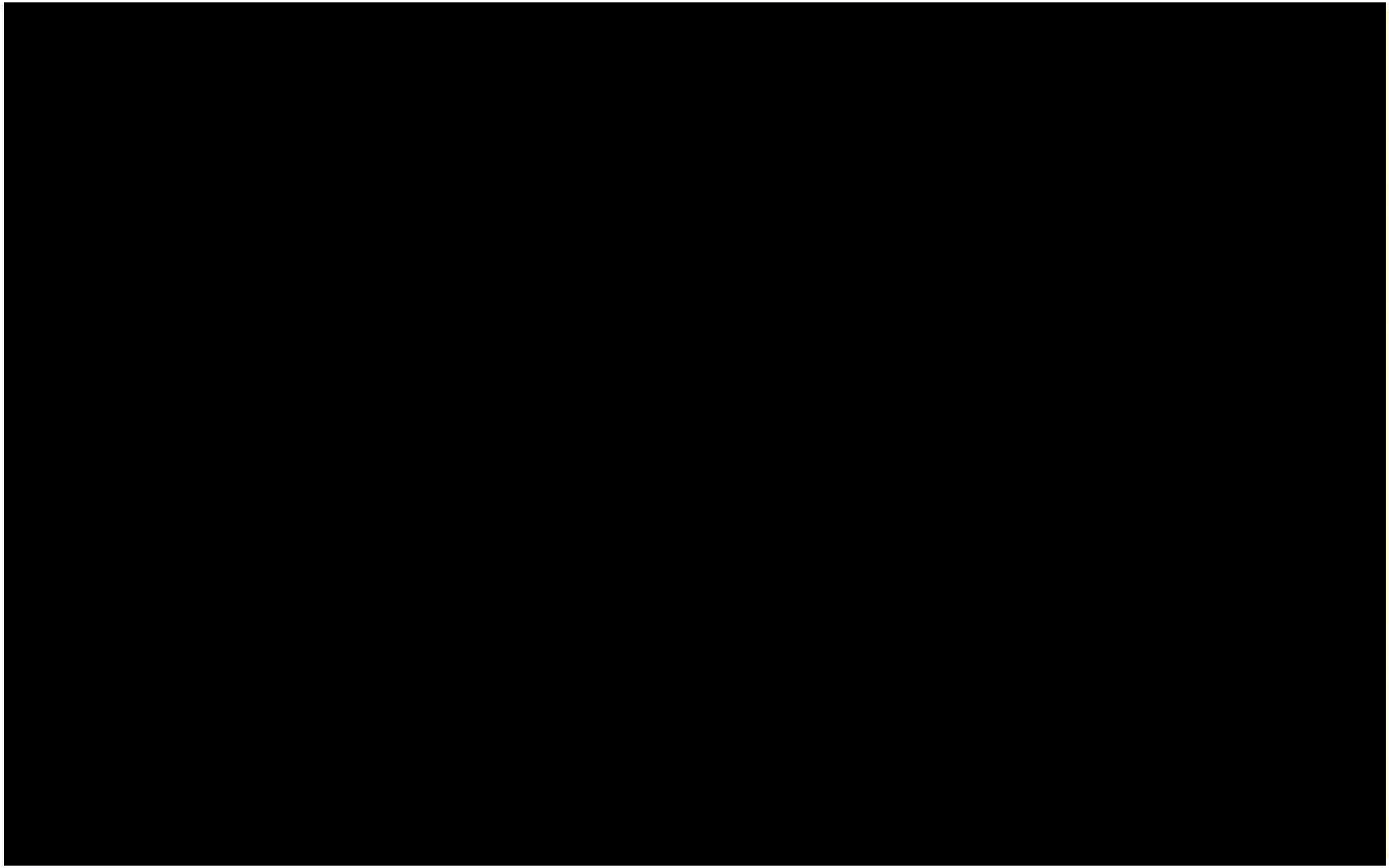
Due to the decision to retire the CR3 Nuclear Power Plant on February 5, 2013, engineering change packages will be closed out as appropriate.

EC No. 76341 was PGM approved on February 7, 2013.

SCHEDULE KEY:

[redacted] | White = On-Schedule | Yellow = Past Baseline | [redacted]

REDACTED



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EPU MONTHLY STATUS REPORT - JANUARY 2013

CONTRACT MANAGEMENT

MAJOR CONTRACTS ($ in MM)

			Original	Change		

[redacted]

REGULATORY MANAGEMENT

MILESTONE LIST

		Finish Date	Status
NRC	LAR Technical Review	8/31/2013	On Track
	ACRS Reviews	12/31/2013	On Track
	Amendment Issued	12/31/2013	On Track
FPSC	Issue Order for 2011 Prudency	12/11/2012	Complete
	Draft 2012 Data Request (DR)1 Response	12/21/2012	Complete
	File 2012 DR1 Response to PSC	1/28/2013	Complete
FDEP	None		

NUCLEAR REGULATORY COMMISSION NARRATIVE/ANALYSIS

The Environmental regulations regarding the need for the POD are currently under review.

FLORIDA PUBLIC SERVICE COMMISSION NARRATIVE/ANALYSIS

PEF's responses to Data Request 1 on Docket 130009-EI were filed on January 28, 2013 as requested.

The Order Establishing Procedure for Docket No. 130009-EI was issued - the NCRC hearing dates have been established for August 5-9, 2013.

FLORIDA DEPT OF ENV. PROTECTION NARRATIVE/ANALYSIS

The Environmental regulations regarding the need for the POD are currently under review.

EPU Regulatory Close Out Plan

Nuclear Regulatory Commission (NRC):

NRC notification was completed on February 7, 2013. See attached LAR #309 withdrawal in memo 3F0213-06. A final status of LAR RAIs is attached.

Florida Public Service Commission:

On March 1, 2013, the Company filed its petition, testimony, and exhibits with the FPSC to support the prudence of the EPU Project work and expenditures for 2012 pursuant to the nuclear cost recovery statute and rule. The FPSC audit of the Company's EPU project expenditures in 2012 and project management, contracting, and cost controls is underway. The Company is preparing its EPU Project actual/estimated 2013 and projected 2014 expenditures based on the Company's decision to retire CR3 and cancel the EPU project and the revised EPU Project budget and EPU Project Close Out Plan.

Florida Department of Environmental Protection:

The FDEP will be notified of the CR3 retirement decision and EPU Project cancellation by the PEF Environmental Organization. The notification will include cessation of EPU Project permitting activities and cancellation of the discharge canal cooling tower project.

Attachments:
Letter 10CFR 50.90
NRC Permission Letter
EPU LAR 309 Branch Status-Acceptance Review

UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

March 7, 2013

Mr. Jon A. Franke
Vice President
Crystal River Nuclear Plant (NA2C)
ATTN: Supervisor, Licensing and
Regulatory Programs (NA1B)
15760 W. Power Line Street
Crystal River, FL 34428-6708

SUBJECT: CRYSTAL RIVER UNIT 3 NUCLEAR GENERATING PLANT - WITHDRAWAL OF LICENSE AMENDMENT REQUEST (TAC NO. ME6527)

Dear Mr. Franke:

By letter dated June 15, 2011, you applied for an amendment to the Crystal River Unit 3 Nuclear Generating Plant (CR-3), Facility Operating License No. DPR-72. The proposed change would have modified the facility operating license and the technical specifications to support operation at an increased core thermal power level. Briefly, the proposed amendment, categorized as an extended power uprate amendment, would have increased the licensed core power level for CR-3 from 2609 megawatts (MWt) to 3014 MWt. Subsequently, by letter dated February 7, 2013, you withdrew the amendment request based on the determination to retire CR-3.

The U.S. Nuclear Regulatory Commission has filed the enclosed Notice of Withdrawal of Application for Amendment to Facility Operating License with the Office of the Federal Register for publication.

Sincerely,

Siva P. Lingam

Siva P. Lingam, Project Manager
Plant Licensing Branch II-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-302

Enclosure:
Notice of Withdrawal

cc w/encl: Distribution via Listserv

[7590-01-P]

NUCLEAR REGULATORY COMMISSION

[Docket No. 50-302; NRC-2013-XXXX]

Crystal River Unit 3 Nuclear Generating Plant

Application for Amendment to Facility Operating License

AGENCY: Nuclear Regulatory Commission.

ACTION: License amendment application; withdrawal.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC or the Commission) is granting the request of Florida Power Corporation (the licensee), through its owner Duke Energy, to withdraw its June 15, 2011 (Agencywide Documents Access and Management System (ADAMS) Accession No. ML112070659), application for proposed amendment to Facility Operating License No. DPR-72 for the Crystal River Unit 3 Nuclear Generating Plant (CR-3), located in Florida, Citrus County. The proposed amendment would have revised the facility operating license and the technical specifications to support operation at an increased core thermal power level.

ADDRESSES: Please refer to Docket ID NRC-2013-XXXX when contacting the NRC about the availability of information regarding this document. You may access information related to this document, which the NRC possesses and is publicly available, using any of the following methods:

- **Federal rulemaking Web site:** Go to http://www.regulations.gov and search for Docket ID NRC-2013-XXXX. Address questions about NRC dockets to Carol Gallagher; telephone: 301-492-3668; e-mail: Carol.Gallagher@nrc.gov.

- **NRC's ADAMS:** You may access publicly available documents online in the NRC Library at http://www.nrc.gov/reading-rm/adams.html. To begin the search, select "ADAMS Public Documents" and then select "Begin Web-based ADAMS Search." For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1-800-397-4209, 301-415-4737, or by e-mail to pdr.resource@nrc.gov. The ADAMS accession number for each document referenced in this notice (if that document is available in ADAMS) is provided the first time that a document is referenced.

- **NRC's PDR:** You may examine and purchase copies of public documents at the NRC's PDR, Room O1-F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852.

FOR FURTHER INFORMATION CONTACT: Siva P. Lingam, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555; telephone: 301-415-1564; e-mail: siva.lingam@nrc.gov.

SUPPLEMENTARY INFORMATION:

The NRC is granting the licensee's request to withdraw its June 15, 2011, application for proposed amendment to the CR-3 Facility Operating License No. DPR-72.

The proposed amendment would have increased the licensed core power level for CR-3 from 2609 megawatts thermal (MWt) to 3014 MWt. The increase in core thermal power would

have been approximately 15.5 percent over the current licensed core thermal power level and was categorized as an extended power uprate.

The Commission had previously issued a Notice of Consideration of Issuance of Amendment published in the *Federal Register* on January 11, 2012 (77 FR 1743), and a Notice of Consideration of Issuance of draft environmental assessment related to the proposed amendment published in the *Federal Register* on January 16, 2013 (78 FR 3458). However, by letter dated February 7, 2013 (ADAMS Accession No. ML13043A027), the licensee withdrew the proposed change based on the determination to retire CR-3 due to economic disadvantages to fix the containment delamination that occurred during the steam generators replacement refueling outage. As a result, all the comments received on the above *Federal Register* notices will not be resolved and the environmental assessment will not be finalized.

For further details with respect to this action, see the application for amendment dated June 15, 2011, and the licensee's letter dated February 7, 2013, which withdrew the application for license amendment.

Dated at Rockville, Maryland, this 7th day of March 2013.

For the Nuclear Regulatory Commission.

Siva P. Lingam

Siva P. Lingam, Project Manager,
Plant Licensing Branch II-2,
Division of Operating Reactor Licensing,
Office of Nuclear Reactor Regulation.

March 7, 2013

Mr. Jon A. Franke
Vice President
Crystal River Nuclear Plant (NA2C)
ATTN: Supervisor, Licensing and
Regulatory Programs (NA1B)
15760 W. Power Line Street
Crystal River, FL 34428-6708

SUBJECT: CRYSTAL RIVER UNIT 3 NUCLEAR GENERATING PLANT - WITHDRAWAL OF LICENSE AMENDMENT REQUEST (TAC NO. ME6527)

Dear Mr. Franke:

By letter dated June 15, 2011, you applied for an amendment to the Crystal River Unit 3 Nuclear Generating Plant (CR-3), Facility Operating License No. DPR-72. The proposed change would have modified the facility operating license and the technical specifications to support operation at an increased core thermal power level. Briefly, the proposed amendment, categorized as an extended power uprate amendment, would have increased the licensed core power level for CR-3 from 2609 megawatts (MWt) to 3014 MWt. Subsequently, by letter dated February 7, 2013, you withdrew the amendment request based on the determination to retire CR-3.

The U.S. Nuclear Regulatory Commission has filed the enclosed Notice of Withdrawal of Application for Amendment to Facility Operating License with the Office of the Federal Register for publication.

Sincerely,

/RA/

Siva P. Lingam, Project Manager
Plant Licensing Branch II-2
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-302

Enclosure:
Notice of Withdrawal

cc w/encl: Distribution via Listserv

DISTRIBUTION:

PUBLIC	Branch Reading	RidsAcrsAcnw_MailCTR Resource
RidsNrrDorlDpr Resource	RidsNrrDorlLpl2-2 Resource	RidsNrrLABClayton Resource
RidsNrrPMCrystalRiver Resource	RidsOgcRp Resource	RidsRgn2MailCenter Resource
S. Lingam, NRR	D. McIntyre, OPA	

ADAMS Accession Nos.: PKG M13063A305 LTR ML13063A524 FRN ML13063A527

OFFICE	NRR/LPL2-2/PM	NRR/LPL2-2/PM	NRR/LPL2-2/LA	OGC NLO	NRR/LPL2-2/BC	NRR/LPL2-2/PM
NAME	SLingam	CGratton	BClayton	LSubin	FSaba for JQuichocho	SLingam
DATE	3/4/13	3/7/13	3/5/13	3/5/13	3/7/13	3/7/13

OFFICIAL RECORD COPY

Duke Energy

Crystal River Nuclear Plant
Docket No. 50-302
Operating License No. DPR-72

Ref: 10 CFR 50.90

February 7, 2013
3F0213-06

U.S. Nuclear Regulatory Commission
Attn: Document Control Desk
Washington, DC 20555-0001

Subject: Crystal River Unit 3 – Withdrawal of License Amendment Request #309, Revision 0 (TAC NO. ME6527)

Reference: CR-3 to NRC letter dated June 15, 2011, "Crystal River Unit 3 - License Amendment Request #309, Revision 0, Extended Power Uprate" (ADAMS Accession No. ML112070659)

Dear Sir:

Florida Power Corporation hereby withdraws License Amendment Request (LAR) #309, Revision 0, in its entirety. The proposed LAR (Reference) was submitted to obtain approval to perform an extended power uprate which includes modifications to the Crystal River Unit 3 (CR-3) Improved Technical Specifications. The decision to withdraw is based on the determination to retire CR-3.

There are no new regulatory commitments made within this submittal.

If you have any questions regarding this submittal, please contact Mr. Dan Westcott, Regulatory Affairs Manager at (352) 563-4796.

Sincerely,

Jon A. Franke
Vice President
Crystal River Nuclear Plant

JAF/par

xc: Regional Administrator, Region II
Senior Resident Inspector
NRR Project Manager
State Contact

Crystal River Nuclear Plant
15760 W. Powerline Street
Crystal River, FL 34428

REDACTED

CR-3 LAR 309 Branch Status

NRC BRANCH	No of RAIs	RAIs Issued	Response Submitted	Comments
AADB - Accident Dose	2	04/02/12	04/26/12	Response submitted
AADB - Accident Dose- Det	6	05/04/12	06/20/12	Response submitted
AADB - Accident Dose	4	02/04/13		Revised draft RAIs submitted by email
APFR - Fire Protection	5	12/07/11	12/21/11	Response submitted
APLA - PRA Licensing Set 1	21	02/08/12	03/22/12	Response submitted
APLA - PRA Licensing Set 2 - Fire PRA	1	07/05/12	07/31/12	Response submitted
EPNB - Piping and NDE (was CPNB)	20	12/07/11	01/19/12	Response submitted
EPTB - Component Performance and Testing (was CPTB)	7	12/07/11	01/19/12	Response submitted
ESGB - SG Tube Integrity and Chemical Engineering	4	12/07/11	01/05/12	Response submitted
ESGB - SG Tube Integrity and Chemical Engineering Set 2 - SFP Boron and RV Materials	2	07/05/12	07/17/12	Response submitted
EVIB - Vessels and Internals Integrity (was CVIB)	1	12/07/11	12/15/11	Response submitted
EVIB - Vessels and Internals Integrity (was CVIB)	3	08/16/12	09/27/12	Response submitted
EVIB - Vessels and Internals Integrity (was CVIB)	5	11/01/12	12/17/12	Response submitted
EEEB - Electrical Engineering	21	03/02/12	04/16/12	Response submitted
EEEB - Electrical Engineering Set 2	10	07/17/12	08/21/12	Response submitted
EICB - Instrumentation and Controls Set 1	1	12/07/11	01/05/12	Response submitted
EICB - Instrumentation and Controls Set 2	5	02/08/12	03/19/12	Response submitted
EICB- Intrumentation and Controls Set 3	5	08/29/12	10/04/12	Response submitted
EMCB - Mechanical and Civil Engineering	3	03/02/12	04/04/12	Response submitted
EMCB - Power Ascension and Testing	5	06/01/12	05/30/12	Response submitted
AHPB - Health Physics and Human Perf (was IHPB) Set 1	4	12/07/11	12/15/11	Response submitted
AHPB - Health Physics and Human Perf (was IHPB) Set 2	8	03/02/12	04/04/12	Response submitted
AHPB - Health Physics and Human Performance Set 3 Shielding	1	07/05/12	07/31/12	Response submitted
SBPB - Balance of Plant		None		NRC confirmed Branch had no RAI beyond those responded to during acceptance review.
SCVB - Containment and Ventilation	20	03/02/12	04/12/12	Response submitted
SNPB - Nuclear Perf and Code Review Set 1 - TCD	10	05/04/12	06/16/12	Response submitted
SNPB - Nuclear Perf and Code Review Set 2 - BP	8	08/02/12	09/17/12	Response submitted
SRXB - Reactor Systems - Set 1 - Spent Fuels Team	4	06/03/12	09/04/12	Response submitted
SRXB - Reactor Systems - Set 2 (45 day)	35	12/19/12	01/31/13	RAI 2.8.5.4.5.3 was changed to a 90-day response
SRXB - Reactor Systems - Set 2 (90 day)	6	12/19/12	03/19/13	
SRXB - Reactor Systems - Set 3	12	02/01/13		
SSIB - Safety Issue Resolution Branch - Set 1	1	07/17/12	08/21/12	Response submitted
EICB Committed Report			10/4/12 & 11/07/12	EMI/RFI and Seismic submitted with I&C RAI Responses. Informally issued FAT Procedure to NRC.Following documents due in February: Reliability Report (including inputs and outputs) FAT EMI/RFI and seismic summaries for both ICCMS and FCS Isolation of non-safety circuites Report Overall availability Report
Supplement 1 - FWLB and LOCA Summary Report			07/17/12	Supplement submitted.
Supplement 2 - AADB MCR XID and CREVS		08/29/12	12/20/12	Supplement submitted.
Supplement 3 - AADB Revised Table 2.9.2-1		12/18/12	02/28/13	
MILESTONES				
Draft EA		01/08/13		
Federal Register Notice - No Sig Hazards				
OGC (Legal) Review				
ITSB Review				ITS review will likely follow SE preparation and will largely involve confirming that the SE appropriately supports proposed ITS changes.
Draft SE				
Draft SE to ACRS Subcommittee				
ACRS Subcommittee Meeting				
ACRS Full Committee Meeting				
Approval				

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REDACTED

NRC BRANCH	RAIs Issued	Responses Issued	Follow-up RAIs Issued	Follow-up Responses Issued	Comments
AADB - Accident Dose	06/23/11	7/5/2011A			Accepted for Technical Review
AFPB - Fire Protection					No Acceptance Comments
APLA - PRA Licensing	07/27/11	8/11/11A			Accepted for Technical Review
CPNB - Piping and NDE					No Acceptance Comments
CPTB - Component Performance and Testing					No Acceptance Comments
CSGB - SG Tube Integrity and Chemical Engineering					No Acceptance Comments
CVIB - Vessels and Internals Integrity					No Acceptance Comments
EEEB - Electrical Engineering	08/10/11*	8/25/11P*			Accepted for Technical Review
EICB - Instrumentation and Controls	07/19/11	8/18/11A			Accepted for Technical Review
EMCB - Mechanical and Civil Engineering	07/25/11	8/25/11A			
EQVB - Quality and Vendor					No Acceptance Comments
IHPB - Health Physics and Human Perf					No Acceptance Comments
ITSB - Technical Specifications					No Acceptance Comments
RERB - Environmental Review					No Acceptance Comments
SBPB - Balance of Plant	07/25/11	8/11/11A			Accepted for Technical Review
SCVB - Containment and Ventilation					No Acceptance Comments
SNPB - Nuclear Perf and Code Review					No Acceptance Comments
SRXB - Reactor Systems	08/04/11	10/11/11A			
MILESTONES					
LAR docketed in ADAMS	7/27/2011A				ML 112070659
All Acceptance RAI's Issued					
All Acceptance RAI's addressed / response					
Acceptance Review complete	11/11/11P				See 11/2/11 KW email

* - email clarification and follow-up call requested

REDACTED

NRC BRANCH	RAIs Issued	Responses Issued	Follow-up RAIs Issued	Follow-up Responses Issued	Draft SE Input to PM	Comments
MILESTONES						
Submit RAIs						
Federal Register Notice - No Sig Hazards						
Draft SE						
Approval	TBD					

DUKE ENERGY®

I
Information Use

CRYSTAL RIVER UNIT 3

ADMINISTRATIVE PROCEDURE

AI-9010

Conduct of CR3 Investment Recovery

REVISION 0

TABLE OF CONTENTS

SECTION PAGE

ATTACHMENTS

1.0 PURPOSE

1. This procedure outlines the asset pricing requirements and minimum reviews and approvals required for the execution of transactions and the record keeping requirements necessary for the disposition of assets (materials and equipment) from Crystal River Unit 3 (CR3) during the Decommissioning Transition Organization (*DTO*) phase.

1.1 Scope

1. Transactions include, but are not limited to the following:
   - Transfer of assets to Duke affiliated companies (*both regulated and non-regulated*)
   - Sale of assets to non-Duke entities
   - Sale of assets as scrap
   - Donating assets to charitable organizations
   - Disposal of assets.
2. Transactions under this procedure must conform to all existing applicable company policies.
3. It is essential that asset divesture records of all transactions are documented and preserved.
4. In accordance with the governance, the review and approval of each asset disposition is documented on a form similar to Attachment 1, Asset Disposition Review.
5. This procedure does not cover Nuclear Fuel or Real Property.
6. All transactions will comply with tax regulations. Internal transfers within DEF, or to DEC, DEP, DEO, DEI, and DEK do not require a tax surcharge as these entities have a Direct Pay Permit. A copy of these Direct Pay Permits is on file with Supply Chain at Crystal River 3.

2.0 REFERENCES

1. ADM-SUBS-00106, Project Assurance Nuclear Cost Recovery Clause Library (NCRCL) Program Manual
2. AI-9003, System Evaluation, Categorization and Abandonment
3. CR3 Investment Recovery Project Execution Plan
4. MCP-NGGC-0001, NGG Contract Initiation, Development and Administration
5. RDC-0001, Records Management Program
6. SCD211, Affiliate Asset Transfer Transactions
7. Affiliate Asset Transfer e-form on the Duke Energy PORTAL
8. Delegation of Authority (DOA)
9. Code of Business Ethics

2.0 REFERENCES (continued)

10. Records Management Policy
11. Sales/Use and Excise Tax Policy
12. Purchasing Authority Policy
13. PMC-PRC-NA-AD-0013, Project Assurance Program Manual

3.0 **DEFINITIONS**

1. **154 Inventory** – Material that is put into an inventory system (Passport, EMAX or Nuclear Asset Suite (NAS)) and whose dollars are captured in FERC account 0154 at time of receipt.
2. **AAT – Affiliate Asset Transfer** - Moving material internally between regulated, non-regulated and non-utility affiliates subject to governance under various federal and state guidelines and is documented on the Affiliate Asset Transfer Electronic Form found on the PORTAL. Only Regulated assets are transferred in accordance with the Intercompany Affiliate Transfer Agreement. The Code of Conduct and other applicable rules and regulations dictate how assets move between Regulated and Non-regulated or Non-utility affiliates.
3. **Assets** - Described in the following categories and sub-categories.
   a. **Inventory** – These include materials in the 154 Account.
   b. **Pre-Expensed O&M Material** - Material bought directly for O&M work and not put in Inventory. Disposition at cost following the Inventory disposition guidance in this document; however, the accounting treatment may be different.
   c. **Other** – These include other materials and equipment that are not in the 154 Inventory Account.
      1) **Purchased but not installed** capital equipment in the Construction Work In Progress (CWIP) 107 Account.
         - For example, the LP Rotor(s) for the EPU project
      2) **Purchased and installed but never been put in-service** capital equipment in the CWIP 107 Account.
         - For example, the Steam Generators
      3) **Installed and in-service** capital equipment in the Electric Plant In Service (EPIS) 101 and 106 Accounts.
         - The 101 Account is final and the 106 Account represents equipment that has not been unitized.
         - Typically, these assets have little value as they are used, without warranty, and without performance guarantees.
         - These assets are normally disposed during the actual Decommissioning phase of the project.

3.0 DEFINITIONS (continued)

4. **Asymmetrical Pricing** - A pricing rule established by FERC which states that the franchised utility must receive the higher of cost or market price for providing non-power goods or services to a nonutility / non-regulated utility affiliate, and must not pay more than market price for a non-power good or service received from a non-utility / non-regulated utility affiliate.
5. **AUP - Average Unit Price** - An inventory item's average unit cost. In the Nuclear Asset Suite system, this is referred to as CUP (Calculated Unit Price)
6. **Capital Material** – Typically other material whose cost is captured in a capital project at time of purchase, or was 0154 inventory that has already been issued out to a capital project.
   - Some of this material can also be described as a Pre-Capitalized Asset, or material whose quantity is tracked in PassPort, and at the time of issue, no additional accounting entries are generated.
7. **Disposition** – The disposal of an asset through sale, transfer, or discarding.
8. **FMV – Fair Market Value** - The current price at which an asset can be bought or sold in the market.
9. **IATA - Intercompany Asset Transfer Agreement** - A document between Duke Energy's regulated, franchised affiliates (DEC, DEI, DEK, DEO-T&D, DEP & DEF) and are parties to an Intercompany Asset Transfer Agreement which has been approved or accepted on an interim basis by the state commissions.
10. **NBV – Net Book Value** – A capital asset cost minus depreciation.

4.0 **RESPONSIBILITIES**

1. **VP Project Management & Construction** is responsible for the approval of this procedure.
2. **Director – Major Projects Finance** and the **Managing Director – Major Projects Supply Chain** are responsible for the content of this procedure.
3. **Crystal River 3 Supply Chain Management** is responsible for:
   - Communicating the requirements of this procedure to all persons involved in the Investment Recovery processes.
   - Maintain adequate internal controls over the Investment Recovery process and utilizing effective contract management processes.

5.0 INSTRUCTIONS

5.1 Expectations

1. This procedure applies to the governance of the CR3 Investment Recovery (IR) processes used in Major Project's Supply Chain.
2. The CR3 Investment Recovery Project, Project Execution Plan is documented at: https://nuc.duke-energy.com/sites/CR3DDR. All levels of management in the CR3 organization and Major Projects Supply Chain should be briefed on these documents.
3. All disposition transactions shall be performed in a prudent manner.
4. Transactions, including related contracts or other legally binding agreements, must be approved by the appropriate authority prior to execution by Duke Energy.
5. Individual transactions cannot be separated into multiple transactions for the purpose of circumventing an individual's authorized approval limit. However, transactions may be evaluated for required authority limits individually where the transactions are discrete, separate and independent of each other. The Delegation of Authority amounts and Purchasing Authority amounts apply to each transaction.
6. Under the IR Project, all Inventory (Account 154) assets will be disposed of in the following manner:
   a. Utilize Duke Energy internal Inventory transfers to the fleet per the Affiliate Asset Transfer e-form and process.
      - This should follow an approach where multiple lines of CR3 inventory are matched to an affiliate and specific plant.
      - Account 154 Inventory is normally disposed of internally at the AUP or CUP. However, asymmetrical pricing is generally used for non-regulated utility affiliates and non-utility affiliates.
   b. If not transferred internally, then segregate and bid out inventory or obtain price quotes from distributors, and/or Original Equipment Manufacturer's (OEM's), and/or re-sellers.
      - This establishes the FMV of bulk inventory disposal and generally yields a higher value than salvage or scrap pricing.
      - Obsolete inventory may be marketed at a target market directly or through third party vendors.
   c. For remaining Inventory, utilize Asset Recovery Supply Chain for disposition at salvage or scrap value. Note some inventory items (consumable materials, commodities, short lead time material, low value, etc.) may be salvaged immediately.

5.1 Expectations (continued)

7. Under the IR Project, all **Other** assets (non-inventory) will be dispositioned as identified below:

   a. Generally, **OTHER** assets are transferred among regulated affiliated utilities at NBV or at cost for pre-expensed O&M material. However, asymmetrical pricing is used for non-regulated utility affiliates and non-utility affiliates.

   b. There may be instances where NBV may be at a higher value than FMV, in these cases, Commission(s) approval will be required to transfer at less than NBV.

      1) Internal transfers may not have a warranty or performance guarantee associated with the **Other** material and consideration should also be made for any removal and shipping costs. These costs or values should be considered when comparing NBV to external FMV (of an equivalent asset) and can result in a win/win for Duke Energy Florida and the internal transferee regulated affiliate.

         A hypothetical example could be that Equipment A at CR3 has a NBV of $15,000,000 dollars and a regulated affiliate needs this type of equipment; however, the FMV from a manufacturer is $17,000,000 delivered. The regulated affiliate has to pay $1,000,000 in shipping costs from CR3, $5,000,000 to modify Equipment A for their use, and the warranty and performance guarantees are estimated to be worth $1,500,000; thus, the regulated affiliate doesn't want to pay any more than $9,500,000 for Equipment A from CR3. From the standpoint of CR3, salvage value on Equipment A is $500,000; thus, both parties (*CR3 and the other regulated affiliate*) would both be potentially better off at a less than NBV and this transaction would require utility commission approval in both jurisdictions.

   c. If not transferred internally, determine the FMV by obtaining external vendor price quotes, bids, or market intelligence as applicable and bid out.

      1) The bidding process for the disposition of materials and equipment shall be conducted as follows:

         a) The bidding process shall follow MCP-NGGC-0001.

         b) The Power Advocate sourcing tool should be used for all bid events, thereby maintaining consistency with all bid event sales and document retention.

         c) The standard approved legal form contracts shall be used for all third party asset contract sales in accordance with MCP-NGGC-0001.

   d. For remaining **Other** material, utilize Asset Recovery Supply Chain for disposition at salvage or scrap value.

5.2 **Asset Pricing**

1. **Duke Energy Internal Disposition** - Assets are priced at either: Average Unit Price (AUP), Net Book Value (NBV), or Fair Market Value (FMV) and transferred internally via the AAT form.

   - This pricing used is dependent, in part, on whether the disposition is to a Duke Regulated Affiliate or not. Pricing governance is contained in Attachment 3, Investment Recovery Asset Pricing Governance.

2. **External Disposition** – Assets are priced at FMV and sold externally via a quote or bid process.

5.3 **Disposition Transaction Review and Approvals**

1. **Duke Energy Internal Asset Disposition** – An AAT e-form will be completed for Duke internal asset transfers and this e-form requires the appropriate DOA (sufficient approval authority in accordance with Purchasing Authority Policy) for transfer request and transfer sending. The AAT e-form has its own set of approvals.

   a. Prior to any Duke Energy internal transfer approval, the IR Project Manager, Engineering Manager, FL Reg & Property Accounting Manager, and the CR3 Finance Manager shall sign off as reviewers on Attachment 1, Asset Disposition Review.

      - The review is required by the CR3 Finance manager if the internal transfer is over $100,000 and the FL Reg & Property Accounting Manager is required to review if the internal transfer is greater than $250,000. The Tax Manager will sign off if the internal transfer is not within DEF, or to DEC, DEP, DEO, DEI or DEK.

   b. If the Asset value is over $1,000,000 dollars, then the following approvals (not DOA specific) shall be required and delineated on Attachment 1, Asset Disposition Review:

      - VP of Project Management and Construction or designee
      - Rates and Regulatory Strategy Director or designee
      - Florida Regulatory Legal Associate General Counsel or designee.

   c. If the **Other** material asset is to be transferred internally and the facts demonstrate that NBV is greater than FMV, then Commission(s) approval would be required to transfer at a lower value than NBV.

   d. Review and Approval documents, including the AAT e-form, shall be filed and maintained by Configuration Control.

5.3 Disposition Transaction Review and Approvals (continued)

2. **External Asset Disposition** – External Asset disposal should be based on FMV as determined via quotes, bids or market intelligence.

   a. Prior to any Duke Energy external sale the following shall sign off as reviewers on Attachment 1, Asset Disposition Review:

      - IR Project Manager
      - Engineering Manager
      - Tax Manager
      - FL Reg & Property Accounting Manager
      - CR3 Finance Manager

      1) The review is required by the CR3 Finance manager if the internal transfer is over $100,000 and the FL Reg & Property Accounting Manager is required to review if the internal transfer is greater than $250,000.

   b. Approvals will follow the business unit DOA and Supply Chain Purchasing Authority.

   c. If the Asset value is over $1,000,000 dollars, then the following approvals (not DOA specific) shall be required and delineated on Attachment 1, Asset Disposition Review:

      - VP of Project Management and Construction or designee
      - Rates and Regulatory Strategy Director or designee
      - Florida Regulatory Legal Associate General Counsel or designee

5.4 **Project Assurance**

1. All decisions involving asset disposition shall be made and, where practical and appropriate, documented in such a manner as to demonstrate that each decision is reasonable and prudent based upon the information reasonably available to the Company at the time the decision was made.
2. Documentation of this decision making process will be prepared to justify to the Company's regulators that best effort towards investment recovery has been made.
3. The CR3 IR Project maintains applicable project documentation in accordance with the Records Management Program.
4. Identification and handling of Quality Assurance records shall be performed using the Investment Recovery Project Assurance Plan and RDC-0001, CR3 Records Management Program.

5.5 **Removal of Installed Assets**

1. The removal of installed assets must be performed in a manner that maintains configuration control and supports relied upon system functionality, as established by the system abandonment process (AI-9003) and schedule.
2. To ensure compliance with the system abandonment process, each installed asset requested shall be evaluated and approved by plant management.
   a. Approval is documented on a form similar to Attachment 2, Installed Plant Equipment Removal Agreement.

6.0 **RECORDS**

1. The following documents are records when completed. Submit to Site or Corporate Configuration Control and Information Services personnel for processing and storage in accordance with RDC-0001, Records Management Program or ADM-SUBS-00106, Project Assurance Nuclear Cost Recovery Clause Library (NCRCL) Program Manual:
   - Attachment 1, Asset Disposition Review
   - Attachment 2, Installed Plant Equipment Removal Agreement
   - Review and Approval documents including AAT e-form

ATTACHMENT 1
Sheet 1 of 2

Asset Disposition Review

Buyer Info

Date: _____ Prepared by: _____ _____
Name Phone

Affiliate Asset Transfer (AAT)? ☐ Yes ☐ No AAT e-Form #: _____

Purchasing Entity (buyer): _____
Company or Duke Operating Unit

Asset for Disposition

Description*:

**Attach additional pages as necessary*

Asset Disposition Accounting

Pricing:

Asset Value: ☐ NBV $_____ ☐ AUP $_____

Asset Sales Price: $_____ Shipping & Handling $_____ Stores $_____

Sales Tax $_____ **OR** Non-Taxable Code _____
(External sales only - see examples and note below)

Cost to Remove (if applicable): $_____ Total Cost to Buyer: $_____

Accounting (check one):

☐ Inventory Account 154 ☐ CWIP Account 107 EPU ☐ CWIP Account 107 POD
☐ CWIP Account 107 SGR ☐ CWIP Account 107
☐ EPIS Account 101 ☐ EPIS Account 106 Other (specify) _____

Accounting WBS: _____ _____ _____ _____
Org Project Task Resource

Note: If non-taxable, a code should be entered indicating the reason and supporting documentation should be attached or available.

Examples of Non-Taxable Codes

- NT/EC - NT Exemption Certificate Attached
- NT/DP – NT Direct Pay Permit Attached
- NT/IC – NT Intercompany Transfer
- NT/OS – NT Out-Of-State Transaction

ATTACHMENT 1
Sheet 2 of 2

Asset Disposition Review (continued)

Disposition Review and Approval

Asset Reviews:

Asset not required in support of CR3: _____ / _____
CR3 Engineering Mgr Date

_____ /
Tax Mgr Date
(Not required for internal transfers within DEF, or to DEC, DEP, DEO, DEI, and DEK)

_____ /
CR3 Financial Services Mgr Date
If Asset Transaction Price is ≥ $100,000.00

_____ /
FL Reg & Property Accounting Mgr Date
If Asset Transaction Price is ≥ $250,000.00

IR Project Review:

_____ /
CR3 IR Project Mgr Date

Asset Approvals:

_____ /
VP – PMC Date
If Asset Transaction Price is ≥ $1,000,000.00

_____ /
FL Assoc Gen'l Counsel II Date
If Asset Transaction Price is ≥ $1,000,000.00

_____ /
Rates & Reg Strategy-FL Date
If Asset Transaction Price is ≥ $1,000,000.00

ATTACHMENT 2
Sheet 1 of 2

Installed Plant Equipment Removal Agreement

Request

Date: _____ Prepared by: _____ _____
Name Phone

Affiliate Asset Transfer (AAT)? ☐ Yes ☐ No AAT e-Form #: _____

AAT Requestor Charge Number: _____

Requesting Entity (buyer): _____
Company or Duke Operating Unit

Requestor Contact: _____ _____
Name Phone

Component Requested

System Abandoned? ☐ Yes ☐ No

Description*: (include boundaries as applicable and why feasible to remove)

Unique Risk Exposure to Removal*:

Estimated Removal Timeframe: _____ _____
Start Finish

**Attach additional pages as necessary*

ATTACHMENT 2
Sheet 2 of 2

Installed Plant Equipment Removal Agreement (continued)

Estimated Cost

Man-hours

Engineering _____ Operations _____ Health Physics _____

Craft _____ Planning _____ Oversight _____

Other (specify)_____

Total Labor Cost: $_____

Other

Dose _____ mRem Shipping & Handling $ _____ Other (specify) _____

Component Cost: ☐ NBV $_____ ☐ AUP $_____ ☐ FMV $_____

Total Cost Buyer: $_____

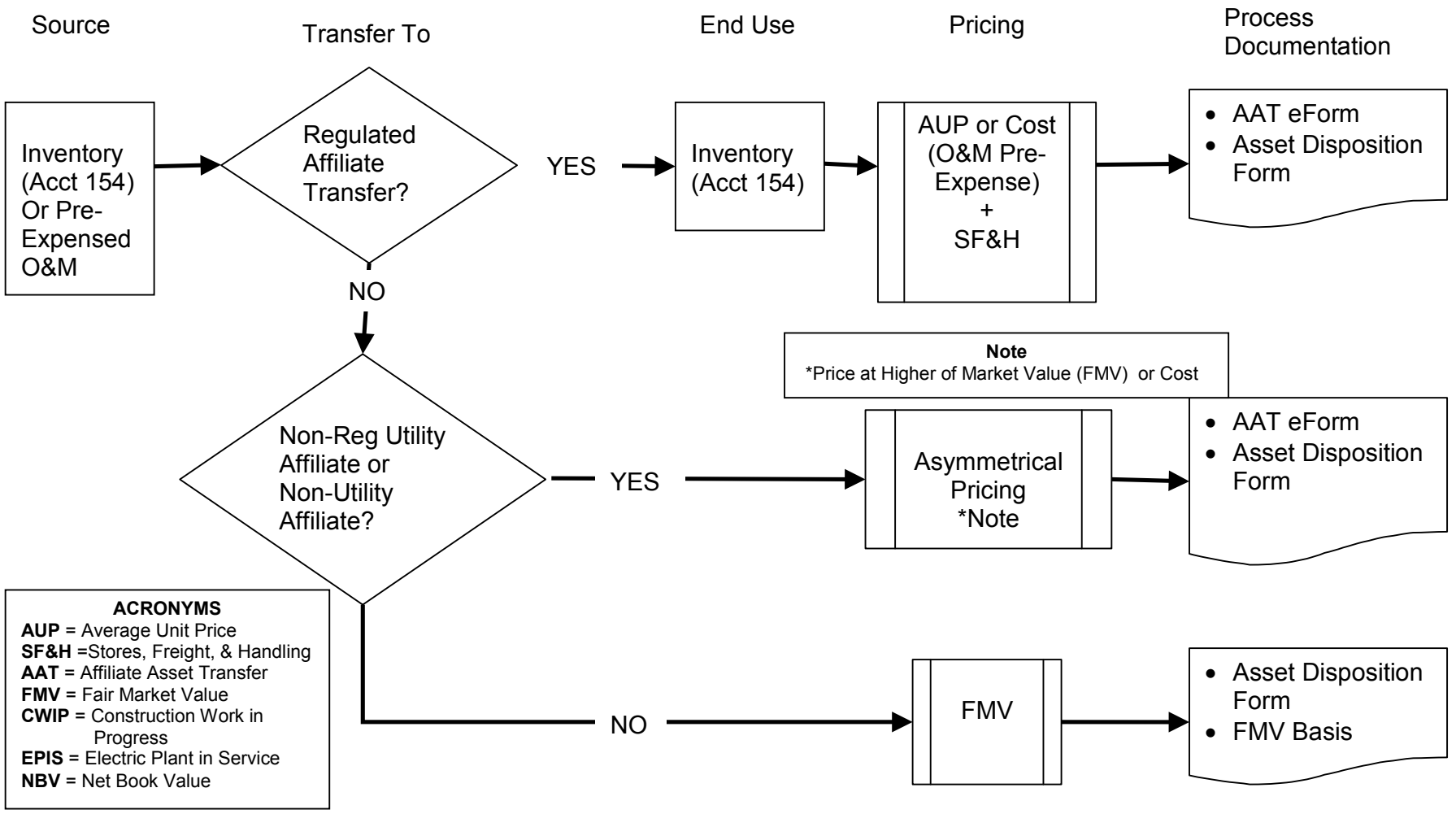
Agreement to Remove
(Record name of individual contacted and date)

Receipt/Need by Date: _____

_____ /		_____ /	
CR3 Engineering Mgr	Date	CR3 Operations Mgr	Date
_____ /		_____ /	
CR3 Maintenance Mgr	Date	CR3 Plant Mgr	Date
_____ /			
CR3 Decommissioning Dir	Date		

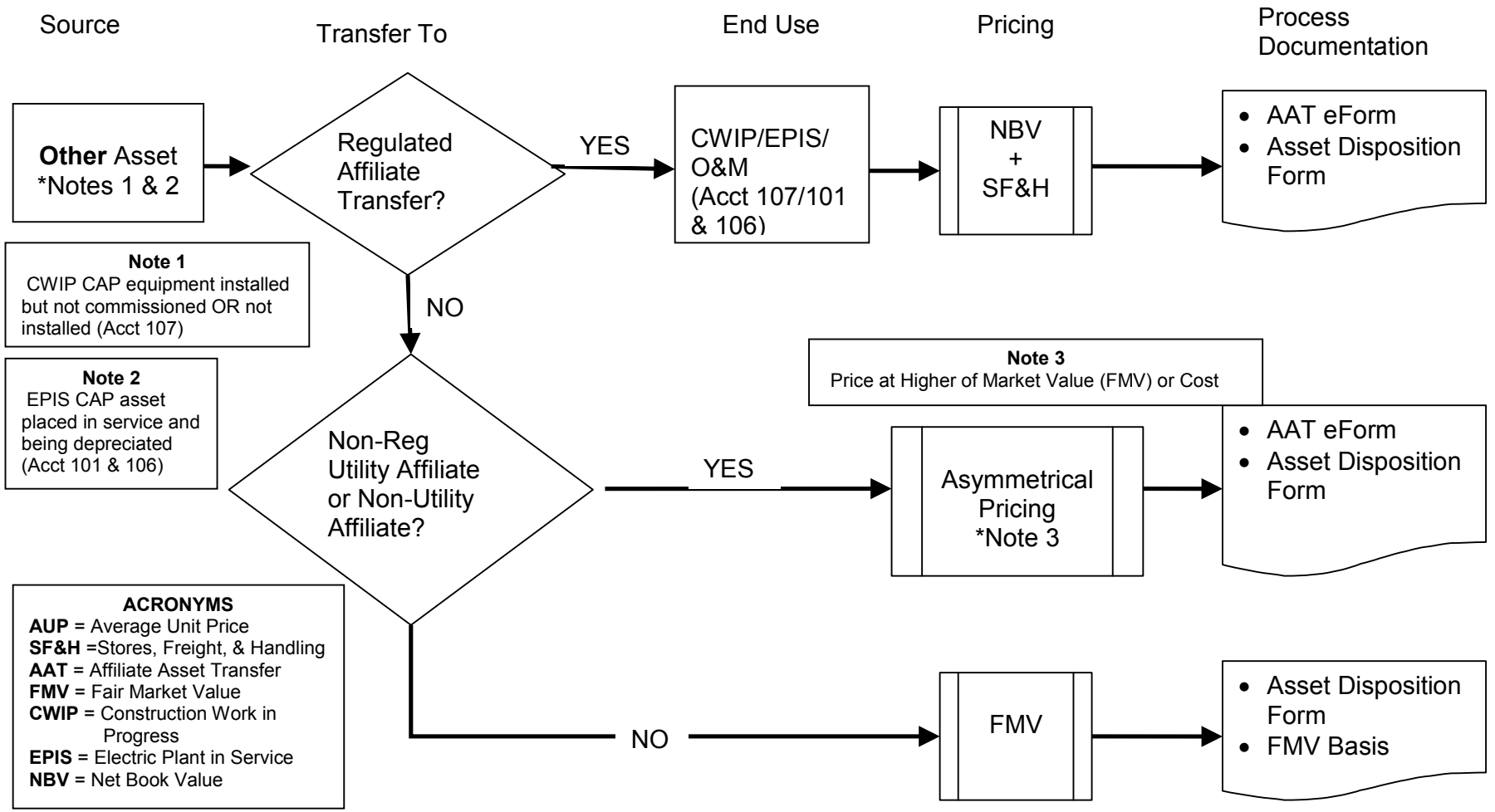
ATTACHMENT 3
Sheet 1 of 2

Investment Recovery Asset Pricing Governance



ATTACHMENT 3
Sheet 2 of 2

Investment Recovery Asset Pricing Governance (continued)



SUMMARY OF CHANGES
PRR 627450

SECTION/STEP	CHANGE
All	New procedure to provide guidance for investment recovery.

CR3 Investment Recovery Project (IRP) Project Execution Plan

Rev 0

Project Management and Construction Department

Duke Energy

Please Note: This document contains confidential information and is subject to Duke Energy's Code of Business Ethics Policy. Please limit distribution accordingly.

Approval

Revision Summary				
Rev. Number	**Effective Date**	**Prepared By**	**Approved By**	**Approved By**
0	2/25/14	Jeff LaPratt	Magdy Bishara	Terry Hobbs

Table of Contents

Appendices **Page**

PROJECT SPONSORS

Role, Department / Group	Name	Phone No.
GM – Decommissioning	T. Hobbs	[redacted]

KEY PROJECT STAKEHOLDERS

Role, Department / Group	Name	Phone No.
VP-PMC	Mike Delowery (acting)	[redacted]
State Reg General Council	John Burnett	[redacted]
State President – FL	Alex Glen	[redacted]
VP-Chief Procurement Officer	Ron Reising	[redacted]
MGR EGR-DTO	Emin Ortalan (acting)	[redacted]

PROJECT MANAGEMENT CONTACTS

Role, Department / Group	Name	Phone No.
PM - PMC	Jeff LaPratt	[redacted]
SC Lead	Chris Hendricks	[redacted]
MGR – Major Projects	Magdy Bishara	[redacted]

*The location of the Expanded Contact list is included in the Appendix.

PLAN REVISION CONTROL

Rev No.	Primary Author(s)	Revision Description	Rev Date
0	Project Manager	Initial Issue	02/25/14

1.0 INTRODUCTION & PROJECT DESCRIPTION

[NOTE: This is classified as a White project per PMCoE standards. Deviations from the standard PMC Project Execution Plan (PEP) template are highlighted in bracketed notes similar to this one. These deviations are deemed acceptable by approval of this PEP.]

This document presents the Project Execution Plan for the CR3 Investment Recovery Project (hereinafter "IRP" or "Project").

Name of Station	Location	Project	Completion Date
CR3 Nuclear Plant	Crystal River, Florida	Investment Recovery	April 30, 2015

Project Description

In accordance with the August 1, 2013 Settlement Agreement (Doc No. 04433-13, Docket No. 130208-EI) with the Florida Public Service Commission (FPSC) Duke Energy is committed to using reasonable and prudent efforts to sell or otherwise salvage assets that would otherwise be included in the CR3 Regulatory Asset.

This project will develop and implement a program under which saleable CR3 plant assets are identified, maintained, marketed, sold, and removed from the site.

2.0 PROJECT OBJECTIVES & APPROVALS

The primary objective of this plan is to deliver the Project scope of maximizing return to customers and shareholders on CR3 assets through asset identification, redeployment, and disposition. The scope is to be delivered with quality, on budget, on time, and in a safe environmentally sound and prudent manner.

This project is undertaken with the following secondary objectives:

- Minimize cost and impact to CR3 decommissioning activities and trust fund, customers and shareholders.
- Identify preservation needs to avoid premature obsolescence of otherwise marketable assets.
- Coordinate with the Decommissioning Project to avoid conflicts.
- Ensure asset removal activities are performed event free.
- Ensure all decisions are made in a prudent manner and thoroughly documented.
- Ensure all sales/affiliate asset transfers are properly classified for proper accounting treatment.
- Comply with all applicable laws, rules, regulations and ordinances.
- Minimize risk associated with the re-sale and subsequent use or disposal of project assets.

Total Authorized, Current Projections

Table 1: Key Project Objectives	
Scope	Reduce the CR3 Reg Asset through the disposition of assets in the following categories: • Inventory (FERC 154 Account) • Construction Work in Progress (CWIP) • Electric Plant In-service (EPIS)
Total Project Cost	$3,408,104
Schedule [Project Completion Date]	April 30, 2015
Quality [Performance Objective]	Obtain prudence determination on all asset dispositions or transfers as appropriate

Internal Project Approvals

The IRP is a White, non-construction project that doesn't fit the traditional PMC construction stage-gate process. Per PMCoE standard PJM-00001-POLICY, *Achieving Excellence in Project Management*, for white projects, compliance with PMCoE Standards is at department discretion; therefore, elements of this PEP and approvals are tailored specifically for this project.

Duke Energy, and CR3 by extension, committed to performing the IRP as part of the August 1, 2013 Settlement Agreement with the FPSC, and acts as the authorization to implement this Project. Duke Energy Finance, Legal, and Regulatory Rates & Strategies have determined that because disposition proceeds go to reduce the Regulatory Asset (Reg Asset), that costs associated with the disposition shall be added to the Reg Asset for a net reduction. As such, no traditional funding approvals are necessary (e.g.; 201, WPCO). The Project Sponsor acknowledges estimated costs contained in the Project Charter. In no case is it prudent for costs to exceed disposition proceeds; the Project monitors these and will initiate discussion on project continuance should costs approach disposition proceeds.

PMC management has determined that the following project elements be developed and maintained for the Project:

- Project Charter
- Class 3 (or better) estimate
- Baseline Schedule
- Risk Assessment and Analysis
- PEP

The approval of this PEP recognizes the above positions in addition to project approach.

3.0 IRP SCOPE BASELINE

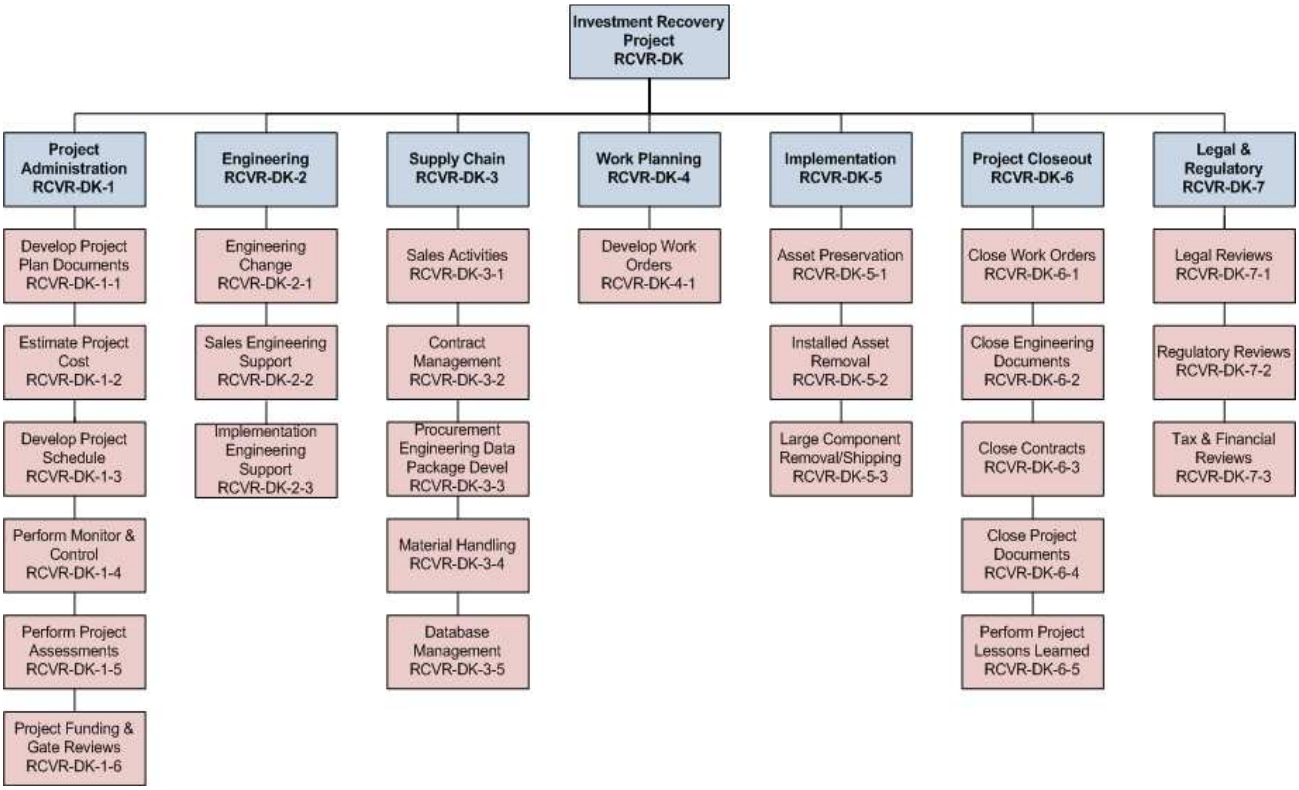
The CR3 Investment Recovery Project consists of the following scope:

- Inventory and catalogue saleable assets.
- The financial analysis to determine asset value.
- The engineering, procurement, and construction activities necessary to preserve saleable assets.
- Sales and marketing activities, including the establishment of strategic partnerships.
- Contract development and execution for necessary engineering, procurement, maintenance/preservation, asset removal and shipment, and warranty.
- Limited to the following plant equipment assets:
    - Warehouse inventory (FERC Account 154)
    - Construction Work in Progress (CWIP) (FERC Account 107); which is further subdivided into:
        - EPU
        - EPU Point of Discharge (POD) helper cooling towers
        - SGR
        - Other
    - Electric Plant In-Service (EPIS) (FERC Accounts 101 and 106)
- The scope specifically excludes nuclear fuel and real property.

The level 1 Scope of Work (SOW) for the Project is broken into a PMC WBS package. The work scope in the WBS includes activities necessary to plan, organize, integrate, budget, measure, and control performance. These activities ensure that the Project accomplishes the mission on schedule in a safe, prudent, and cost-effective manner.

WORK BREAKDOWN STRUCTURE

The WBS is used to organize and integrate the Project Scope Baseline. Figure 1 shows the top levels of the Project.



4.0 SCHEDULE BASELINE

The Project Baseline Schedule approval form is provided in Appendix F. The Project Controls Manager is responsible for establishing and documenting the schedule Baseline process and to assist the Project Manager in setting up the Schedule Management system for the Project.

The following major milestones are contained in the schedule:

Milestone	Baseline	Forecast Date	Actual Date	Critical Path
Initial funding milestone with Project Charter	Jul 13	Jul 13	Jul 13	N
Develop Project Scope and Level 1 Schedule	Jul 13	Jul 13	Jul 13	N
Build Team and Processes	Aug 13	Aug 13	Aug 13	N
Begin Investment Recovery	Aug 13	Aug 13	Aug 13	N
Approve Governance	Oct-13	Oct-13	Oct-13	N
Commence Market of CWIP Large Components (internal)	Oct-13	Oct-13	Oct-13	N
Develop Duke Inventory Match Lists	Nov-13	Nov-13	Nov-13	N
Commence Market of CWIP Large Components (external)	Nov-13	Nov-13	Nov-13	N
Commence Market of EPIS Components (external)	Nov-13	Nov-13	Nov-13	N
Commence Tranche 6 Disposition	Jan-14	Jan-14	Jan-14	N
Commence Tranche 1 Disposition	Feb-26	Feb-26		N
Nuclear Fleet Review Completed – Commence Pull & Ship	Mar-14	Mar-14		N
Commence Tranche 2 Disposition	Apr-14	Apr-14		N
Complete Market of CWIP Large Components (internal)	Apr-14	Apr-14		N
Complete Tranche 1 Disposition	Apr-14	Apr-14		N
Fossil Fleet Review Completed – Commence Pull & Ship	Apr-14	Apr-14		N
Commence Tranche 3 Disposition	May-14	May-14		N
Complete Tranche 2 Disposition	May-14	May-14		N
Complete Market of EPIS Components (external)	Jun-14	Jun-14		N
Commence Tranche 4 Disposition	Jul-14	Jul-14		N
Complete Tranche 3 Disposition	Jul-14	Jul-14		N
Commence Tranche 5 Disposition	Aug-14	Aug-14		N
Complete Tranche 4 Disposition	Aug-14	Aug-14		N
Complete Market of CWIP Large Components (external)	Aug-14	Aug-14		N
Complete Tranche 5 Disposition	Sep-14	Sep-14		N
Complete Tranche 6 Disposition	Sep-14	Sep-14		N
Cleanup & Project Closeout Complete	Apr-15	Apr-15		N
Complete Investment Recovery	Apr-15	Apr-15		N

5.0 COST BASELINE

Upon approval of the Initiate Gate Package by Duke Energy Management, the Project Cost Baseline will be established and documented through the Cost Baseline approval process. The Initiate Gate approved estimate will be used as the basis of the Cost Baseline. The Project Controls Lead is responsible for establishing and documenting the Cost Baseline process and assisting the Project Manager to set up the Cost Management System for the Project.

The Project Cost Breakdown Structure (CBS) is as follows:

Project Level 2 Number	Oracle Level 1 Task	Level 1 Task Description	Oracle Level 2 Task	Level 2 Task Description	Passport WO #
20104219	1000	Project Management	1001	Project Management	1868133-13
			1002	Contracts	1868133-13
			1003	Materials/Other	1868133-13
			1004	Project Management Other	1868133-13
	2000	Sales	2001	Sales Labor	1868133-14
			2002	Sales Material Handling	1868133-15
			2003	Sales Contracts	1868133-14
	3000	Removal Costs	3001	Removal Costs - LPT	1868133-15
			3002	Removal Costs - POD	1868133-15
			3003	Removal Costs - CWP	1868133-15
			3004	Removal Costs - EPU Preservation	1868133-15
			3005	Removal Costs - POD Preservation	1868133-15
			3006	Removal Costs - Other Preservation	1868133-15
			3999	Removal Costs - Non-reimbursable	1868133-15

The Project Cost Baseline and subsequent performance reporting to key stakeholders and sponsors will be made in the Financial View. The Project does not receive any AFUDC charges and none will be reported.

TOTAL PROJECT COST BASELINE & ESTIMATE AT COMPLETION (EAC) FORECAST

The Total Project Cost Baseline will include PMC and other entities baselines.

Total Project Cost Baseline [Financial View]

Cost Baseline	Expected	Range
PMC	$3,408,104	$3,067,294 - $4,089,725 (Min – Max)
Other Entities	$0.0	$0.0
Total Project	$3,408,104	$3,067,294 - $4,089,725 (Min – Max)

Total Project Cost History [As Approved by Project Charter]

Charter Revision	Expected	Range	Approval Date
Rev 0 (initial)	$1,500,000	$1,500,000	07/16/13
Rev 1/EAC	$3,408,104	$3,067,294 - $4,089,725 (Min – Max)	02/20/14

6.0 IRP ORGANIZATION

See Appendix A for IRP Organization Chart

DUTIES AND RESPONSIBILITIES FOR EACH PROJECT MEMBER/ORGANIZATION

Project Sponsor
The Project Sponsor is an executive level manager who functions as the primary customer of the Project team. The success of the Project is determined by the satisfaction of the Sponsor. The Project Sponsor for this project is the GM Decommissioning.

Project Manager (PM)
The PM has the overall authority and responsibility for execution of the Project in order to achieve all work safely, within budget, and on schedule. The work must be completed in compliance with all required local, state, and federal laws and regulations. The PM is responsible for planning, executing, controlling, and closing the Project. This is largely accomplished by coordinating the efforts of the Project team to develop and implement the Project Execution Plan and by taking corrective action when Project objectives are in jeopardy. The PM reports to the Manager of Nuclear Projects.

Specific responsibilities of the PM include:

- Preparation of the Project Execution Plan
- Directing and managing the Project team for the execution of the Project

- Organizing and leading the Monthly Executive Meeting of the Project
- Managing the interfaces between stakeholders and within the Project team
- Manage and develop project team organization
- Identify and obtain resources to ensure project success (either matrix or directly assigned)
- Responsible for resolution of critical issues/opportunities
- Provide direction to project team leaders to promote project success, continuity, and consistency
- Monitor and report project performance and initiate any needed corrective action to keep the project on track
- Primary interface with CR3 Decommissioning Management. Includes providing status updates and resolving critical issues/opportunities needing management awareness or involvement
- Primary interface with the PMC Leadership Team. Includes providing status updates and resolving critical issues/opportunities needing senior management awareness or involvement
- Reviews and assesses overall schedule for achievability of critical milestones and adequacy of contingency plans

Supply Chain Functions

The Supply Chain (SC) Organization is the primary resource for IRP asset dispositions and is the largest contributor to the Project. The SC roles in the IRP are:

Supply Chain IRP Lead

The IRP Supply Chain Lead has overall supervisory responsibility for the IRP sales organization. The IRP Sales Lead and direct reports in **Contracts** and **Sales**, have responsibility for the following:

- Compile a list of site assets, inventory, and other items of value that will be redeployed, sold or scrapped.
- Provide a level of oversight for on-site asset recovery dispositions.
- Manage the population of the Investment Recovery Database.
- Identify potential buyers and determine sale/marketing plan for various assets.
- Develop / coordinate the contract bid, evaluation and execution process for assets that will be sent out for bid.
- Provide technical input on requested assets as required by potential customers.
- Qualify bidders to assure credit worthiness, or advance payment where credit worthiness is in doubt.
- Provide technical input and manage the results / inquiries from Recovery Seeker

- Assure that a signed contract is in hand, based on standard forms approved by the Legal department, or an alternate form approved by the Legal Department before releasing the project asset to the buyer.
- For international sales (direct or indirect), assure that all regulatory approvals are obtained before releasing the project asset to the buyer.
- Complete Affiliate Asset Transfer Forms for all assets transferred to other Duke Energy affiliates.
- Work with Field Organizations/Contractors for the coordination to release assets from the site.
- Package and ship smaller assets to successful purchasers.
- Manage the retrieval of documentation and generation of Certificates of Conformance required for the sale of safety related assets.
- Coordinate assets that will be dispositioned by the Corp Asset Group
- Manage and Monitor invoicing and outstanding receivables.

Major Projects Materials Lead

- Coordinates accounting and control of CWIP materials.
- Supports removal and shipping of CWIP materials.

Supply Chain Support – Asset Recovery

- Primary interface for salvage of equipment.
- Supports asset disposition through their known channels.

Financial Analyst

- Provide leadership and management of finance.
- Track costs and value of divested materials.
- Ensures proper accounting of monies received from assets divested.
- Provides NBV and other cost information.

Legal / Regulatory / Tax Support

- Contract form development and negotiation support.
- Provide legal interpretation/guidance on contractual issues.
- Assist in contract dispute resolution, as necessary.
- Support the Affiliate Asset Transfer process.
- Provide support to ensure that the project remains within governance and demonstrates prudency.
- Supply advice and assistance on export control regulations.

- Provide guidance on tax issues.

Engineering

- On an as-needed basis, provides support for the removal of major assets.
- Provides technical information on assets.

Major Projects Implementation

- Provide leadership and management of large or complex asset removal tasks.
- Assist the Task Managers in monitoring contractor's work planning and execution for removal tasks
- Work with the Task Managers to resolve any work practices considered significantly inefficient, ineffective or unsafe.
- Performs necessary inspections of the Contractor's work to assure compliance with QA/QC policies and procedures.
- Identifies any deficiencies and works with the appropriate Task Managers to have these resolved by the Contractor.
- Assure that the Contractor assigns sufficient qualified workers to meet planned performance.
- Assist the Task Managers with monitoring corrective and preventive actions taken on incident investigations and non-conformances (NCRs).
- Report any barriers to the Task Managers to achieving key milestones and/or any recovery plans in place to mitigate barriers.
- Interface with the appropriate Task Managers to address any potential scope or technical issue.
- Participate in the oversight of the Contractor's implementation of their site-specific safety and environmental programs.
- Coordinate and oversee the Contractor's implementation of Duke Energy's lifting and rigging program.

Project Controls (PC) Supv / Principal PC Specialist / Scheduler

- Review schedule updates for accuracy, reasonableness and impacts.
- Interface with Station scheduling regarding tie-ins and resource requirements.
- Prepare schedule update summaries (e.g., Key Milestones, Critical Path and Look Ahead, etc.) as requested by the IRP PM.
- Evaluate schedule variance corrective actions for appropriateness and reasonableness and provide results to the Project Manager and other appropriate Project team members.
- Evaluate forecasts regarding accuracy, appropriateness and reasonableness of schedule logic, durations and resources for remaining activities.

- Develop and maintain project cost estimate/cash flow forecast, analyze trends and provide current information to the PM, other appropriate Project team members and appropriate Project and Department Management.
- Review Monthly Work-Hour and Cost Transaction Reports for appropriateness and reasonableness of labor, materials and subcontract charges made to the project, including where charges may not be covered or where they exceed the Project Funding Authorization. Follow up with appropriate personnel regarding any inappropriate and/or unreasonable charges.
- Maintain Change Management System for identified changes in project cost, schedule, and cash flow. This includes Change Orders for work scopes. Develop cost / schedule forecast for identified scope changes.
- Support annual Corporate Budgeting process and provide monthly cash flow projections.
- Provide schedule updates for Duke Energy's subproject within the integrated project schedule.
- Incorporate contractual and key stakeholder activities into overall project schedule.
- Provide project reports to Project Leadership Team on overall Project performance and forecasts compared to key milestones, Project funding, and annual budgets.

Project Assurance Advisor

The Project Assurance Advisor provides support to the Project through education and awareness of Company policy. The Advisor ensures that all material decisions involving expenditures for which cost recovery is sought are made and documented in a manner that will allow Duke Energy to achieve full and fair recovery through the regulatory process. They execute duties specific to the Project include: developing and delivering education and awareness programs to Project personnel and ensuring that documentation of Project decisions is adequate to explain the basis for the decision, and reasonableness thereto. They also develop the Project Assurance Plan for the Project.

RACI CHART FOR PROJECT ORGANIZATION

A Responsible, Accountable, Consult, Inform (RACI) chart that further clarifies organizational responsibilities by activity is provided in Appendix B.

7.0 DISPOSITION STRATEGY & MANAGEMENT

[NOTE: Section titled changed from Procurement Strategy to Disposition Strategy due to the unique nature of the Project]

Strategic Approach and Rational

The Project will disposition assets in a manner that maximizes the reduction of the Regulatory Asset. The methodology employs a systematic, sequential approach as illustrated in Appendix D – DISPOSITION STRATEGY FLOWCHART.

The illustrated systematic approach focuses on internal transfer of the asset first as, per the Affiliate Asset Transfer Agreement (AATA) and Affiliate Asset Transfer (AAT) process, assets transferred internally are at Average Unit Price (AUP). Large asset distribution efforts have historically returned a fractional percentage of AUP overall, therefore, receiving AUP or greater for an asset is advantageous to our customers.

Following internal transfers, in terms of expected returns, are marketing to utilities, then 3rd party resellers, then salvage and scrap (in order from high to low).

Assets are segregated (or "bucketed") by AUP tranches. Large asset distribution efforts have also shown that the overwhelming amount of total value is returned by a small amount of the asset set. In the case of the CR3 inventory asset set of 1.4M items, Tranches 1 through 5 represent approximately 12,000 items and approximately 85% of inventory value. The project will place special focus on Tranches 1 through 5 and the requisite marketing effort they demand.

Disposition of Tranche 6 is labor intensive to disposition due to the significant number of items, with expected return being low.

Governance

Governance for the Project is provided in AI-9010, *Conduct of CR3 Investment Recovery*. The strategic approach outlined above is congruent with the requirement stated in AI-9010.

Guidance

Guidance for consistent implementation of each sales track (Affiliate Transfer, Utility/OEM, 3rd Party Reseller, and Scrap/Salvage) is contained in Investment Recovery Guidance Document IRGD-001, *Sales Track Guidance and Documentation Package Development*. This guidance document also provides information on Project Assurance (PA) SharePoint organization and file naming convention for PA documents; with each disposition having a completed checklist of required actions completed.

8.0 IMPLEMENTATION AND IMPLEMENTATION MANAGEMENT

[NOTE: Section titled changed from Construction to Implementation due to the unique nature of the Project]

Removal of Installed Assets

The removal of installed assets must be performed in a manner that maintains configuration control and supports relied upon system functionality, as established by the system abandonment process (AI-9003, *System Evaluation and Categorization*) and schedule.

To ensure compliance with the system abandonment process, each installed asset requested will be evaluated and the removal approved by plant management. This approval process will also review risks associated with the removal to ensure that the plant is willing to accept those risks for the sake of disposition. Approval is documented on a form contained in AI-9010, *Conduct of Investment Recovery*.

Large Component Removal and Shipping

Multiple large CWIP components that are not installed, such as the Low and High Pressure Turbines, POD Cooling Tower, and feed water heaters, will be removed for shipping by the Major Projects Implementation group. These are significant efforts requiring specialized skills and equipment.

The removal of an installed asset or large component removal and shipping activities are handled as a stand-alone task with a specific task plan developed. Costs to remove installed assets will be the sole responsibility of the buyer.

Implementation oversight shall be provided by Duke Energy's PMC department.

9.0 INTEGRATION, COMMISSIONING AND TURNOVER STRATEGY & MANAGEMENT

[This section is not applicable to the Project as there are no integration, commissioning or turnover activities associated in this non-construction project.]

10.0 SCOPE MANAGEMENT

The Scope Baseline will be controlled and maintained by the Project Manager in accordance with PJM-00008-ENTSTD. Changes to the Scope Baseline will be managed through the Integrated Change Control (ICF) process utilizing Integrated Change Control Forms (ICF)processed in the PassPort system.

11.0 SCHEDULE MANAGEMENT

The Project will use Primavera P6 or higher version as the primary scheduling software.

The Project Scheduler is responsible for the following weekly activities at a minimum:

1. Quality of the fully Integrated schedule
2. Weekly schedule review meetings
3. Schedule updates
4. Change trends.

Schedule Development

A detailed, resource loaded Level 3, including Duke Energy critical interface points is developed for all disposition activities. Additional schedule elements for the removal of installed assets and large component removal and shipping activities will be developed and added to the overall integrated schedule.

The Project Controls Manager will then implement the PMC Schedule Baseline approval process as per the PMC-PRC-00-AD-0009 PMC Project Schedule Management procedure. This process establishes the fully Integrated Baseline schedule. The Project Scheduler will refer to the PMC-PRC-00-AD-0009 PMC Schedule Management procedure regarding file naming, data archive, and overall schedule management process details for the Project.

Upon approval/sign-off on the Project Schedule Baseline, the Project Manager then officially accepts the Level 3 schedule as the Baseline schedule.

The Schedule Baseline will then be controlled and maintained by the Project Manager with assistance from the Scheduler. Changes to the Schedule Baseline will be managed through the ICF process. The Project will utilize Primavera P6.8.1 or higher version as the primary scheduling software.

Schedule Analysis

The Schedule will be reviewed and analyzed for float, completeness, logic, open ends, contractual dates, and milestones, on a weekly basis by the on-site Project Controls personnel. Any feedback or corrections on the schedule will be communicated by Project Controls to the contractor and also noted as minutes from the weekly on-site Project Controls meeting.

Earned Value Reporting and Analysis

One of the key responsibilities of the Scheduler is to track, analyze, and audit the Earned Value. The analysis will be communicated through the internal weekly Project Controls reports as well as monthly reports which will be circulated to the Project Manager and other key individuals. For this Project, Earned Value metrics will include:

- Schedule Variance

- Cost Variance
- Estimate at Completion (EAC)
- Estimate to Completion (ETC)

12.0 COST AND FINANCIAL MANAGEMENT

Upon Establishing the Project Cost Baseline Structure, Project Controls develops a Cost and Finance Management system for the Project in accordance with PJM-00012 and PMC-PRC-NA-AD-0014 Cost & Contingency Management Procedure.

The Project will maintain and communicate total cost-to-date, un-awarded costs, pending change orders, ETC, and EAC through monthly reports.

Accruals will be recorded in compliance with the corporate accrual policy. The Cost Baseline will be controlled and maintained by the Project Manager with assistance from Project Controls and Finance Lead.

The Project Cost Lead is responsible for assembling the updated Project Cost package by the 10th of each month for team review. The team includes the Project Director, Finance Lead, Implementation Manager, and or Supply Chain.

The Project Manager will approve the final communication package regarding Project cost performance prior to mass distribution.

The Project Controls Cost Lead and Finance Lead will assist the PM to control and maintain the total Cost Baseline of the Project. Changes to the Cost Baseline will be managed in accordance with PMC-PRC-NA-AD-0014 Cost & Contingency Management Procedure.

Contingency Management

Per PMC-PRC-NA-AD-0014 Cost & Contingency Management Procedure, project contingency (Estimate uncertainty & Risk Contingency) drawdown will process through Change Control process utilizing ICFs. ICFs and contingency drawdown will be analyzed on a monthly basis and will document use of Contingency drawdown and Deviations against appropriate CBS. Contingency balance will be assessed against ETC and Risk profile and adequate explanation will be added in the report.

Risk update meeting will be conducted to evaluate updated Risk EMV for the project, Risk coverage ratio will be determined and analysis will be communicated in the analysis section to reflect the project's assessment on update risk profile.

Accounting Considerations

Accounting considerations are contained in Investment Recovery Guidance Document IRGD-001, *Sales Track Guidance and Documentation Package Development*. This provides a "roadmap" to how the IRP accounting is setup and how the Project ensures that it is accurately capturing and reporting IRP costs and sales, and that IRP net sales are correctly reflected as a reduction to the Reg Asset.

CBS and WBS Relationship

The CBS and WBS are aligned as follows:

Project Level 2 Number	Oracle Level 1 Task	Level 1 Task Description	Oracle Level 2 Task	Level 2 Task Description	WBS Element(s)
20104219	1000	Project Management	1001	Project Management	RCVR-DK-1-1, RCVR-DK-1-2, RCVR-DK-1-3, RCVR-DK-1-4, RCVR-DK-1-6, RCVR-DK-6-4, RCVR-DK-6-5
			1002	Contracts	RCVR-DK-3-2, RCVR-DK-6-3 PM contracts only
			1003	Materials/Other	TBD
			1004	Project Management Other	RCVR-DK-1-5, RCVR-DK-7-1, RCVR-DK-7-2, RCVR-DK-7-3
	2000	Sales	2001	Sales Labor	RCVR-DK-2-1, RCVR-DK-2-2, RCVR-DK-2-3, RCVR-DK-3-1, RCVR-DK-3-3, RCVR-DK-3-5, RCVR-DK-6-2
			2002	Sales Material Handling	RCVR-DK-3-4
			2003	Sales Contracts	RCVR-DK-3-2, RCVR-DK-6-3
	3000	Removal Costs	3001	Removal Costs - LPT	RCVR-DK-4-1, RCVR-DK-5-3, RCVR-DK-6-1
			3002	Removal Costs - POD	RCVR-DK-4-1, RCVR-DK-5-3, RCVR-DK-6-1
			3003	Removal Costs - CWP	RCVR-DK-4-1, RCVR-DK-5-2, RCVR-DK-6-1
			3004	Removal Costs - EPU Preservation	RCVR-DK-4-1, RCVR-DK-5-1, RCVR-DK-6-1
			3005	Removal Costs - POD Preservation	RCVR-DK-4-1, RCVR-DK-5-1, RCVR-DK-6-1
			3006	Removal Costs - Other Preservation	RCVR-DK-4-1, RCVR-DK-5-1, RCVR-DK-6-1
			3999	Removal Costs - Non-reimbursable	RCVR-DK-4-1, RCVR-DK-5-1, RCVR-DK-6-1

13.0 RESOURCE MANAGEMENT

Staffing

The Project will utilize a cross functional team to plan, execute, monitor, control and close the Project as mentioned under "Organization Duties & Responsibilities and Approval Entities" section. Personnel that are working on the Project will charge their time and expenses as per the appropriate CBS. The hours and expenses of the internal personnel charging to the Project will be reviewed on a monthly basis. The Finance Lead will be responsible for running the Duke Energy direct labor report and will review the

report, along with the Project Controls Lead and the Project Manager, to ensure that all time and expenses being charged to the Project have been done so appropriately.

Kick-off Meeting

The Project Manager will conduct a Project Kick-Off Meeting on-site with all members of the Project team to go over execution strategy in detail including processes, procedures, roles and responsibilities, ground rules on-site, contract management at Site level, interface with other entities during execution phase, communication plan and rules, etc.

CR3 SUPPORT

Plant Operations

The project will interface with operations to obtain necessary equipment clearances to allow work to proceed safely and to maintain configuration control and protect spent fuel pool interface systems.

Training

The project leadership team is committed to ensuring only properly trained and qualified individuals are assigned to work independently. Existing CR3, Duke Energy fleet or industry training material will be used whenever possible to minimize the need to develop new training material. When needed, additional training will be designed and specific training material will be developed. Fleet training procedures will be used as a reference to guide project training activities.

As each individual is hired, specific initial and continuing training needs will be identified by comparing the individual's knowledge, skill, and experience with the position-to-training matrix. In addition, individual qualification requirements will be identified. Training personnel and project supervision will collaborate to determine the topics from which training exemptions will be granted. Training and qualification requirements and completion status will be maintained in the station's personnel qualification database.

Radiation Protection

Radiation Protection and Control will be implemented for the project in accordance with Site Radiation Control & Protection Manual. The project will interface with the site Radiation Protection staff responsible for ALARA planning, work permit development, and briefings. The project will integrate with station field resources for RP coverage and surveys.

Radiation Protection will also be responsible for oversight of vendor plans for material removal. This includes responsibility for survey and release of any material leaving the radiation controlled area and site.

Engineering

Duke Energy staff will have the primary responsibility for the design and field implementation support of the project. Vendors will be utilized as required to provide specialized analysis and skills.

CR3 Site Engineering will support project development, contractor adherence to performance requirements, maintain knowledge of current project issues, facilitate the resolution of technical issues, and ensure internal stakeholders adequately and expeditiously review project deliverables.

Security

Duke Energy will maintain responsibility for site security and protection. All project site activities will be subject to the site security plan. The project will interface with the site security supervisor to integrate project activities with Security.

14.0 QUALITY MANAGEMENT

The Project will abide to CR3 Nuclear Oversight Program and Policies. The CR3 Nuclear Oversight Staff will be utilized to accomplish these functions. The goal of the Nuclear Oversight (NOS) is to provide nuclear oversight for the execution of the Project in accordance with the CR3 QA Program manual and Nuclear Oversight policies and Procedures including AD-NO-ALL-0500, Major and Complex Project Oversight.

Lessons Learned

Application of lessons learned and operating experience will be integrated into the planning and execution of the Project. Lessons learned and operating experience from other Duke generating plant retirements and industry operating experience from similar work activities will be incorporated. Formal disposition of Operating Experience will be in accordance with CAP0200, Conduct of Performance Improvement as applicable.

Corrective Action Program

The Corrective Action Program (CAP) establishes the processes and responsibilities for documenting and resolving problems, including conditions adverse to quality. The program is designed to address problems in a manner consistent with the nature of the condition and its importance to nuclear safety,

industrial safety, or equipment reliability. The Project will utilize the station corrective action program throughout the duration of the project to address all issues related to owner and vendor actions.

Safety Conscience Work Environment

Project leadership will work to maintain a safety conscience work environment on the project. The project will integrate into the station Safety Culture Program, ADM0119.

15.0 RISK MANAGEMENT

The Risk Management process through-out the Project will be in accordance with in accordance with PJM-00004, PJM-00013, PJM-00013 Guide and PMC-PRC-NA-AD-0016 Risk Management Procedure.

The Project will utilize a Risk Register, Top Ten Post Response Strategy Risk Matrix, Risk Radar and Risk Trend tools to monitor, control, and communicate the status of Project risks on monthly basis at a minimum.

The Project will utilize the current available template of the Risk Register tool as provided on the PMCoE SharePoint Site. The PMC Project Controls Lead will ensure that the Project risk register is updated on a monthly basis, in advance of and in support of the monthly Project review meeting.

16.0 COMMUNICATION MANAGEMENT

Emergency Incidents

The affected party will immediately notify the Duke Energy Project Manager. The PMC Project Manager maintains the Incident Notification log through-out the Project life-cycle for record and audit purposes.

For Safety Incidents

- The first person at the site of an accident or incident where medical assistance is required shall immediately call 5555 or the appropriate emergency number for the work location.
- The Site Safety Lead or Project Implementation Manager will notify the PMC Project Manager & PMC Safety Lead (Charlotte) per the Management Intervention Plan (MIP).
- The Site Safety Lead will complete the first notice of serious event or OSHA recordable, approved by Site management & distributed as instructed through Plantview (PMC internal only), per the Management Intervention Plan (MIP) .

- The PMC Project Manager will make notifications per the Management Intervention Plan (MIP).
- The Project Implementation Manager will make notifications per the Management Intervention Plan (MIP).

For Environmental Incidents

- The Site Environmental Lead or Project Implementation Manager will make notifications per the Management Intervention Plan (MIP).
- The Site Environmental Lead or PMC Site Construction Manager will immediately notify the PMC Project Director & PMC Environmental Lead (Charlotte).
- The PMC Project Director will notify the GM-PMC and Plant/Station manager.
- The PMC Site Construction Manager will notify the PMC Manager-Site Construction.

NOTE: The PMC Environmental Lead (Charlotte) coordinates and manages all agency notifications through Duke Energy EHSS. Contractors will not make agency notifications or public comment releases to the press.

Meeting Schedules

Project meetings will be held on a weekly and monthly basis.

Key Decisions

The Project Manager will use the ICF Change Control Process to seek VP, PMC approval prior to implementing a key decision on the Project which is not addressed at any other forum. For instance, the Project decision to Re-Baseline schedule will be tracked and approved through this process.

Lessons Learned Management

Lessons Learned will be documented in accordance with the PMC-PRC-00-AD-0007 Performance Improvement (PI) procedure.

All Project lessons learned will be documented in Plantview and also reported through the monthly report review process.

After Action Review (AAR)

Following critical evolutions and other major events the Project team will conduct AARs in accordance with the PMC PI procedure.

Post-Project Debriefing

During the Project's close phase, the Project team will perform a post-Project debriefing to facilitate identification of lessons learned in accordance with the PJM-00019-ENTSTD Project Close Management Standard.

17.0 COMPLIANCE MANAGEMENT [SAFETY, ENVIRONMENTAL, AND REGULATORY]

Safety Plan

The Site occupational health and safety focus incorporates Duke Energy Corporate procedures applicable to the Site, Corporate Development Group - Health and Safety Management System, and applicable operating plant health and safety procedures.

Occupational health and safety expectation includes adequate oversight and continuous improvement throughout the Project.

Environmental Permits

There are no environmental permits expected for the Project. The need for permits required to support large component removal and shipment will be addressed in the individual Task Plan(s) developed.

Environmental Compliance

The Environmental Compliance Plan (ECP) for individual Task Plans will consist of the development and implementation of a Site specific environmental execution plan based on each scope.

Regulatory

Specific guidance for execution of the Project is provided in AI-9010, *Conduct of CR3 Investment Recovery*. Regular review and audit is performed under the purview of the Duke Rates and Regulatory Strategy department.

18.0 DOCUMENT CONTROL & PROJECT ASSURANCE

Document Control

The CR3 Decommissioning Document Retention SharePoint site will be used for capturing and storing Project records. In addition to the documents specified in the Project Assurance Plan, a "working"

section is established to store in-progress project documents (e.g.; action items, contracts, AAT forms, IRP Master Database, Photos, POs, sales data, etc.)

Project Assurance

The Project Manager and other entities involved in planning and executing the Project are responsible for ensuring that the Project is implemented in a reasonable and prudent manner. The role of Project Assurance is to ensure that Project stakeholders understand the regulatory cost recovery process and the importance of managing the Project in a manner that will allow the company to recover Project costs as permitted by relevant laws, rules and regulations. A designated Project Assurance Advisor will be appointed to support and advise the Project management team based on Project type/requirements. The advisor will collaborate with the Project Manager to identify Project decisions and decision milestones that may be subject to regulatory scrutiny and will be available to review and/or advise upon the documentation necessary to demonstrate that those decisions were reasonable and prudent.

Project Assurance issues will be sent via e-mail with copy to the Project email address. Refer to PMC-PRC-NA-AD-0013 Project Assurance Manual for details and process information.

19.0 PROJECT REPORTING AND PERFORMANCE MEASUREMENT TOOL

Project Performance Measurement Tool

The Project Performance Measurement Tool consist of two (2) categories/Key Performance Indicators (KPI) – proceeds / cost, and asset work down curve. Updates of both KPIs will be evaluated and communicated at an agreed frequency (Weekly and Monthly) as per the weekly/monthly reporting distribution sheet. The Project will use the PMC management approved Monthly Report template to communicate performance updates.

Project Reporting – PMC internal

Project reporting includes both weekly and monthly generated reports.

On a weekly basis, the Project Manager will use an exception based weekly report to status the Project update. The weekly report is a SharePoint web report and is to be completed by the Project Director by the close of business every Thursday.

On a monthly basis, the Project core team will jointly update the Project Monthly report for KPIs performance updates in detail. The Project Manager will host a monthly Project progress meeting for PMC management. The meeting will cover all of the items that are to be noted in the monthly report.

The monthly Project team meeting will be held to facilitate a forum for key stakeholders to gain an understanding of the Project status and engage in key issues and risks.

The following are a list of reports regularly generated by the Project team:

- Monthly Project Reports
  - Cost & Financials Analytics
  - Asset work down curves
  - Schedule milestone performance
- Weekly Project Reports
  - Exceptions

20.0 WARRANTY MANAGEMENT

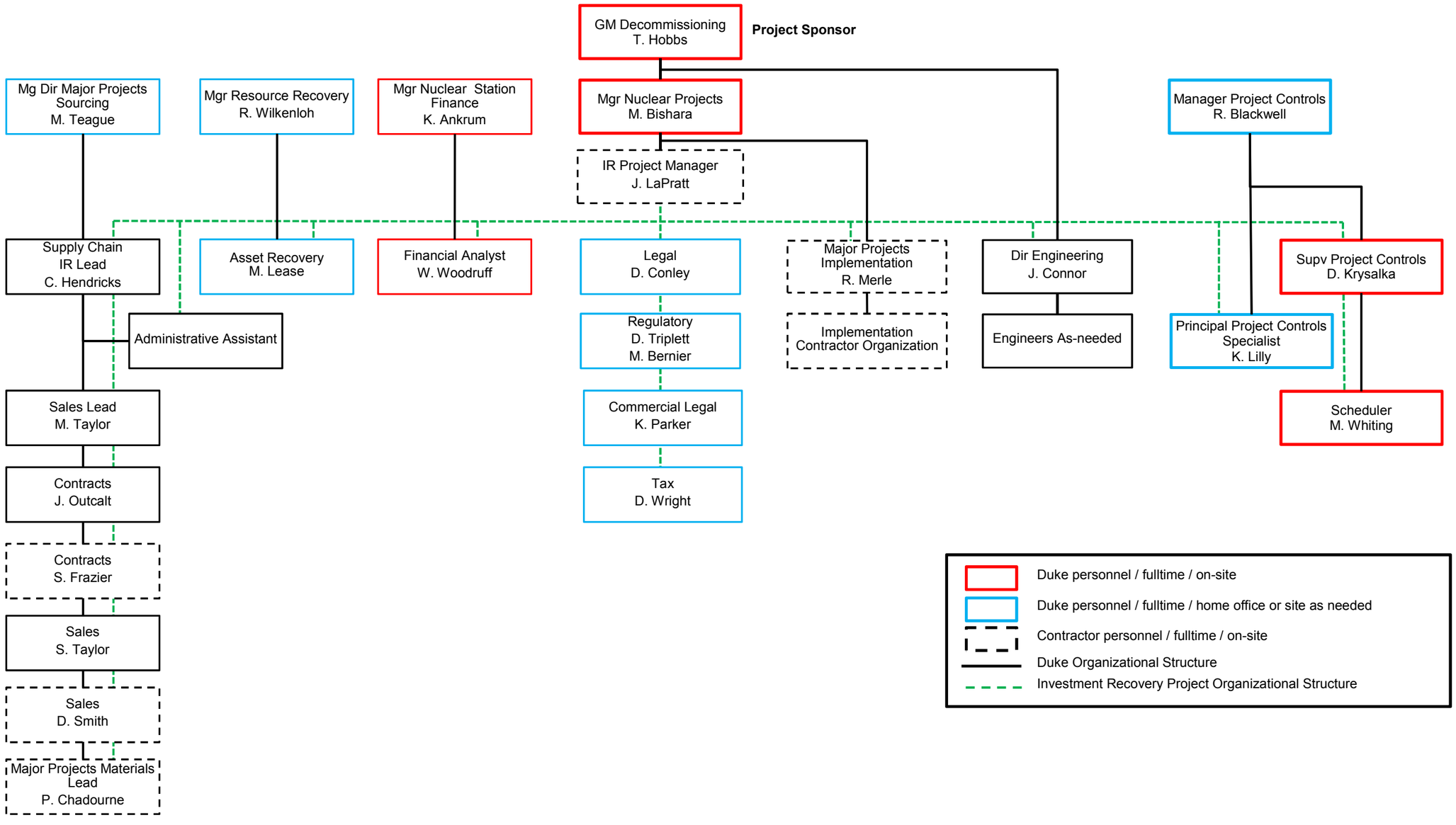
CR3 assets dispositioned to non-Duke entities by this Project are sold as-is, where-is with no warranty by Duke. Supply Chain Contracts personnel will work with asset suppliers as needed to facilitate transfer of manufacturer/supplier warranties when assets are transferred to a Duke affiliate.

21.0 PROJECT CLOSE-OUT MANAGEMENT

Project Close-Out Management will be in accordance with PJM-00019-ENTSTD and PMC-PRC-00-AD-0004 PMC Project Stage Gate Review and Approval procedure. These procedures provides guidance on the Project close-out process, accounts closing, contract closing, final job report, documents transfer, and reporting of standard post Project benefit assessments.

A final Project Close-Out meeting will be held during which the Project Manager and PMC General Manager will review open items and remaining scope of the work. The Project Manager will also review any contractual agreements. This may include any open items for audits, incident investigations, or corrective actions.

APPENDIX A – ORGANIZATION CHART



APPENDIX B – ORGANIZATION RACI[1] CHART

Activity	Project Team Member											
	Project Manager	Supply Chain Lead	SC Contracts Lead	Proj Cont Specialist/ Supervisor	Proj Cont Scheduler	Proj Cont Estimator	Financial Analyst/ Manager	Project Engineer	Impl Manager	Reg Lead	Legal Lead	Lead Planner
DK-1 Project Administration												
DK1-1 Develop Project Plan Documents	A/R	C	C	C	I	I	C	C	C	C	C	I
DK1-2 Estimate Project Costs	A	C	C	C	C	R	C	C	C	C	C	I
DK1-3 Develop Project Schedule	A	C	I	C	R	I	I	C	C	I	I	C
DK1-4 Perform Monitor and Control	A/R	R	C	R	R	I	R	C	C	C	C	I
DK1-5 Perform Project Assessments	A	C	C	C	C	C	C	C	C	R	R	C
DK1-6 Project Funding and Gate Reviews	A/R	C	C	C	C	C	C	C	C	C	C	C
DK-2 Engineer												
DK2-1 Engineering Change	A	I	I	I	I	I	I	R	C	I	I	I
DK2-2 Sales Engineering Support	A	C	C	I	I	I	I	R	I	I	I	I
DK2-3 Implementation Engineering Support	A	I	I	I	C	I	I	R	C	I	I	C
DK-3 Supply Chain												
DK3-1 Sales Activities	A	R	C	I	I	I	C	C	C	I	I	I
DK3-2 Contract Management	A	C	R	I	I	C	C	C	C	I	I	I
DK3-3 Procurement Engineering Data Package Dev	A	R	C	I	I	I	I	C	I	I	I	I
DK3-4 Material Handling	A	R	I	I	I	I	I	I	I	I	I	I
DK3-5 Database Management	A	R	C	C	I	I	C	C	I	I	I	I
DK-4 Work Planning												
DK4-1 Develop Work Orders	A	I	C	I	C	I	I	C	C	I	I	R
DK-5 Implementation												
DK5-1 Asset Preservation	A	C	C	I	C	I	I	C	R	I	I	C
DK5-2 Installed Asset Removal	A	C	C	I	C	I	I	C	R	I	I	C
DK5-3 Large Component Removal/Shipping	A	C	C	I	C	I	I	C	R	I	I	C
DK-6 Project Closeout												
DK6-1 Close Work Orders	A	C	C	I	C	I	I	C	C	I	I	R
DK6-2 Close Engineering Documents	A	C	C	I	I	I	I	R	C	I	I	C
DK6-3 Close Contracts	A	C	R	I	I	I	C	C	C	I	I	I
DK6-4 Close Project Documents	A/R	C	C	C	C	C	C	C	C	C	C	C
DK6-5 Perform Project Lessons Learned	A/R	C	C	C	C	C	C	C	C	C	C	C
DK-7 Legal & Regulatory Oversight												
DK7-1 Legal Reviews	A	C	C	C	C	C	C	C	C	C	R	C
DK7-2 Regulatory Reviews	A	C	C	C	C	C	C	C	C	R	C	C
DK7-3 Tax & Financial Reviews	A	C	C	C	C	C	R	C	C	C	C	C

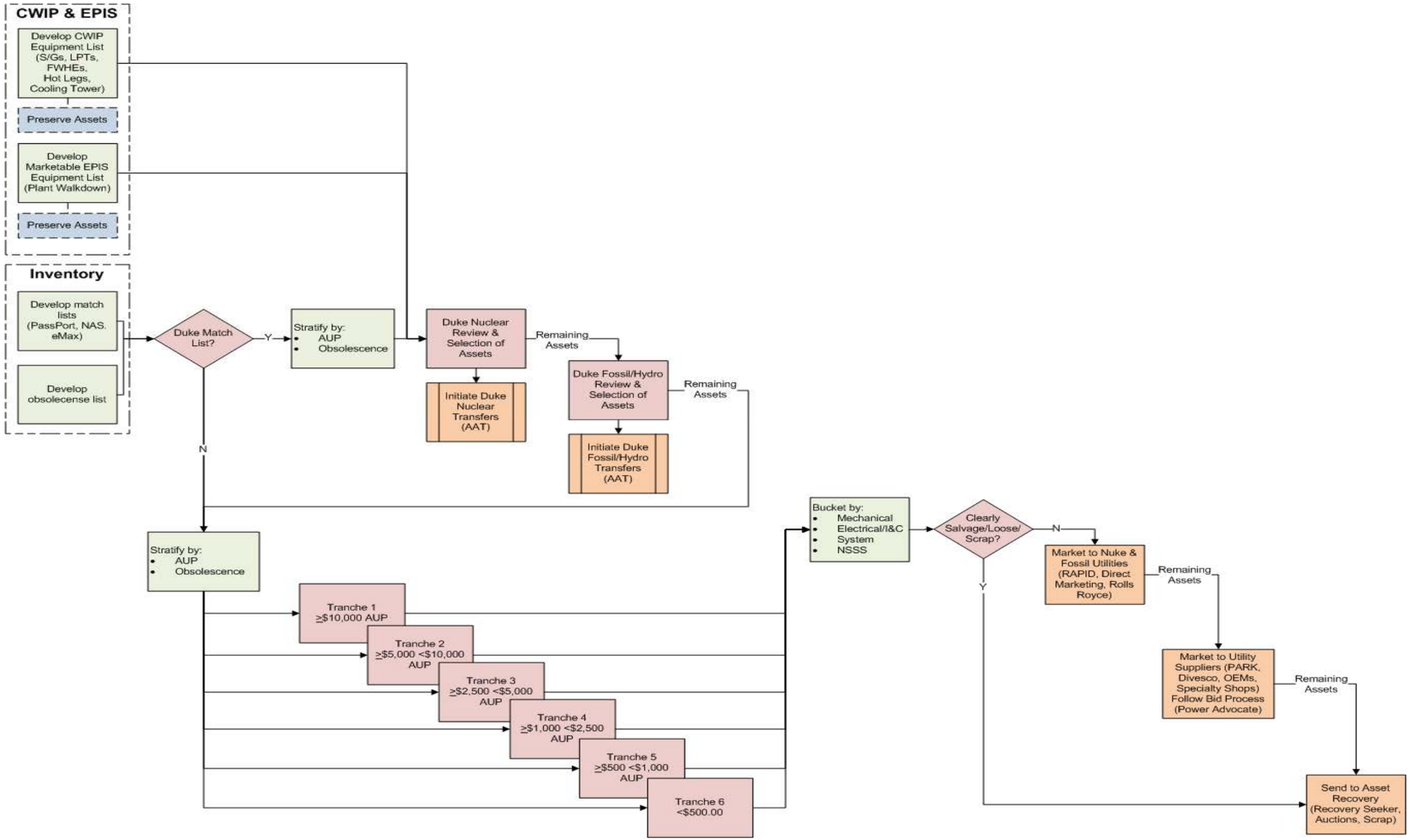
[1]**R [responsible]** Those who do work to achieve the task. **A [accountable]** The resource ultimately answerable for the correct and thorough completion of the task. **C [consult]** The resources whose opinions are sought on various activities. This is a two-way communication. **I [inform]** The resources that need to be kept up-to-date on progress. This is a one-way communication.

APPENDIX C – CONTACT LIST

Project Management				
Last Name	**First Name**	**Position**	**Extension**	**Cell Phone**
LaPratt	Jeff	PM	[redacted]	[redacted]
Bishara	Magdy	MGR Nuclear Projects	[redacted]	[redacted]
Project Controls & Support				
Last Name	**First Name**	**Position**	**Extension**	**Cell Phone**
Krysalka	Dan	Supv Project Controls	[redacted]	[redacted]
Lilly	Kathy	Prnc Proj Controls Specialist	[redacted]	[redacted]
Woodruff	Wendy	Sr Financial Analyst	[redacted]	[redacted]
Whiting	Mark	Sr Proj Controls Specialist	[redacted]	[redacted]
Supply Chain				
Last Name	**First Name**	**Position**	**Extension**	**Cell Phone**
Teague	Mark	Mgng Dir Major Projs Sourcing	[redacted]	[redacted]
Hendricks	Chris	Mgr Nuc Site Supply Chain	[redacted]	[redacted]
Taylor	Mike	Mgr Nuclear Procurement	[redacted]	[redacted]
Smith	Dave	Contractor – IRP Specialist	[redacted]	[redacted]
Taylor	Steve	Sr Tech Specialist	[redacted]	[redacted]
Outcalt	Jay	Contacts	[redacted]	[redacted]
Frazier	Shannon	Contracts	[redacted]	[redacted]
Chadourne	Paul	Materials Lead	[redacted]	[redacted]
Lease	Michelle	Asset Recovery Coordinator	[redacted]	[redacted]
Engineering				
Last Name	**First Name**	**Position**	**Extension**	**Cell Phone**
Connor	Jim	Dir Nuclear Engineering	[redacted]	[redacted]
Implementation				
Last Name	**First Name**	**Position**	**Extension**	**Cell Phone**
Merle	Russ	Implementation Manager	[redacted]	[redacted]

Legal / Regulatory / Tax				
Last Name	**First Name**	**Position**	**Extension**	**Cell Phone**
Conley	Dave	Associate Gen Counsel	[redacted]	[redacted]
Triplett	Dianne	Associate Gen Counsel	[redacted]	[redacted]
Bernier	Matt	Sr Counsel	[redacted]	[redacted]
Parker	Kristy	Associate Gen Counsel	[redacted]	[redacted]
Wright	Dave	Dir Non-income & Property Tax	[redacted]	[redacted]
Olivier	Marcia	Dir Rates & Reg Strategy	[redacted]	[redacted]

APPENDIX D – DISPOSITION STRATEGY FLOWCHART

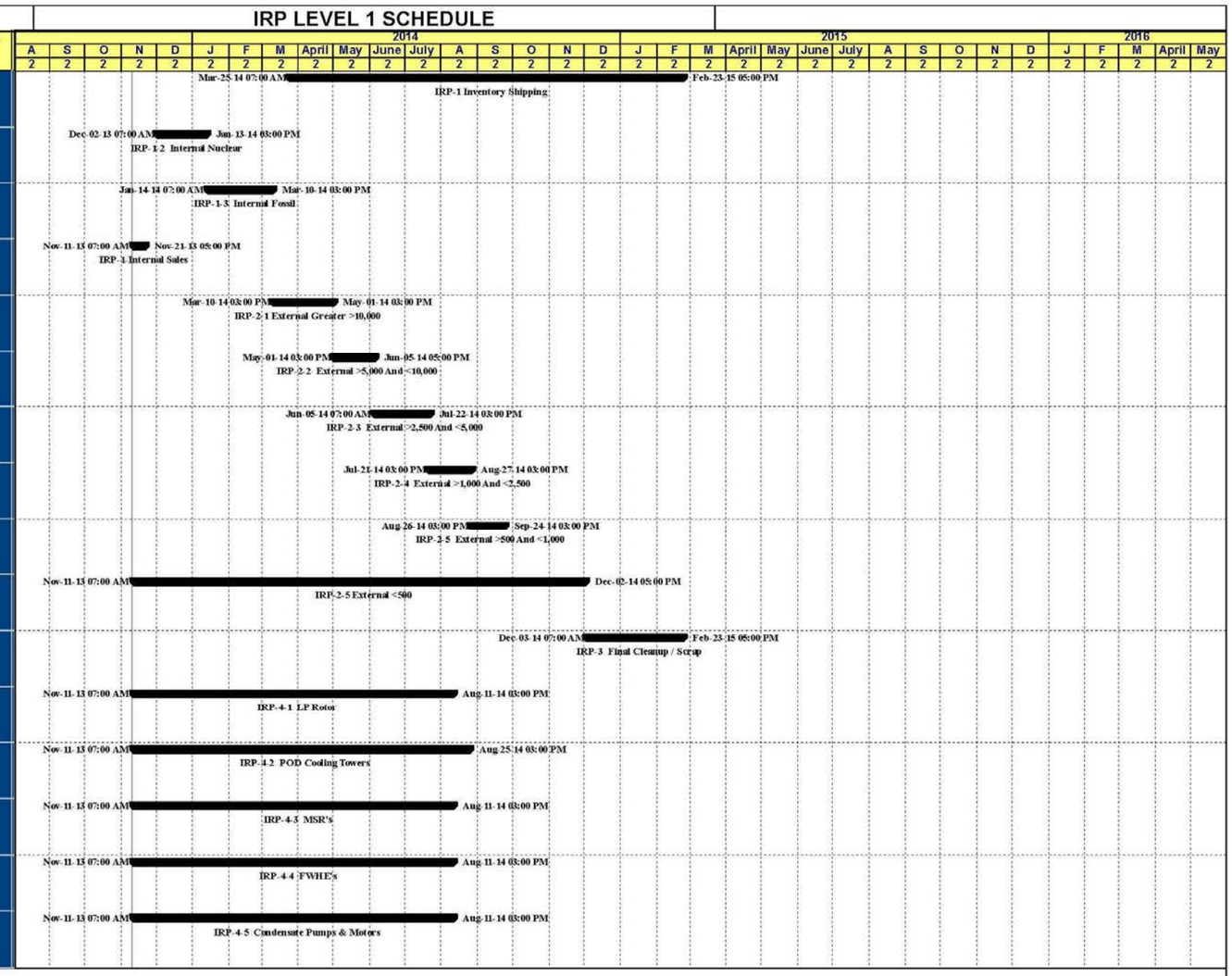


APPENDIX E – LEVEL 1 SCHEDULE

CR3 INVESTMENT RECOVERY SCHEDULE

IRP LEVEL 1 SCHEDULE

Activity ID	Activity Name	Start	Finish	Hrs	Activity Type
IRP-1	Inventory Shipping	Mar-25-14 07:00 AM	Feb-23-15 05:00 PM	1830h	
IRP-1-2	Internal Nuclear	Dec-02-13 07:00 AM	Jan-13-14 03:00 PM	218h	
IRP-1-3	Internal Fossil	Jan-14-14 07:00 AM	Mar-10-14 03:00 PM	318h	
IRP-1-Internal Sales		Nov-11-13 07:00 AM	Nov-21-13 05:00 PM	80h	
IRP-2-1	External Greater >10,000	Mar-10-14 03:00 PM	May-01-14 03:00 PM	300h	
IRP-2-2	External >5,000 And <10,0	May-01-14 03:00 PM	Jun-05-14 05:00 PM	192h	
IRP-2-3	External >2,500 And <5,00	Jun-05-14 07:00 AM	Jul-22-14 03:00 PM	288h	
IRP-2-4	External >1,000 And <2,50	Jul-21-14 03:00 PM	Aug-27-14 03:00 PM	220h	
IRP-2-5	External >500 And <1,000	Aug-26-14 03:00 PM	Sep-24-14 03:00 PM	160h	
IRP-2-5	External <500	Nov-11-13 07:00 AM	Dec-02-14 05:00 PM	2100h	
IRP-3	Final Cleanup / Scrap	Dec-03-14 07:00 AM	Feb-23-15 05:00 PM	440h	
IRP-4-1	LP Rotor	Nov-11-13 07:00 AM	Aug-11-14 03:00 PM	1498h	
IRP-4-2	POD Cooling Towers	Nov-11-13 07:00 AM	Aug-25-14 03:00 PM	1578h	
IRP-4-3	MSR's	Nov-11-13 07:00 AM	Aug-11-14 03:00 PM	1498h	
IRP-4-4	FWHE's	Nov-11-13 07:00 AM	Aug-11-14 03:00 PM	1498h	
IRP-4-5	Condensate Pumps & Mo	Nov-11-13 07:00 AM	Aug-11-14 03:00 PM	1498h	



Summary

Report Date Jan-21-14

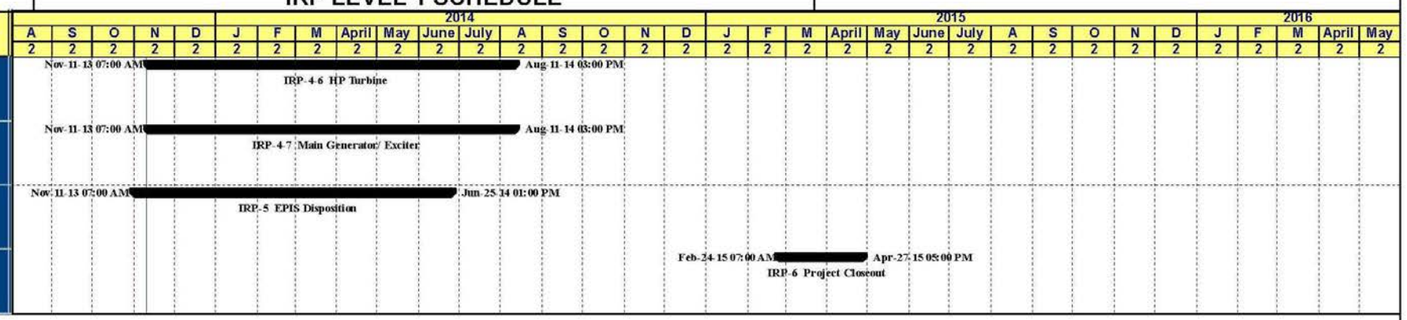
Data Date Nov-11-13

1

CR3 INVESTMENT RECOVERY SCHEDULE

IRP LEVEL 1 SCHEDULE

Activity ID	Activity Name	Start	Finish	Hrs	Activity Type
IRP-4-6	HP Turbine	Nov-11-13 07:00 AM	Aug-11-14 03:00 PM	1498h	
IRP-4-7	Main Generator/ Exciter	Nov-11-13 07:00 AM	Aug-11-14 03:00 PM	1498h	
IRP-5	EPIS Disposition	Nov-01-13 07:00 AM A	Jun-25-14 01:00 PM	1246h	
IRP-6	Project Closeout	Feb-24-15 07:00 AM	Apr-27-15 05:00 PM	360h	



Summary

Report Date Jan-21-14

Data Date Nov-11-13 2

APPENDIX F – PMC DOCUMENT APPROVAL FORM

DUKE ENERGY.

Project Management & Construction
Document Approval Form (DAF)

Section A: Document identification and type of action

Document Number: N/A	**Revision Number:** 0
Document Title: CR3 Investment Recovery Project Project Execution Plan	
Type of Action: ☒ New ☐ Suspension ☐ Revision ☐ Ownership Change ☐ Cancellation ☐ Periodic review completed	**Effective Date:** 2/25/2014
Applies to: Project Management & Construction	**Group:** CR3 Decommissioning Transition Org

Applicable to Forms Only
Does form have a parent procedure? ☒ No ☐ Yes Procedure #:
☐ **Communication plan established N/A** ☐ **Impact Reviews Completed N/A**

Description of document action or summary of changes:

The document presents the Project Execution Plan for the CR3 Investment Recovery Project (IRP).

Preparer(s): Jeff LaPratt, IRP PM

Section B: Approval

Jeff LaPratt/IRP PM Approval recommended (print name)	Signature	2/24/14 Date
Magdy Bishara/MGR Major Projects Approval recommended (print name)	Signature	2/24/14 Date
Terry Hobbs/GM Decommissioning Final Approval (print name)	Signature	2/24/14 Date
N/A Approved (for approval of interface documents only)	Signature	Date

RETURN SIGNED FORM TO PMC GOVERNANCE