

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**In re: Nuclear Cost Recovery
Clause**

**DOCKET NO. 090009
Submitted for filing:
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**DIRECT TESTIMONY OF GARY FURMAN IN
SUPPORT OF ACTUAL COSTS**

**ON BEHALF OF
PROGRESS ENERGY FLORIDA**

DOCUMENT NUMBER-DATE

01642 MAR-28

FPSC-COMMISSION CLERK

IN RE: NUCLEAR COST RECOVERY CLAUSE

BY PROGRESS ENERGY FLORIDA

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IN SUPPORT OF ACTUAL COSTS**

I. INTRODUCTION AND QUALIFICATIONS

1
2 **Q. Please state your name and business address.**

3 **A.** My name is Gary Furman. My business address is 3300 Exchange Place,
4 Lake Mary, FL 32746.

5
6 **Q. By whom are you employed and in what capacity?**

7 **A.** I am employed by Progress Energy Florida, Inc. ("PEF" or the
8 "Company") and my title is Manager, Major Projects in the Generation &
9 Transmission Construction Department. In this role, I am responsible for
10 leading a cross-functional, multi-disciplinary team in the development and
11 execution of the transmission line projects associated with the Levy
12 Nuclear Plant.

13
14 **Q. Please summarize your educational background and work experience.**

15 **A.** I have a Bachelor's degree in Mechanical Engineering from the University
16 of Florida and a MBA from the University of Tampa. I am a licensed
17 Professional Engineer in the State of Florida. I have worked in the electric

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1 utility industry for over 25 years, the last 14 of which have been directly
2 related to electrical transmission line and substation siting and
3 engineering. Prior to assuming my current role, I was the Manager of
4 Line Engineering and Real Estate in the Transmission Operations and
5 Planning Department at Progress Energy Florida. In this role, I was
6 responsible for engineering new transmission lines and the acquisition of
7 new transmission line right of way. Prior to that role, I was the Manager
8 of Substation Engineering in the Transmission Operations and Planning
9 Department at Progress Energy. In this role, I was responsible for
10 engineering new substation facilities and the expansion of existing
11 substation facilities.

12 Prior to joining PEF in March 2003, I was employed by Tampa
13 Electric Company where I held a number of management and engineering
14 positions in the transmission, distribution, environmental and generation
15 departments.

16 II. PURPOSE AND SUMMARY OF TESTIMONY

17 **Q. What is the purpose of your direct testimony?**

18 **A.** The purpose of my direct testimony is to support the Company's request
19 for cost recovery pursuant to the nuclear cost recovery rule for the
20 transmission portion of the costs incurred from January 2008 through
21 December 2008 that were related to the construction of the Company's
22 proposed Levy Nuclear Power Plants. I am also adopting the testimony
23

1 filed in Docket 080009 of Dale Oliver, with respect to the actual costs
2 incurred in 2007 for transmission and associated facilities. I understand
3 that the Commission will be reviewing the prudence of the 2007
4 transmission costs in this year's proceeding, and my adoption of Mr.
5 Oliver's testimony will assist the Commission in that review.
6

7 **Q. Do you have any exhibits to your testimony?**

8 **A.** No, I am not sponsoring any exhibits. I am, however, sponsoring the cost
9 portions of Schedules T-6, T-6A, T-6B, and Appendix C, as well as
10 portions of Schedules T-8, T-8A, and T-8B of the Nuclear Filing
11 Requirements ("NFRs"), which are included as part of the exhibits to Will
12 Garrett's testimony. Specifically, I am sponsoring those portions, related
13 to transmission, of Schedule T-6, which provides actual monthly
14 expenditures for site selection, preconstruction and construction costs. I
15 also sponsor the transmission portion (Lines 17 – 22) of Schedule T-8,
16 which lists the contracts executed in excess of \$1.0 million through the
17 end of 2008. Accordingly, I sponsor pages 17 to 22 of Schedule T-8A,
18 which reflects details pertaining to the contracts executed in excess of \$1.0
19 million. I am also sponsoring the transmission portion (Lines 9 – 14) of
20 Schedule T-8B which lists the contracts between \$200,000 and \$1.0
21 million that were executed through the end of 2008.

22 All of the portions of these schedules, which I sponsor, are true and
23 accurate.

1 **Q. Please summarize your testimony.**

2 **A.** PEF seeks to minimize pre-licensing expenditures while at the same time
3 performing the necessary work to maintain the schedule required for the
4 project.

5 To that end, the Company incurred pre-construction and
6 construction costs from January 2008 to December 2008 to complete
7 the work required to site the proposed transmission lines and substations
8 and to complete the necessary analysis and design work required to
9 maintain the proposed schedule for the Levy Nuclear Plant Project (LNP).

10 More specifically, work continued to complete selection of the
11 proposed corridors for the transmission lines and to determine the specific
12 routes for the lines within these corridors. The transmission line portion
13 of the State Site Certification Application (SCA) was developed and the
14 application was submitted to the Florida Department of Environmental
15 Protection (FDEP) on June 2, 2008. The transmission portion of the
16 Federal Nuclear Regulatory Commission Combined Operating License
17 Application (COLA) was developed and submitted to the Nuclear
18 Regulatory Commission (NRC) on July 30, 2008. Engineering work was
19 performed to assist in determining suitable substation sites and for the
20 development of preliminary project schedules and cost estimates.

21 The Company conducted one of, if not the, largest community
22 outreach programs in the history of the state for this project to inform the
23 public and obtain suggestions on transmission routing during 2008. This

1 outreach program included sixteen open house sessions that were held
2 throughout the nine county project area, over 117,000 direct mailings sent
3 to the communities in the project area, and over 3,000 people attending the
4 open house/outreach sessions. Work with the community and local
5 governments through established community working groups also
6 continued throughout the year. The Company also incurred construction
7 costs for the purchase of certain substation property and transmission line
8 easements.

9 As demonstrated in my testimony and the NFR schedules attached
10 to Mr. Garrett's testimony, PEF took adequate steps to ensure that these
11 pre-construction and construction costs were reasonable and prudent. PEF
12 negotiated favorable contract terms under the then-current market
13 conditions and circumstances.

14 For all the reasons provided in my testimony and in the NFR
15 schedules, the Commission should approve PEF's transmission pre-
16 construction and construction costs incurred in 2007 and 2008 as
17 reasonable and prudent pursuant to the nuclear cost recovery rule.
18

19 **III. CAPITAL COSTS INCURRED IN 2008 FOR LEVY NUCLEAR PLANT**

20 **Q. Did the Company incur any transmission-related Site Selection/Pre-**
21 **construction costs for the Levy Nuclear Plant in 2008?**

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A. Yes, as reflected on Schedule T-6, the Company incurred Site Selection/Pre-construction costs in the categories of Line Engineering, Substation Engineering, and Other.

Q. **For the Line Engineering costs, please identify what those costs are and why the Company had to incur them.**

A. As reflected on line 20 of Schedule T-6, the Company incurred Line Engineering costs of \$3,602,300. These costs include the conceptual and preliminary engineering design of the transmission lines and facilities. This engineering work identified the typical size, type, and general locations of various options for the transmission lines and substation facilities necessary to successfully and reliably accommodate the additional power from Levy Units 1 and 2 on PEF's system and to reliably incorporate the plants into the PEF transmission system and the state-wide electric grid. This work allowed the Company to refine the scope, expected schedules, and costs of the proposed system facilities and facility upgrades.

Q. **Did the Company incur any other costs associated with the Line Engineering work for the Levy Nuclear Plant Project?**

A. Yes. The Company incurred costs to perform corridor selection studies to identify corridors that can be permitted and utilized for construction. This work included development of quantitative and qualitative corridor

1 analysis using data developed from ecological, land use and engineering
2 analysis, as well as field work to validate the data collected. The work
3 also involved the development of the documentation, figures, drawings
4 and specifications for the proposed corridors necessary to support the final
5 report, and development of the necessary testimony in support of
6 licensing.

7 The work that defined the proposed transmission corridors was
8 used to prepare the necessary corridor and transmission line and facility
9 information for the submittal of the COLA to the NRC and the SCA to the
10 FDEP. Both applications addressed and described the transmission
11 corridors and the necessary transmission system facilities and upgrades for
12 the LNP. The Company submitted the SCA to the FDEP on June 2, 2008
13 and submitted the COLA to the NRC on July 30, 2008. In 2008, the
14 Company further refined the corridors to establish specific routes for the
15 transmission line Right-of-Way (ROW) and sites for the substation
16 facilities.

17 Also in 2008, PEF incurred costs for engineering studies to support
18 the transmission line and facility designs necessitated by the addition of
19 the Levy units. These studies included an analysis of structure and
20 conductor options to determine cost efficient and reliable structures and
21 wires to be used on the project. A switching study was initiated to
22 determine the necessary design requirements for the switching equipment
23 required for the project.

1 Line Engineering costs were also incurred in 2008 for engineering
2 services to support the review, analysis and revisions as needed to refine
3 associated scopes, cost estimates, and schedules for the Levy
4 Transmission Program's discrete line projects. This work included the
5 review and analysis to support the development of design criteria and
6 specifications for the Levy Transmission Program and engineering support
7 for addressing external and internal Requests for Information (RFI) or
8 Requests for Proposals (RFP) by providing documentation, figures,
9 drawings, and reports.

10 All of these Line Engineering costs were incurred in 2008 to
11 maintain the project schedule for the 2016 in-service date of Levy Unit 1
12 and 2017 in-service date of Levy Unit 2.

13
14 **Q. For the Substation Engineering costs, please identify what those costs
15 are and why the Company had to incur them.**

16 **A.** As reflected on line 21 of Schedule T-6, the Company incurred Substation
17 Engineering costs of \$1,179,857. These costs include the conceptual and
18 preliminary engineering design and engineering detail work for
19 substations. This work was necessary to identify the number of
20 substations, their general location, size and equipment needs required to
21 incorporate the Levy nuclear power plants into the PEF transmission
22 system and the state-wide electric grid.

1 Such work was necessary to identify and select the appropriate
2 substation sites and prepare the necessary transmission facility information
3 for the submission of the COLA to the NRC. The application addressed
4 and described the necessary transmission system facilities and upgrades
5 for the Levy nuclear power plants. The Company submitted the COLA to
6 the NRC on July 30, 2008.

7 Substation engineering costs in 2008 include engineering services
8 to support the review, analysis, and revisions to all associated scopes, cost
9 estimates, and schedules for the Levy Transmission program's individual
10 substation and relay and protection projects. This work also included the
11 review, analysis, and implementation of technical studies to support the
12 development of design criteria and specifications and to provide assistance
13 for the Levy Transmission program's engineering quantitative and
14 qualitative efforts to support external and internal RFIs or RFPs by
15 providing documentation, figures, drawings and reports.

16 The Company had to incur these costs in 2008 to ensure that
17 licensing applications were completed timely and the schedule was
18 maintained so the necessary transmission infrastructure will be in place
19 prior to the planned commercial in-service dates of 2016 and 2017 for
20 Levy Units 1 and 2 respectively.

21
22 **Q. For the "Other" costs, please identify what those costs are and why**
23 **the Company had to incur them.**

1 A. As reflected on line 23 of Schedule T-6, the Company incurred "Other"
2 costs of \$3,185,914. These costs included project management, project
3 scheduling, development of contracting strategies and related overhead,
4 public outreach/open house activities, legal services, and other
5 miscellaneous costs associated with planning and siting the transmission
6 projects for the LNP.

7 To explain further, the Company incurred these costs: (1) working
8 with the public and governmental agencies to incorporate their comments
9 into the corridor and route selection studies and include their input in the
10 selection of the proposed transmission corridors; (2) reviewing and
11 providing input to the corridor and routing selection processes and the
12 SCA and COLA applications; and (3) performing project management and
13 scheduling activities, external and community relations support, and
14 consulting support for the development of contracting strategies, which
15 could not be directly attributable to Line Engineering or Substation
16 Engineering.

17 These costs were necessary to maintain the project schedule for the
18 2016 in-service date of Levy Unit 1 and the 2017 in-service date of Levy
19 Unit 2.

20
21 **Q. How did actual Site Selection/Preconstruction capital expenditures for**
22 **January 2008 through December 2008 compare to PEF's**
23 **estimated/actual projection for 2008?**

1 A. Line Engineering and Substation Engineering costs were lower than PEF
2 projected while Other transmission costs were higher than PEF expected.
3 I will explain the reasons for the major (more than \$1 million) variances
4 below.

5
6 **Line Engineering:**

7 Line Engineering capital expenditures were \$3,602,300 which was
8 \$2,499,886 under the estimated/actual projection. This variance was
9 primarily driven by a change in scope that led to a re-sequencing of
10 scheduled engineering activities. The change in scope was made after
11 additional studies and analyses were completed. Also, the Company
12 decided to allow additional time for community outreach efforts to gather
13 input to the siting process. The combination of extending the community
14 outreach activities and the change in scope resulted in lower than expected
15 Line Engineering expenditures for 2008.

16
17 **Substation Engineering:**

18 Substation Engineering capital expenditures were \$1,179,857 which was
19 \$5,238,714 under the estimated/actual projection. This variance was
20 primarily driven by a re-alignment of scheduled engineering activities for
21 the substation projects. It was expected that engineering work would be
22 performed sooner on the Levy Plant Administrative substations and the
23 existing Crystal River Energy Complex (CREC) switchyard. Engineering

1 work was re-sequenced to align with schedule activity refinements and
2 coordination with the planned completion of environmental licensing
3 activities. PEF determined, based on discussions with Crystal River plant
4 and planning personnel, that construction at the CREC site could only
5 occur during plant outages. This resulted in phasing of the planned work
6 to correspond with CREC plant outages and spreading of the CREC work
7 activities over the 2009 to 2015 time frame.

8
9 **Other:**

10 Other capital expenditures were \$3,185,914 which was \$1,443,295 over
11 the estimated/actual projection. This variance was primarily driven by
12 more extensive community outreach activities than was originally
13 projected. Due to the large number of land parcels included in the corridor
14 study areas, and the resulting high number of invitations mailed to
15 impacted property owners for the outreach meetings, it was necessary to
16 hold more open houses as part of the outreach plan than originally
17 contemplated. Costs to conduct the open houses included development of
18 presentation materials, facility rent for the open house venues, labor costs
19 for the participants, including internal and external consultants, mailings,
20 advertisements, and project web site development. The response from
21 these open houses was very positive based on feedback received from the
22 attendees, community leaders, local officials, and media reports.

1 Information obtained from the community in this process was
2 incorporated into the transmission corridor selection process.

3
4 **Q. Did the Company incur any transmission-related Construction costs
5 for the Levy Nuclear Plant in 2008?**

6 **A.** Yes, as reflected on Schedule T-6, the Company incurred Construction
7 costs in the categories of Real Estate Acquisition and Other. The cost
8 reflected in the "Other" category is an accounting adjustment that will be
9 explained in the testimony of Mr. Will Garrett.

10
11 **Q. For the Real Estate Acquisitions costs, please identify what those costs
12 are and why the Company had to incur them.**

13 **A.** As reflected on line 59 of Schedule T-6, the Company incurred "Real
14 Estate Acquisition" costs of \$2,994,450. These costs include the
15 acquisition costs of the new Citrus and Central Florida South substation
16 sites and certain transmission line ROW. PEF incurred costs to acquire
17 five parcels of land for the new Citrus substation project. One parcel of
18 land and a transmission line easement were placed under contract for the
19 new Central Florida South substation project. The purchase deposit for
20 this property was processed in 2008. PEF also acquired an easement for
21 the ROW expansion of the Pinellas-Hillsborough-Polk (PHP) 230kV
22 transmission line rebuild project.

1 These real estate acquisition costs include the siting, survey,
2 appraisals, title commitments, permitting, legal and related costs,
3 ordinance review, and actual purchase costs for the land and easement
4 rights necessary for the transmission facilities for the LNP. These costs
5 are needed to ensure that the ROW and other land upon which the
6 transmission facilities will be located are available when required to
7 maintain the project schedule for the 2016 in-service date of Levy Unit 1
8 and Levy Unit 2 in 2017.

9
10 **Q. How did actual Construction capital expenditures for January 2008**
11 **through December 2008 compare to PEF's estimated/actual**
12 **projection for 2008 costs?**

13 **A.** Substation Engineering and Substation Construction costs were lower than
14 PEF projected. I will explain the reasons for the major (more than \$1
15 million) variances below.

16
17 **Substation Engineering:**

18 PEF did not incur capital expenditures for Substation Engineering in 2008
19 but projected costs of \$2,091,550. At the time PEF projected these costs,
20 the Company expected that engineering activities would occur in 2008 to
21 support the construction at the Levy Plant Administrative substations and
22 the existing CREC switchyard. It was determined, however, that
23 construction activities at the Levy Plant site would not occur until the

1 environmental licensing activities are complete which is expected in late
2 2009 or early 2010. In addition, PEF determined, based on discussions
3 with Crystal River plant and planning personnel, that construction activity
4 at the CREC site could only occur during certain plant outages. This
5 resulted in phasing of the planned work to correspond with CREC plant
6 outages and spreading of the CREC work activities over the 2009 to 2015
7 time frame.

8
9 **Substation Construction:**

10 PEF did not incur any capital expenditures for Substation Construction in
11 2008 but projected costs of \$2,175,212. At the time PEF projected these
12 costs, the Company expected that there would be a need to purchase long
13 lead time substation major equipment items for the Levy Administration
14 Substations and the CREC switchyard expansion projects. The start of
15 construction for these projects was re-sequenced due to licensing,
16 permitting, and plant outage requirements and, therefore, the need to
17 purchase this equipment was deferred.

18
19 **Q. To summarize, were all the costs that the Company incurred in 2008**
20 **for the Levy Nuclear Project reasonable and prudent?**

21 **A.** Yes. The specific cost amounts for the transmission portion of the LNP
22 contained in the NFR schedules, which are attached as exhibits to Mr.
23 Garrett's testimony, reflect the reasonable and prudent costs PEF incurred

1 for the LNP transmission work in 2008. Together with the LNP
2 transmission costs PEF prudently incurred in 2007, PEF (1) obtained a
3 need determination for the LNP; (2) studied and selected a preferred
4 transmission line corridor for the transmission lines; (3) further narrowed
5 the corridor to the specific routes for the transmission lines; (4) developed
6 the transmission portion of the SCA for submittal to the FDEP; (5)
7 developed the transmission portion of the COLA for the submittal to the
8 NRC; (6) performed engineering work for transmission lines and
9 substation sites and developed project schedules and cost estimates; (7)
10 performed extensive community outreach regarding the proposed location
11 of the transmission lines; and (8) purchased land for substation sites and
12 easements for transmission lines. All of these costs were necessary to
13 maintain the project schedule and move the LNP transmission projects
14 forward to successful completion.

15
16 **IV. PROJECT MANAGEMENT AND COST CONTROL OVERSIGHT**

17 **Q. Has the Company implemented any project management or cost**
18 **control oversight mechanisms for the transmission portion of the Levy**
19 **Nuclear project?**

20 **A.** Yes. The Company is using numerous existing policies and procedures to
21 ensure that the transmission costs for the LNP are prudently incurred,
22 managed, and controlled and that the project remains on schedule. The
23 transmission projects associated with the LNP are subject to the same

1 overall Company management as the generation side of the LNP. Mr.
2 Miller describes the LNP management in some detail in his testimony.
3 LNP management is accomplished by adherence to the Company's
4 Integrated Project Plan (IPP) for the LNP. The Company's Project
5 Governance Policy, Execution of Large Construction Projects and
6 Programs Procedure, and Generation and Transmission Construction
7 Guidelines, along with numerous other policies, procedures, and controls,
8 also apply to the Levy transmission projects.

9 To further promote best practices for project management, the
10 Company has created the Project Management Center of Excellence
11 (PMCoE), which will standardize best practices of project management
12 across the Company. The PMCoE will improve Progress Energy's project
13 management approach so that it is more efficient, flexible, and cost
14 effective. Specifically, its goals are to standardize processes, establish a
15 project management career path, provide common training and
16 qualification programs, and adopt best practices from both internal and
17 industry groups. The processes developed by PMCoE will ultimately
18 apply to all Progress Energy projects.

19 The Project Assurance Program Policy and the Project Assurance
20 Program Manual, which implement procedures to identify and document
21 key project decisions, also apply to the LNP transmission projects.
22 Similarly, the Document Management System for the Generation &

1 Transmission Construction Department is used to manage the documents
2 associated with the LNP transmission work.

3 To maintain control over the transmission projects and related
4 work, a detailed schedule is regularly updated. The schedule defines the
5 transmission task order, specific time frame allocated to the task, and the
6 task start and finish dates. The schedule is used to provide management
7 with timely information necessary to make decisions related to the LNP
8 transmission work. The schedule also allows the Company to coordinate
9 LNP transmission work with internal Company departments such as
10 Planning, Engineering, Construction, Energy Control, and the Generating
11 Stations, among others. The schedule further serves as a link between the
12 Company and the Company's contractors and as a management tool with
13 the outside contractors. Various levels of supporting schedules are also
14 developed and used throughout the course of the LNP transmission
15 projects.

16 Other corporate tools support the management of the LNP
17 transmission work. The Oracle Financial Systems/Business Objects
18 reporting tool provides monthly corporate budget comparisons to actual
19 cost information, as well as detailed transaction information. This
20 information, along with other financial accounting data, allows us to
21 regularly monitor the costs of the transmission work compared to budgets
22 and projections and make decisions accordingly to ensure that the costs
23 incurred are reasonable and prudent for the work obtained. Similarly, the

1 PassPort system is used under the Contract Development and
2 Administration Policy to manage contracts for LNP transmission work.
3 This system routes contracts for approval, including contract amendments
4 and work authorizations, and facilitates routing and approval of contractor
5 invoices and payments in accordance with Company policies and
6 procedures.

7
8 **Q. What procedures are used by PEF to ensure the reasonable and**
9 **prudent selection of contractors and vendors for the transmission**
10 **projects for the Levy Units?**

11 **A.** PEF typically uses RFP bidding procedures to ensure that the selected
12 contractors and vendors provide the best value for PEF's customers. In
13 2008, the RFP process was utilized for the Route Selection Study,
14 Conductor Study, Switching Study, and Owner-Engineer contracts. The
15 RFP process was also utilized to award a purchase order for 500kV
16 substation switches to be installed in 2009. Other RFP's started in 2008
17 that will be completed in 2009 include the Light Detection and Ranging
18 (LiDAR) survey, the Crystal River Switchyard Design and Engineering
19 work, and the Acquisition Program Manager (APM).

20 RFPs cannot always be used, however, to obtain services or
21 materials. When deciding to use a sole/single source contractor or vendor,
22 PEF provides sole/single source justifications for not using an RFP for the
23 particular work or material. When PEF contracts with sole/single source

1 contractors or vendors, PEF further ensures that the contracts contain
2 reasonable and prudent contract terms with adequate pricing provisions
3 (including fixed price and/or firm price escalated according to indexes,
4 where possible).

5 Sole/single source contractor or vendor relationships are
6 sometimes necessary to provide the services or materials at all or at the
7 most reasonable cost under the circumstance. To illustrate, in some
8 instances, the particular contractor or vendor has particular experience
9 with the plant or the work required, thus making it advantageous for that
10 vendor to accomplish the work.

11
12 **Q. Does PEF have any mechanisms in place to ensure that the policies
13 and procedures described above are effective?**

14 **A.** Yes, PEF has a Project Assurance Department with support personnel
15 assigned specifically to the project to be involved in key meetings and
16 decision-making discussions. Project Assurance works collaboratively
17 with project personnel to provide advice, support, and guidance to ensure
18 documentation demonstrating the prudence of key decisions is developed,
19 organized, and readily retrievable throughout the project lifecycle. In
20 addition, Project Assurance personnel provide training to ensure that
21 project team members and other stakeholders understand the fundamentals
22 of the regulatory process, prudent decision-making, and the importance of
23 developing timely and thorough project documentation.

1 PEF also uses internal auditing to verify that its program
2 management and cost oversight controls are effective. These internal
3 audits occur regularly for large projects like the Levy Transmission
4 Program. Recommendations and results from Internal Audit reviews are
5 provided to management as well as members of the project team for
6 continuous improvement.

7
8 **Q. Do PEF's policies provide for senior management review of project
9 costs and schedules?**

10 **A.** Yes, the Levy Integrated Nuclear Committee ("LINC"), comprised of
11 Senior Management, reviews key milestones, cost and emergent issue
12 information related to both the Generation and Transmission portions of
13 the LNP on a regular basis. This Committee also documents key project
14 decisions in compliance with Project Assurance policies and procedures.
15 This Committee was chartered by Senior Management and the PEF Board
16 to manage all aspects of planning and execution of the LNP, with clear
17 accountability in functional areas along each phase from design to
18 commercial operation. The LINC serves as a means to ensure proper
19 coordination and appropriate documentation of activities that cross
20 multiple organizational boundaries.

21 Additionally, a monthly summary report is provided to members of
22 Progress Energy Senior Management that highlights financial, schedule,

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and current issue information. This information is provided in summary format to the Company's Board of Directors on a periodic basis.

On-going funding and project review for the transmission projects in the LNP is prepared on a periodic basis for members of Senior Management and presented as an IPP in accordance with the Company's Capital Projects guidance. Detailed project cost and schedule information is monitored regularly by the project management and cost management personnel within the functional department, and monthly reviews of the project status are presented to the Department Vice President.

Q. Does this conclude your testimony?

A. Yes, it does.