BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

090009-EI

ATTACHMENT B

COM ____
ECR ____
GCL ____
OPC ____
RCP 1
SSC ____
SGA ____
ADM ____
CLK ____

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Extended Power Uprate Project

Steve Huntington
Ted Williams
Sam Dasqupta
Paul Ingersoll

NGG Nuclear Generation Group

Progress Energy

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Project Overview

- EPU Project Overview
  - Initial Authorization November 2006, $[redacted] Financial View BAP
  - Completed Measurement Uncertainty Recovery +[redacted]
  - Steam Cycle Efficiency +[redacted] n 2009
  - Extended Power Uprate (EPU) +[redacted] in 2011
  - Point of Discharge (POD) Mitigation concurrent with EPU
  - CR3 Increases Output from [redacted] to [redacted] MWe total
  - IPP Update in March 2008 to $[redacted] EAC

[redacted]

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Agenda

- Schedule Performance
- Risk Management
- Cost Performance
- Scope Additions
- Staffing
- Regulatory/Licensing Submittals and Meetings
- Concerns

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Schedule Performance

- SPI = [redacted] Completed all scheduled items to date

- Project Per Cent Complete = [redacted] by project expenditure to date ($[redacted] / $[redacted]) by project schedule line item [redacted] (Total Line items will continue to increase, and have increased by [redacted] since last report, with [redacted] added items completed in the same period).

[redacted]

Schedule Performance

June Schedule Completions

Turbine Generator Retrofit Installation EC [redacted] Design Challenge
MSR Belly Drain Heat Exchanger [redacted] Spec. EC Design Challenge
MSR Belly Drain Heat Exchanger [redacted] Installation EC Design Challenge
Secondary Cooling Heat Exchangers [redacted] Installation EC Design Challenge
Issued Heavy Hauling Contract to Barnhart
Awarded Waste Disposal Contract to MHF Logistical Solutions – final negot.
Issued Iso-phase Bus Duct Contract to Delta UniBus
Completed Turbine Crane Maintenance and Upgrade study
Completed POD Conceptual Design Study
ISSUE: Siemens scheduled date to start LP Turbine Manufacture was late to start due to delay at Siemens forging facility. Recovery plan development in progress. Delayed payment on Start Exciter manufacture

Scheduled July Milestones

Start soil evaluations at cooling tower locations
Start POD design work
Started Vendor oversight Plan Development – to Complete by August 31
Turbine Generator Retrofit Installation EC [redacted] Design Challenge
Numerous AREVA Supplied Design reports and selected System Evaluations are due to be Completed
PGM Approve 2"HD Piping EC 18 July
Siemens to Start LP Inner Casing Manufacturing July 30

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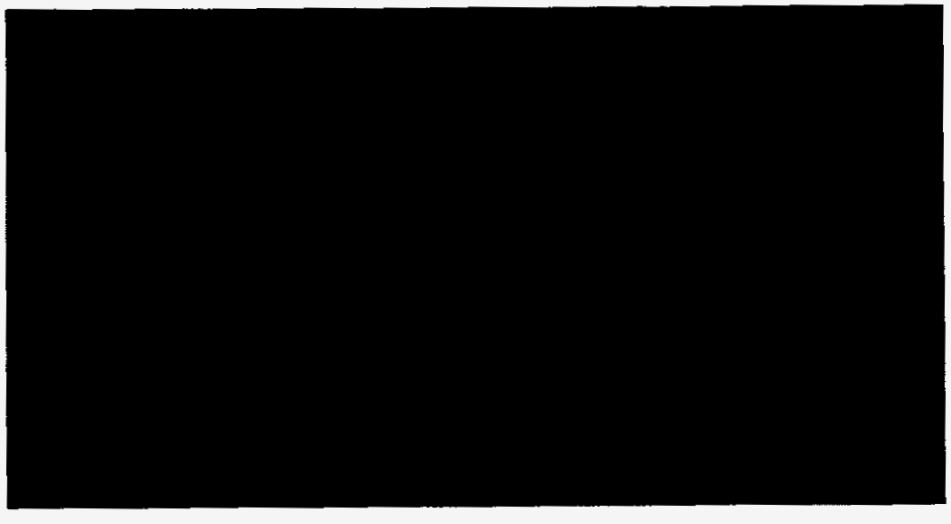
Schedule Performance – AREVA Contract

CR3 EPU Project
Deliverables Schedule Adherence Trending
Integrated Project-to-Date



Project Metrics Summary.xls Trend Chart Print Date: 06/26/2008

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EPU Risk Management

Total Risks Identified to date [redacted]

Categorized Risks [redacted]

Red Risks [redacted]

Yellow Risks [redacted]

Risk Workshops Initiated in May to accelerate risk identification process are having the desired effect. Each tas is being subjected to risk team scrutiny Mitigation strategy development has started.

[redacted]

Red Risk Items

Red Risk ID

- 232- TBVs and Muffler
- 239- 10CFT50.46 criteria may be exceeded at EPU conditions during a CFLB
- 241 - HPI flow inadequate at EPU conditions for some SBLOCAs
- 252-NRC Approval of ADV Fast Cool Down Strategy
- 254 – Turbine Bldg Crane Failure
- 298- LPI Xtie analysis
- 299 – ROTSG reconciliation at 3030 MWth
- 300 - Shutdown Margin for Minimum Boron Requirements
- 355 - Lube Oil Cooler SC System Control Valve Undersized
- 397 - Safety risk of dropped objects

Project Financial Reporting

- Corrected the indirect capital distribution.
- EPU Project is $[redacted] favorable to budget at end of June. YTD expenditures of $[redacted] versus $[redacted] budgeted at a financial view. Major variance driver is payment timing on major contracts. Year end [redacted] and EAC ($[redacted] projections remain on track.
- Created new cost capture elements to support 2009 budget and EVA reporting at task levels
- Bottoms Up Draft has been completed. Currently updating to include May and June ICFs plus projected costs for facilities and logistics. Also differentiating between direct and financial view costs to support final 2009 – 2011 budget submittals.
- Final Bottoms Up results may indicate that recovery of the AFUDC error is prudent in February return to the SMC. (See Bottoms Up Summary attached).

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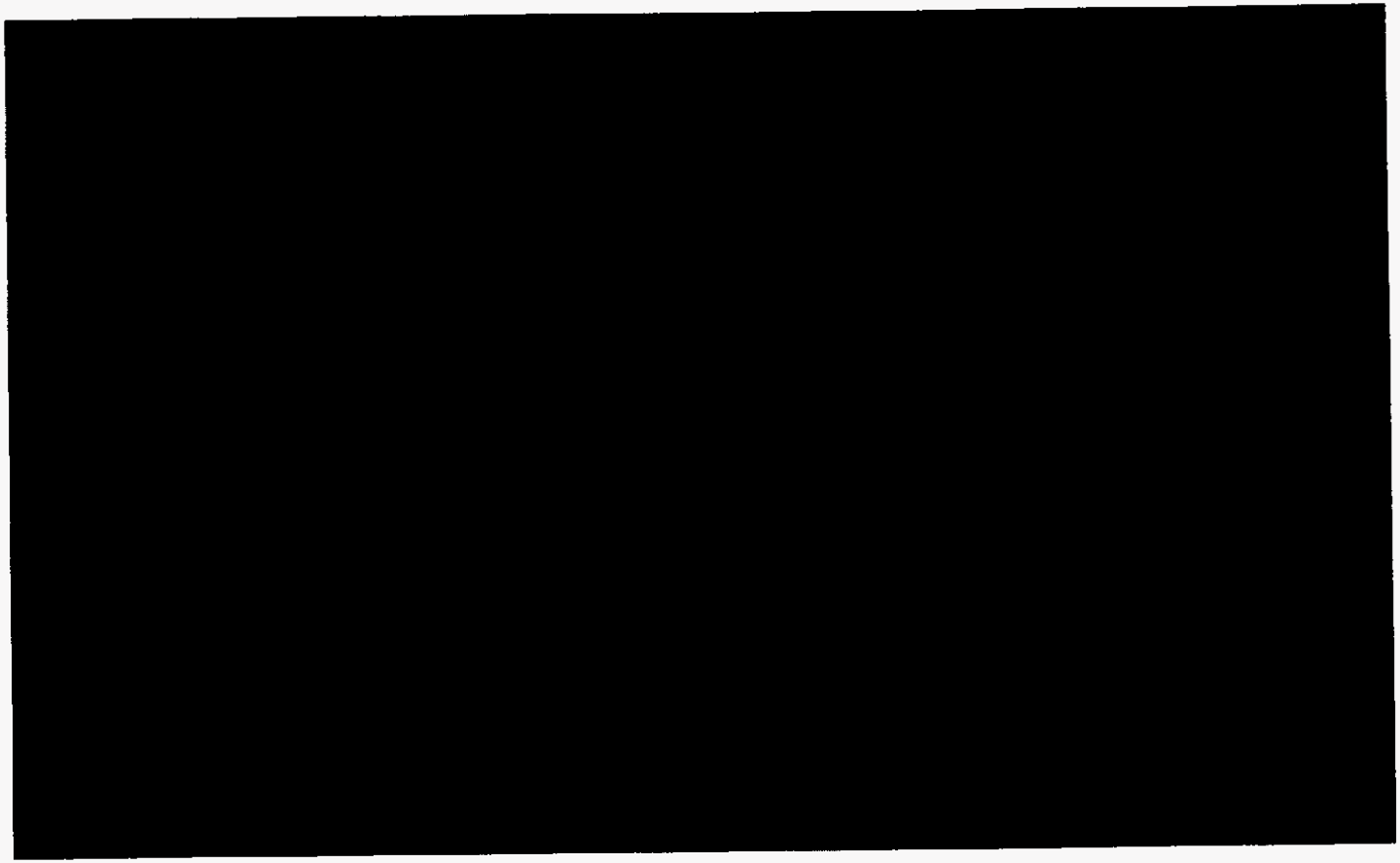
[redacted]



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[redacted]

PROJECT PLAN

[redacted]

PROJECT LIFE TO DATE ACTUALS

[redacted]

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Scope Additions

- Parking lot and logistics ICFs
- Turbine Crane maintenance and upgrade plus TB access upgrades ICF to be submitted in July
- Combined LPI Cross Tie and Boron Precipitation mitigation design concept presented to the PNSC July 8. An ICF will be completed in July for consideration

Staffing

- 3 remaining Electrical Engineers and 1 Motor engineer position remain open in base staff. Strategy session conducted with HR / recruiter and leadership team to locate and attract qualified engineers
- 3 Contract support personnel left in June / July to competing offers at higher wage levels
- 16R Staffing Plan and proposed organization structure draft completed and submitted for evaluation of site and shared resource application. See attached proposal, approximately 1000 total staff
- 2 New superintendents - Paul Ingersoll and Sam Dasgupta - started July 14

Regulatory/Licensing Items

- Rod ejection accident scenario strategy is highest risk in licensing space at this time. NRC concurrence to utilize more advanced analytical methods is necessary to avoid severe core design restrictions at EPU levels using new NRC acceptance criteria. Current path calls for a separate LAR submittal by PE for CR3 that requests individual acceptance of the new EPR developed topical report methodology. A schedule to define a success path is to be completed by July 20
- Plans for small break LOCA mitigation via safety related ADV depressurization strategy remain on track. NRC interface meetings are planned for July and August.
- Boron Precipitation mitigation and LPI Cross Tie strategy now lies through the development and approval of an integrated ICF
- A tech spec change to reduce the Containment pressure LCO set point to 1.5 psig will be pursued
- X/Q calcs and off site dose assessments continue to experience issues after a proposed success path was initially defined by AREVA engineers
- The commitment to get all licensing actions entered into our detailed schedule will now receive critical attention to drive performance

Concerns

- Siemens manufacturing schedule performance
- Facilities
  - Strategy decisions and subsequent schedules
  - Funding adequacy
- BWC
  - Resolution of outstanding contractual issues in the way of completing the reconciliation studies and analysis for EPU conditions
- Potential cost impacts from studies to demonstrate 316B compliance
- Project Controls and financial maturity development to support required project management tools - the plan to be ready to deliver EVA at task level is due now
- Translating licensing commitments into concrete schedule activities with assigned due dates to support submittal dates

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Extended Power Uprate Project

Steve Huntington

NGG Nuclear Generation Group

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09PMA-DR1-10-000102
09NC-OPCPOD1-7-000156

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Project Overview

- EPU Project Overview
  - Initial Authorization November 2006, $[redacted] Financial View BAP
  - Completed Measurement Uncertainty Recovery +[redacted] MWe
  - Steam Cycle Efficiency +[redacted] MWe in 2009
  - Extended Power Uprate (EPU) +[redacted] MWe in 2011
  - Point of Discharge (POD) Mitigation concurrent with EPU
  - CR3 Increases Output from [redacted] to [redacted] MWe total
  - IPP Update in March 2008 to $[redacted] EAC Delivers [redacted] in fuel savings

[redacted]

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Agenda

- Significant Events for EPU Section
- Cost Forecasts for the Month of October
- Critical Milestones Met or Missed This Month
- Milestones Through December
- Risk Items Unresolved
- Employee Activity(promotions, transfers, hires, vacancies)

Significant Events in October 2008 for EPU Project

- Issued the LOI for BWC to perform [redacted] analysis under a new *engineering services contract.*
- Siemens Completed and Delivered the complete LP Turbine, Generator, Exciter Design package to support [redacted] EC milestone on time
- Siemens announced LP1 and 3 Inner Cylinder delays past July 15, 2009.
- Completed 2009 / 2010 Project Budget – EAC remains [redacted]
- Conducted Sr. Management Review with AREVA and Worley Parson Sr. VPs on Design delay action plan which deployed WP personnel to CR3 site.
- Conducted EPU Team building and 360 day readiness review resulting in accelerated preparation milestones and over 100 new actions
- Issued EPU Task Level; detailed Work Plan Rev Alpha documents
- Issued Insulation and Lube Oil Cooler Design / manufacture contracts

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Costs Forecasts for October 2008

- EPU Project Financial View year to date (Sept) was $[redacted] favorable to budget. $[redacted] caused by inaccurately scheduled or delayed vendor payments. NPC labor support under runs of approximately $[redacted] / month result in a $[redacted] favorable YTD margin.
- October financial view forecast is for a $[redacted] under run ($[redacted] Budget, $[redacted] actual)
- Working with Siemens and AREVA to resolve over $[redacted] in delayed and deferred payments to recover end of year values to within [redacted] of budget.
- Expecting to post [redacted] of the NSOC over run as part of the project interface agreement of logistics and facilities.
- End of year financial view $[redacted] also is project projection at end of September.

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Financial Status

[redacted]

PROJECT LIFE TO DATE ACTUALS

[redacted]

Scope Additions

- Turbine bypass valve ICF approved to add TBV installation in 16R concurrent with pursuit of alternate operating technique.
  - Detailed schedule and budgets being built for reach scenario.
  - Will present completed estimate, schedules and interface points in November
- Logistics, habitation, and In-processing ICFs approved
- Deleted Class B tent – using Unit 4/5 turbine deck

Critical Milestones Met or Missed in October 2008

- Met:
  - Issued Purchase Order for 2 ea MSR Regenerative Heat Exchanger Relief Valves
  - Completed Flow Serve Vendor Oversight Plan and resolved open engineering issues with FlowServe
  - Conducted 70% EC Design Challenge for SCHE A and B Installation
  - Issued Turbine Lube Oil Cooler Contract
  - Conduct 70% SC pump and Motor Design Challenge
  - Issued POD Design Contract Specification
  - Received Pepsi Analysis from AR
- Missed
  - AREVA Pepsi Analysis was provided in a format that is unreadable in our current PEPSI software. AREVA requested added funds to upgrade our PEPSI software, declined and directed AREVA to provide analysis in the format originally contracted
  - MSR regenerative HX All review Complete deferred to November due to AREVA subcontractor delays

EPU Upcoming Milestones

- 100% Design Challenge SCHX - November 10
- 100% Design Challenge Iso Phase Bus Duct Specification - November 18
- PGM Approval MSR Installation - November 21
- PGM Approval CDHE 3A&B Installation - November 26
- PGM Approval MSR Regen HX Specification - December 1
- 100% Design Challenge SC P&M Install - December 2
- PGM Approval SCHE Install - December 4
- R16 EPU Scope Freeze - December 4
- All ECs Approved = December 5. This will be only partially met, see attached EPU EC Status Board. All are scheduled to complete by Plant Jan 29 date
- PGM Approve Regen HX Install - December 9
- Identify R16 Temp Power - December 10
- PGM Approve Iso Phase Bus Duct Spec - December 18
- PGM Approve TG Installation EC - December 19

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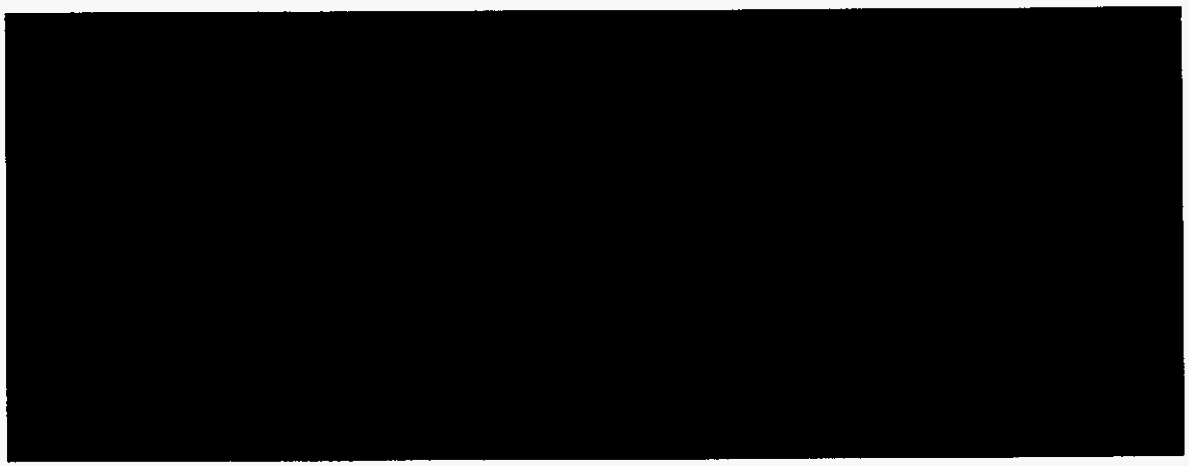
Schedule Performance



EPU Risk Management

Total Risks Identified to date = [redacted]

Red Risks = [redacted]

Yellow Risks = [redacted]

Green Risks = [redacted]

Risk register Process still not Optimized. Rob Bell and Paul Ingersoll have accepted the challenge to get the process applied correctly, and train personnel to enable production of accurate, actionable risk items.

Must then get mitigation strategies developed, approved, and in the schedule.

EPU Risk Management

- **8 Red Risks Per Evaluation Process**

- 239-10CFR50.46 criteria may be exceeded at EPU conditions during a CFLB.
- 241- HPI flow inadequate at EPU conditions for some SBLOCAs
- 252- NRC Approval of ADV Fast cool down strategy
- 253- NRC Approval Required for Reactivity Insertion Analytical Methods
- 300-Shutdown Margin Minimum boron requirements
- 355- Lube Oil Cooler SC System Control Valve Undersized
- 397-Safety risk of dropped objects
- 421-Condensate System Flow Balance with MSR Belly Drain installed

EPU Risk Management

- **Additional Red Risks to Mitigate**

- PM ADD 232- TBVs and Mufflers
- PM ADD 250- Reconciliation of ROTSG for EPU conditions may delay License submittal.
- PM ADD 254- Turbine Bldg. crane reliability could cause schedule delays.
- PM ADD: Post Mod testing and integrated start up testing impacts
- PM Add: Vendor delivery delays of major components
- PM Add: Facilities and in-processing impacts to outage start
- PM Add: Rod Ejection Analysis Licensing strategy and timeline
- PM Add: EQ potential impacts after further evaluation

Employee Activity

- Hired Wayne Barnes via Guidant, Supervisor of Work Package Planning
- Transferred James Derrico – Weld Engineer from Support Services
- Supervisor, Component Engineer position opened, in bid process
  - Bob Dotson acting
- CR3 Engineering promoted Pump and Motor Component Engineer candidate under offer, back in search process.
- Offer in progress for open mechanical engineer from attrition - reengaging past summer intern..
- Retaining open Supt. POD position
- Hired Doug Culver via Guidant, Yard Logistics and Rigging Supervisor. Start November 17.

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Extended Power Uprate Project

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09PMA-DR1-10-000116
09NC-OPCPOD1-7-000143

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Project Overview

- EPU Project Overview
  - Initial Authorization November 2006, $[redacted] Financial View BAP
  - Completed Measurement Uncertainty Recovery +[redacted] MWe
  - Steam Cycle Efficiency +[redacted] MWe in 2009
  - Extended Power Uprate (EPU) +[redacted] MWe in 2011
  - Point of Discharge (POD) Mitigation concurrent with EPU
  - CR3 Increases Output from[redacted] to[redacted] MWe total
  - IPP Update in March 2008 to $[redacted] EAC Delivers[redacted] in fuel savings

[redacted]

Agenda

- Significant Events for EPU Section
- Cost Forecasts for the Month of October
- Critical Milestones Met or Missed This Month
- Milestones Through December
- Risk Items Unresolved
- Employee Activity(promotions, transfers, hires, vacancies)

Significant Events in November 2008 for EPU Project

- Issued the MSR / MSR Regen HX/ FWHX insulation contract.
- Issued the BWC 3030 Reconciliation Contract
- Issued the Turbine Building Access RFQ
- Mobilized the AREVA Worley Parsons EC team to site to complete the TG EC package
- Conducted the 100% Design review for the CD HX Install EC
- Conducted Sr. Management Review with AREVA and Worley Parson Sr. VPs for AREVA Contract scopes
- Implemented Monthly Contract Management Review Schedule for all EPU contracts – received Atlantic wage opener and wage study.
- Kicked Off 10% Challenge Process with EPU Task Managers, Atlantic, Barnhart, and Atlantic Site Managers.
- Initiated Both TBV Success paths and completed project schedules for both.
- Completed detailed area plans for the EPU staff trailer inside the fence and received commitment for March 1 habitation.
- Conducted face to face meetings with Siemens and TEI / Arisopi manufacturing management and improved inner cylinder delivery date schedules.

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Costs Forecasts for November 2008

- EPU Project Financial View year to date (Oct) was $[redacted] favorable to budget. $[redacted] actual versus $[redacted] budget. Siemens contract performance and invoice delays drove the major component of the delta. NPC Support service under run of approximately $[redacted] YTD stabilized due to accounting cycle (3 pay periods) posted in October
- November financial view forecast is for a $[redacted] unfavorable variance to budget with some late payments to Siemens being made in two areas. ($[redacted] Budget, $[redacted] actual projected).
- Working with Siemens and AREVA to resolve over $[redacted] in delayed and deferred payments to recover end of year values to within [redacted] of budget.
- Currently project a $[redacted] under run in 2008 due to internal labor support under runs.
- Project has spent $[redacted] PTD, EAC remains on track at $[redacted] EAC

EPU Scope Additions

- Turbine bypass valve ICF approved to add TBV installation in 16R concurrent with pursuit of alternate operating technique.
  - Detailed schedule and budgets built for reach scenario.
- Added Chrome Moly pipe for CD outlet from new regen HX
- Added 8 HP steam admission valves for the new MSRs
- Added lube oil coolers to Barnhart contract
- Added 7 Atlantic staff
- Approved SC HX spare channel head
- Logistics, habitation, and In-processing ICFs approved
- Completed the ICF Checkbook for the EPU Project, entering data to lay out total project annual balances.
- Approved Photogrammetry
- TB Crane Mods and Maint approved in Oct.

Critical Milestones Met or Missed in October 2008

- Met:
  - Conducted 100% EC Design Challenge for SCHE A and B Installation
  - POD Design Contract Specification Bids due 11/17
  - SC HE 1A&B 100% review completed 11/10
  - Resolved 153 Open Issues with RCS Functional Spec
- Missed
  - EC process for MSR Install EC due 11/21, slipped to 12/2
  - 100% Iso Phase Bus Duct Spec EC Challenge due to late supply of data from Delta UniBus, and 70% Installation EC Challenge also for same reasons
  - MSR Drain Regen HE 100% completed on 11/05, DRB scheduled for 11/20
  - 100% review of TG EC was moved to11/16 due to Worley resources and late start. Unclear now when actual product will be supplied from AREVA
  - PGM Approval, CD HE Install EC, was 11/26, now projected at 12./10
  - PGM Approval of HD Valve Install EC scheduled for 11/27 (slipped from 10/30)

EPU Upcoming Milestones

- 100% Design Challenge Iso Phase Bus Duct Specification –12/1
- PGM Approval MSR Installation - November 26
- PGM Approval CDHE 3A&B Installation – December 10
- PGM Approval MSR Regen HX Specification - December 9
- 100% Design Challenge SC P&M Install – December 11
- PGM Approval SCHE Install – December 4
- R16 EPU Scope Freeze – December 4
- All Outage required ECs Approved = December 5. This will be only partially met, Per EPU EC Status Board, all are scheduled to complete by Outage Milestone of Jan 29, 2009 date except TBV and the 16R roll up EC.
- PGM Approve Regen HX Install - December 9
- Identify R16 Temp Power Milestone – December 10
- PGM Approve Iso Phase Bus Duct Spec – December 23, Install EC 1/23
- PGM Approve TG Installation EC – December 29
- SC 1A7B Pump Motor & Impeller, PGM Approval 1/20/09

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Schedule Performance

EPU Schedule Performance

Schedule Performance

- 100% - 95% = Green, 95%-90% = , <90% =RED
- Current value is or red for week ending 11/7/2008, driven primarily by EC completion schedule exceptions.
- SPI for the project YTD has fallen from since implementing SPI metrics to
- Corrective actions include personal accountability measures and supervisory intervention per individual, EPU EC specific actions implemented with AREVA, daily POD interface in EC space, 30 day look ahead by task manager, 14 day exception report out by supervisor and task lead. 30 day contract schedule reviews per contract, also with 30 day "look aheads" for restraints.

EPU Risk Management

- Total Risks Identified to date = [redacted]
- Red Risks = [redacted]
- Yellow Risks = [redacted]
- Green Risks = [redacted]
- Uncategorized = [redacted]

- Risk register process still not optimized. Rob Bell and Paul Ingersoll have accepted the challenge to get the process applied correctly, and train personnel to enable production of accurate, actionable risk items.
  - Risk categories have been redefined and reassigned
  - Meeting membership and dates revised to enable project controls and project management attendance
  - Defined Red Risk Approval at PM level
  - Reviewing all open RED Risk Mitigation strategies for appropriate level of approval and ICF / Schedule input.
  - Planned task Level Shakedown to generate construction phase risk items

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EPU Risk Management

- **15 Red Risks Per Evaluation Process**
- 239-10CFR50.46 criteria may be exceeded at EPU conditions during a CFLB.
- 241- HPI flow inadequate at EPU conditions for some SBLOCAs
- 252- NRC Approval of ADV Fast cool down strategy
- 253- Rod Ejection Analysis Licensing strategy and timeline, NRC Approval Required for Reactivity Insertion Analytical Methods
- 300-Shutdown Margin Minimum boron requirements
- 355- Lube Oil Cooler SC System Control Valve Undersized
- 397-Safety risk of dropped objects
- 421-Condensate System Flow Balance with MSR Belly Drain installed
- PM ADD 232- TBVs and Mufflers
- PM ADD 250- Reconciliation of ROTSG for EPU conditions may delay License submittal.
- PM ADD 254- Turbine Bldg. crane reliability could cause schedule delays.
- PM ADD: Post Mod testing and integrated start up testing impacts
- PM Add: Vendor delivery delays of major components
- PM Add: Facilities and in-processing impacts to outage start
- PM Add: EQ potential impacts after further evaluation

Employee Activity

- Hahn Phan will start as RBV Task manager December 1
- Supervisor, Component Engineer position, Interviews scheduled
  - Bob Dotson acting
- Second Pump and Motor Component Engineer interview this Thursday
- Ezgi Economous rejoined EPU team as EE after graduation.
- Interviews in progress for open ME
- Retaining open Supt. POD position
- Pre Outage work coordinator interview 12/4.
- Bruce Bond joined as added EPU scheduling support reporting to Gene Flavors
- 5 new Atlantic Task Planners on Atlantic contract

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Extended Power Uprate Project

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09PMA-DR1-10-000129
09NC-OPCPOD1-7-000115

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Project Overview

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  - Extended Power Uprate (EPU) +[redacted] MWe in 2011
  - Point of Discharge (POD) Mitigation concurrent with EPU
  - CR3 Increases Output from [redacted] to [redacted] MWe total
  - IPP Update in March 2008 to $[redacted] EAC. Delivers $[redacted] B in fuel savings

[redacted]

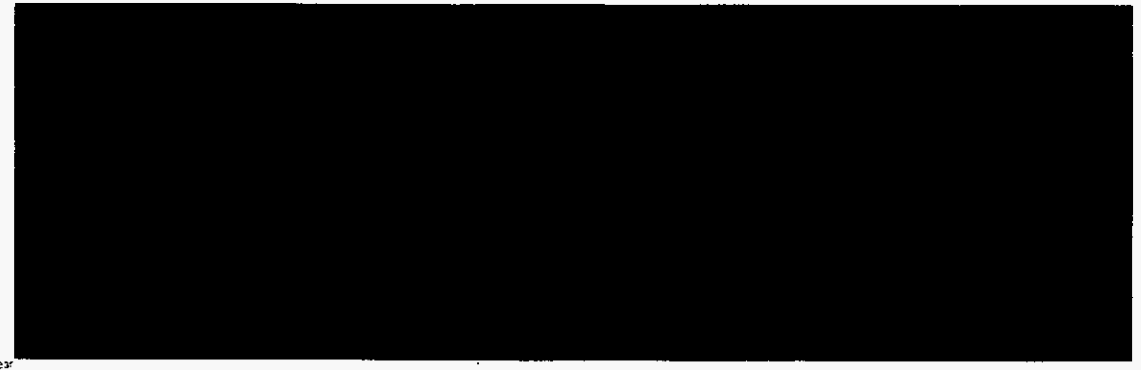
Agenda

- Project Schedule Performance
- Risk Register Management
- Project Cost Performance
- Project Scope Management
- EPU Staffing Progress
- Regulatory / Licensing Activities
- Other Concerns
- Summary

Schedule Performance

- Schedule Compliance Metric (Activity Started / Completed per project schedule):
  - 100% - 95% = Green, 95%-90% = , <90% =RED
- Current cumulative metric value since starting schedule compliance metric is activities scheduled vs completed on time over weeks). Metric value is or red for week ending 11/7/2008, driven primarily by EC completion schedule exceptions.
- Schedule Performance Indicator (SPI) metric from data base established for the EPU project September 2008. Project YTD has fallen from in September to due to engineering change document completion items lagging schedule.

EPU Schedule Performance



Schedule Performance

- Corrective actions include:
  - Senior management engagement with AREVA, Worley Parsons, and Siemens management teams to drive resource assignment and improved schedule performance
    - Daily POD sessions with AREVA engineering until R16 EC work load is completed January 2009
  - Upgraded internal personal accountability measures and supervisory intervention per individual
  - Requesting resource loans to address bow wave of owner approval work driven by late submittals
  - 30 day look ahead and report out weekly by each Task Manager, 14 day exception report out by each discipline supervisor and task manager
  - 30 day schedule reviews conducted weekly with each contract (other than AREVA) with 30 day "look aheads" for restraints
  - Increased vendor oversight at Siemens facilities due to manufacturing schedule issues
  - Hiring additional staff to pull the load

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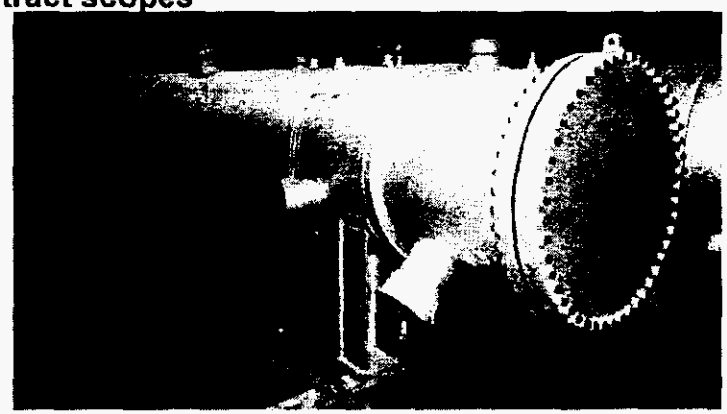
Schedule Performance

Significant Events in November 2008 for EPU Project

- Issued the MSR / MSR Regen HX/ FWHX insulation contract
- Issued the BWC Engineering Services Contract to support SGR 3030 Reconciliation Analysis
- Issued the Turbine Building Access RFQ; additional equipment for material and and personnel access to the turbine deck
- Mobilized the AREVA Worley Parsons EC team to site to complete the TG EC package. Completed EC Package submitted to PE on 11/26 by AREVA
- Conducted the 100% Design review for the CD HX Install EC
- Conducted Sr. Management Review with AREVA and Worley Parson Sr. VPs for AREVA Contract scopes



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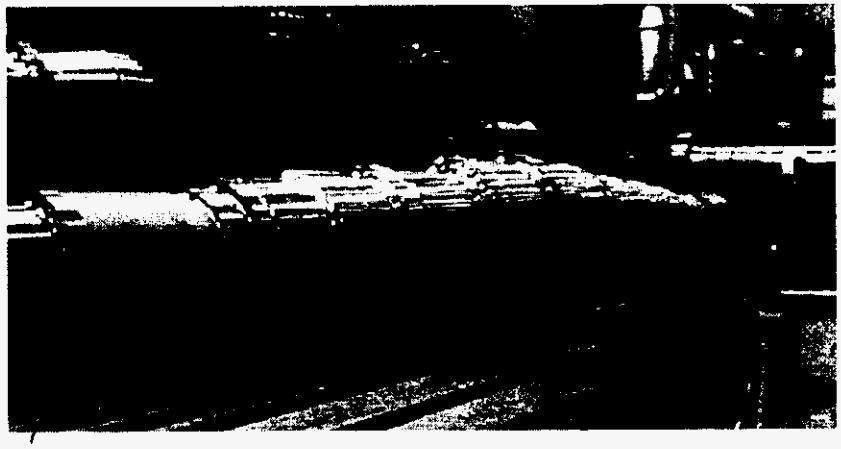
Schedule Performance

Significant Events in November 2008 for EPU Project

- Received Atlantic wage opener and wage study
- Kicked Off 10% Challenge Process with EPU Task Managers, Atlantic, Barnhart, and Atlantic Site Managers
- Initiated Both TBV Success paths and completed project schedules for both
- Completed detailed area plans for the EPU staff trailer inside the fence and received commitment for March 1 habitation
- Conducted face to face meetings with Siemens and TEI / Arisopi manufacturing management and improved inner cylinder delivery date schedules
- Received Bids for Point of Discharge partial EPC contract



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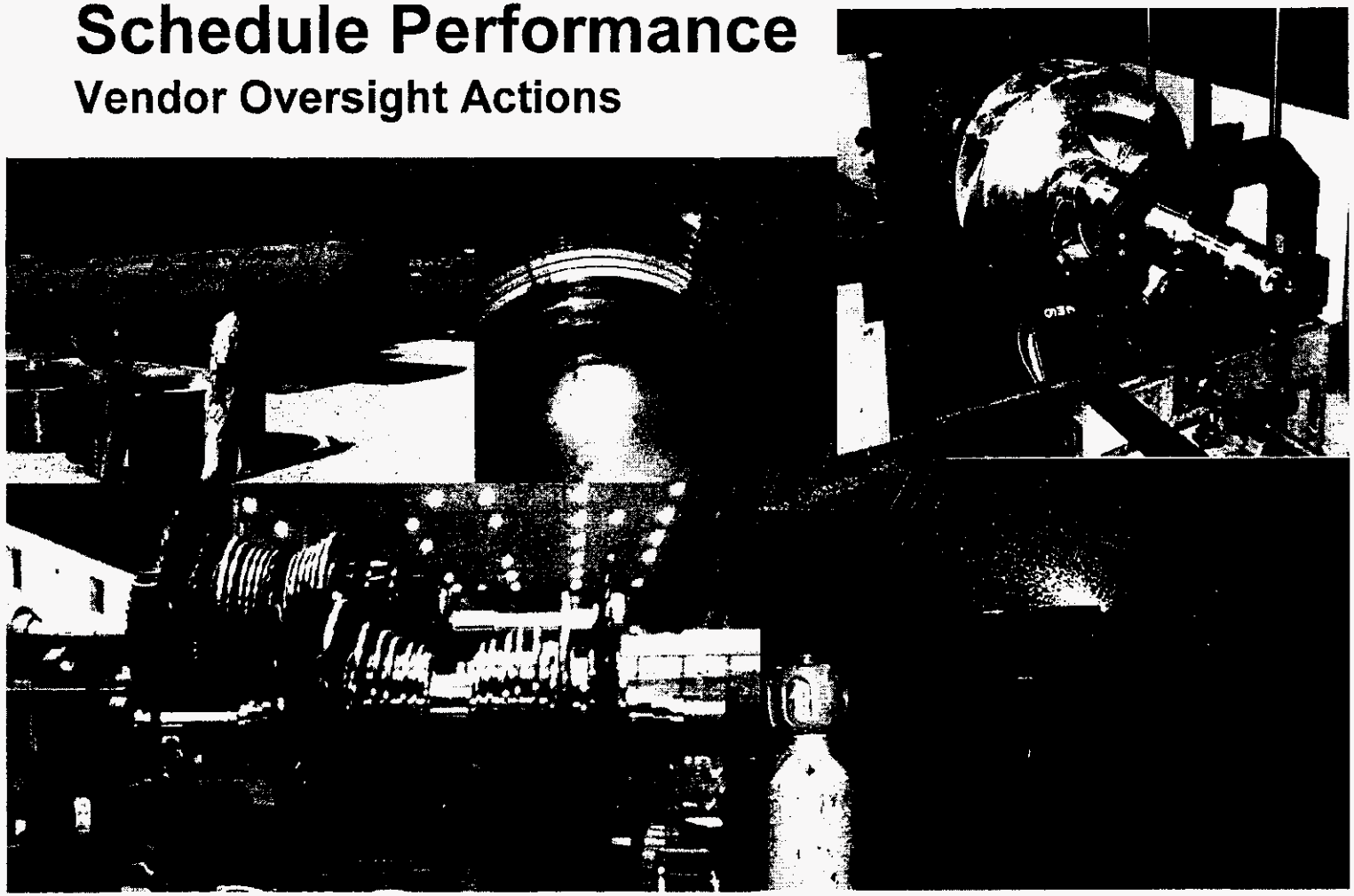
Schedule Performance

Vendor Oversight Actions



Schedule Performance

Vendor Oversight Actions

- **Established Detailed Vendor Oversight Plans per major contract**
- **Established scheduled inspection and oversight events at each of the vendor facilities plus weekly schedule review calls and monthly management oversight meetings.**

[redacted]

EPU Risk Management

- Total Risks Identified to date = [redacted]
- Red Risks = [redacted]
- Yellow Risks = [redacted]
- Green Risks = [redacted]
- Uncategorized = [redacted]

- Risk mitigation plans are being developed for each red risk, but have not been formally approved. Risk register process still not fully optimized. Rob Bell and Paul Ingersoll have accepted the challenge to get the process applied correctly, and train personnel to enable production of accurate, actionable risk items
  - Risk categories have been redefined and reassigned
  - Meeting membership and dates revised to enable project controls and project management attendance
  - Defined Red Risk Approval at PM level
  - Reviewing all open RED Risk Mitigation strategies for appropriate level of approval and ICF / Schedule input.
  - Planned task Level Shakedown to generate construction phase risk items

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EPU Risk Management

- **15 Red Risks Per Evaluation Process**
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- 421-Condensate System Flow Balance with MSR Belly Drain installed
- PM ADD 232- TBVs and Mufflers
- PM ADD 250- Reconciliation of ROTSG for EPU conditions may delay License submittal
- PM ADD 254- Turbine Bldg. crane reliability could cause schedule delays
- PM ADD: Post Mod testing and integrated start up testing impacts
- PM Add: Vendor delivery delays of major components
- PM Add: Facilities and in-processing impacts to outage start
- PM Add: EQ potential impacts after further evaluation

Costs Forecasts for November 2008

- EPU Project Financial View year to date (Oct) was $[redacted] favorable to budget. $[redacted] actual versus $[redacted] budget. Siemens contract performance and invoice delays drove the major component of the delta. NPC Support service under run of approximately $[redacted] YTD stabilized due to accounting cycle (3 pay periods) posted in October
- Working with Siemens and AREVA to resolve over $[redacted] in delayed and deferred payments to recover end of year values to within [redacted] of budget
- November financial view forecast is for a $[redacted] unfavorable variance to budget with some late payments to Siemens being made in two areas. ($[redacted] Budget, $[redacted] actual projected)
- Currently project a $[redacted] under run in 2008 due to internal labor support under runs
- Project has spent $[redacted] PTD, EAC remains on track at $[redacted] EAC
- No project or sub task CPI Metrics in place yet, working to initiate weekly CPI and EVA reporting on Task Level by January 1, daily EVA reporting by June 1

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EPU Project Cost Forecast for November 2008

PROJECT PLAN
(Updated in September 2008)

[redacted]

PROJECT LIFE TO DATE ACTUALS

[redacted]

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EPU Scope Additions - October & November 2008

- Turbine bypass valve ICF approved to add TBV installation in 16R concurrent with pursuit of alternate operating technique
  - Detailed schedule and budgets built for reach scenario
- Added Chrome Moly pipe for CD outlet from new regen HX
- Added 8 HP steam admission valves for the new MSRs
- Added lube oil cooler rigging to Barnhart contract
- Approved SC HX spare channel head
- Logistics, habitation, and In-processing ICFs approved
- Completed the ICF Checkbook for the EPU Project, entering data to lay out total project annual balances
- Approved Photogrammetry
- TB Crane Mod and Maintenance by plant staff approved

EPU Scope Deletes

- Main Steam Relief valve changes
- Pressurizer Relief valve Changes
- CW Pump and Motor changes
- Cross over / discharge return line on POD
- Inlet screen changes
- Incorporated Boron Precipitation and LP Cross Tie licensing work into hardware modifications

EPU Environmental Activities

- Site Certification (SCA) Completed
  - Decision to NOT Increase CW Flow Greatly Simplifies Future Activities
- SCA Modifications Underway for Related Activities
  - Batch Plant/South Lay-down Submitted
  - Office Trailers in PA Impact on Storm Water Management Being Evaluated
  - Cooling Tower Impacts Being Developed
- Levy Training Center Kick-off This Month

EPU Nuclear Licensing Status

- Extensively Using Industry Experience
- AREVA and PE Represented on NEI Task Force
  - PE Presented Industry Regulatory Positions at NEI Workshop
- Patterning LAR After Recent PWR Efforts (Ginna)
- Inputs and Responsibilities in EPU Schedule
- Environmental Report Development Underway (Using License Renewal Contractor and Based on LR ER and SCA Data to Assure Consistency and Reduce Cost)

EPU LAR Challenges

- Rod Ejection Accident
- Required Modifications
- Environmental Qualification
- ROSTG Qualification for 3030 MWt
  - RCS Functional Specification Revision
    - 153 PE Comments on initial AREVA submittal. Resolved all open comments
    - Scope and Final Report Content Being Discussed, Confirmed
    - Contract Kick Off Meeting This Week (BWC/AREVA/NPC)
  - BWC Qualification of ROTSG to 3030 MWt Activities
    - Lengthy Commercial Process
    - Master Services Contract Now in Place
    - Schedule Could Become EPU 17R Critical Path

Rod Ejection Accident

- Current Methods Would Not Produce Acceptable Results
  - NRC SRP Changed Acceptance Criteria (cal/gm and ballooning)
  - EPU Power Density Much Higher
  - Dose Higher but Not Limiting
- New Methods Have Been Developed and Are Being Licensed as Part of AREVA EPR Efforts
  - RAI's All Resolved
  - Schedule Does Not Meet our Needs
- We Will License Method for CR3 Application. [NRC Supportive of This Approach.]
  - PE/AREVA working to January 29, 2009 LAR
- Technical Results More Challenging Than Expected
  - Change to Variable Low Pressure Safety Limit
  - Reduced Rod Insertion Limits

Required Modifications

- Atmospheric Dump Valves (ADV) Being Replaced with Larger, Safety-Related Valves for Secondary Depressurization
  - Need to Complete Conceptual Design
  - Related Modifications (to EFIC) and Failure Modes and Effects Need to be Completed and Summarized in EPU LAR
- Low Pressure Injection Cross Tie Coupled with Hot Leg Injection will Resolve Core Flood Line Break as well as Boron Precipitation
  - Conceptual Design from AREVA Complete
  - NPC/CR3/NFM&SA Review Underway
  - Need to Resolve RCP Trip Criteria

Environmental Qualification

- An Example of Evolving NRC Expectations
- Monticello EPU Delayed Due, in-part, to Incomplete EQ Reviews
- We Have Rescheduled Required EQ Work from 2010
  - We Have Obtained Support for Dose Model (RPM) Update
  - We Are Obtaining Support for EQ Study
- Balance of EQ Work Will Follow Evaluation Phases
  - Finalized Calculations
  - Updated Vendor Qualification Packages
  - Implementation of PM or Other Changes

Licensing Related Activities

- Set-point Methodology
  - Being Unsuccessfully Addressed by TSTF-493, Revision 3
  - NRC/NEI Management Working to Resolve
  - Unresolved BUT is Imposed on ALL ITS Set-point Changes
  - Previous CR3/EBWR Proposal May Be Acceptable to PE-Fleet, Industry and NRC
- Evacuation Time Estimate Will be Updated As Part of Next Transportation Update
- Dose Calculations are Being Redone Based on Source Term Changes. Some Changes (updated X/Q) will be Implemented Prior to EPU LAR

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EPU Current Leadership Team

EPU Project Manager
Steve Huntington

Eng. Superintendent
T. Williams

Superintendent
Sam Dasgupta

Superintendent
Paul Ingersoll

Superintendent
R17/POD

Eng. Supervisors
4

Task Managers
2

Task Managers
2

P. Manager
M. Hickman

G. Englert

OPEN

B. Scott

D. Porter

Engineers
28

Areva Contract

Turb-Gen
V. Long

MSRs
S. Westcott

119' Scope
J. LaPratt

95' Scope
L. Sexton

61 Staff at CR3 Site, 14
Major Contracts employing
approximately 1,000
Contractors in 6 Countries

NGG

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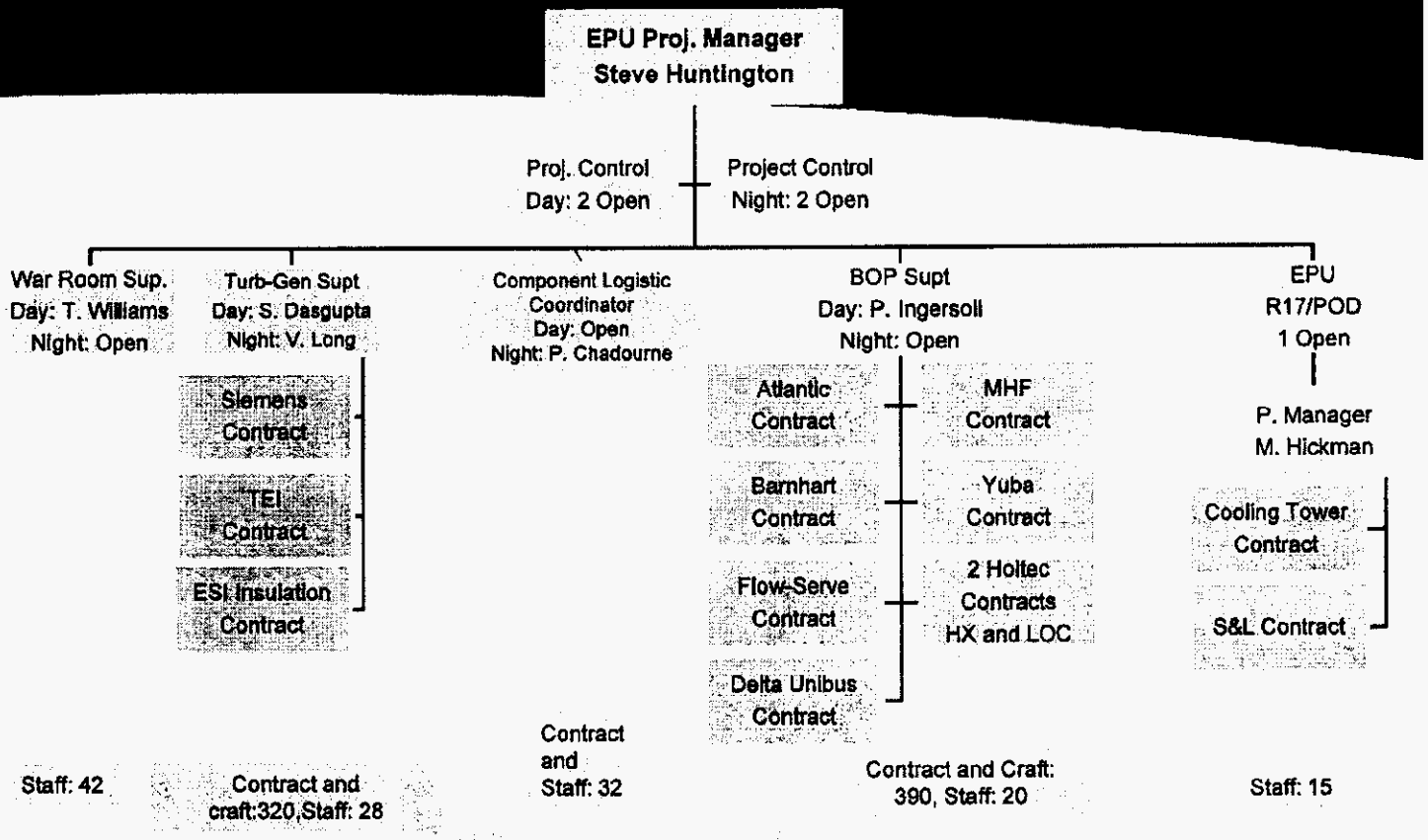
09PMA-DR1-10-000151
09NC-OPCPOD1-7-000137

EPU Execution Team



Total Craft & Staff = 852

EPU Project Staffing

- Currently 61 Total Staff, 35 PEF and 26 Contractors (4 open PEF positions)
  - Managing 14 Major Contracts
    - AREVA, Siemens, Atlantic. TEI, Yuba, ESI, Holtec (2), S&L, Barnhart, FlowServe, MHF Logistics, Delta Unibus, Emerson
- Outage Implementation Org Chart also completed and initially staffed with current team
  - 96 staff Positions, plus Contractors and HP support
  - "Road Show" to Brunswick and Robinson completed, filled 1 position
  - Need a little emphasis to get engagement on filling 35 open positions that could be Resource Share opportunities
- Atlantic wage opener submitted, now working with SGR to resolve strategy on Per diem and any completion or other bonus pay for craft
- Hiring by January 31 (all temp contractor positions):
  - Pre outage work coordinator, Tooling coordinator, Rigging and yard lay down supervisor, Temp Power Lead, Mock Up task manager (potential to combine with Pre-outage assignment), EPU In-processing coordinator

Employee Activity

- Hanh Phan started as TBV Task manager on December 1
- Supervisor, Component Engineer position: Interviews in progress
- Second Pump and Motor Component Engineer: Interviews in progress
- Ezgi Economos rejoined EPU team as EE after internship and graduation
- Open ME: Evaluating candidate pool
- Retaining open Supt. POD position
- Pre Outage work coordinator candidate will interview 12/4
- Bruce Bond joined as added EPU scheduling support reporting to Gene Flavors
- Mobilized 5 new Task Planners on Atlantic contract

Other Concerns

- Engineering change completion bow wave following late submittals by vendor
- Loadings and AFUDC changes in out years due to accounting system practices
  - Predicted changes in staffing and focus cannot be entered into budget tool, leaving potentially misleading loading projections
- Resolution of logistics issues
  - Parking, contractor access, completion date of work spaces within protected area, rail off load spur. All have open components requiring resolution
- Manufacturing vendor schedule performance and impacts on logistics schedules
  - Increased vendor surveillance schedules and potential increased staffing in cooperation with Levy build up
- Communicating with CR3 Staff the magnitude of planning and preparations for 16R

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Current Status of EPU Project Works:

ENGINEERING

Approximately [redacted] of the 16R design and engineering change (EC) work is completed versus 12/5 completion date.

PROCUREMENT

All EPU components are in the design and fabrication process at various vendor-shop locations. All deliveries precede shut down

CONSTRUCTION

Detailed implementation task plans are being developed and executed. Heavy Rigging Plans are being refined.

POINT OF DISCHARGE

Conceptual Design is Complete, Bidding Detailed Design Contract

TOTAL PROJECT % COMPLETE

Currently @ [redacted] Complete [redacted]

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Extended Power Uprate Project

Steve Huntington

NGG Nuclear Generation Group

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09PMA-DR1-10-000182
09NC-OPCPOD1-7-000191

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Project Overview

- EPU Project Overview
  - Initial Authorization November 2006, $[redacted] Financial View BAP
  - Completed Measurement Uncertainty Recovery +[redacted] MWe
  - Steam Cycle Efficiency +[redacted] MWe in 2009
  - Extended Power Uprate (EPU) +[redacted] MWe in 2011
  - Point of Discharge (POD) Mitigation concurrent with EPU
  - CR3 Increases Output from [redacted] to [redacted] MWe total
  - IPP Update in March 2008 to $[redacted] EAC

[redacted]

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Agenda

- Schedule Performance
  - Siemens and AREVA Performance Issue Update
- Detailed Project Planning
- Risk Management
- Cost Performance
- Scope Additions
- Regulatory Interface Events, Submittals and Meetings
- Regulatory/Licensing Strategy Update
- Staffing
- Other Concerns
- Summary

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Schedule Performance

- Project Per Cent Complete = [redacted] by project expenditure to date ([redacted] / [redacted] Value assumes [redacted] SPI.
- SPI = Project Controls Group is Building an EPU Specific SPI indicator for EPU Project pre outage work.
- Corrective actions to reverse negative schedule performance trend in July delivered results in August. Weekly supervisor / superintendent meetings to look ahead 60 days, and manage weekly schedule exceptions mid week have had a positive impact.
- There is a definitive need to add greater level of detail, level 2 milestones, and new schedule actions to accurately reflect the total scope of preparation activities planned.
- EPU Leadership Retreat and Workshop is planned Sept.30 - Oct. 1 to define those items and encourage alignment and cooperation.

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Schedule Performance

[redacted]

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Schedule Performance

- July Completed Milestones
  - CD HX Design Input Complete
  - Fuel Phase B report delivered
  - 70% HD Valve EC Design Review Completed
  - HD Piping EC PGM Approved
  - Issued Barnhart and MHF Heavy Haul and Disposal Contracts
  - Completed POD Conceptual Design
- August Completed Milestones
  - Received State Certification for EPU
  - Tank soils characterization contract completed for new cooling tower site
  - LPI Cross Tie Conceptual Design Completed
  - Received TB Dynamic Evaluations
  - Temp Power and TG Loop Testing Bids received, sent back out to rebid
  - 100% HD valve Design review
  - 30% Isophase Bus Duct Installation review
  - 70% Design review for MSR Installation
  - Started LP Inner Casing manufacturing

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Siemens LP Rotor Schedule Recovery

- Late June, Siemens notified EPU leadership that the forging schedule for LP rotor at Saareschmiede had slipped relative to ship dates to Mulheim for final machining and assembly activities. LP1 moved from 8/20/08 to 9/26/08 with a resultant exworks date from 5/22/09 to 5/28/09. LP2 rotor ship date from Saareschmiede to Mulheim moved from 8/20/08 to 10/02/08 with an exworks date moving from 5/22/09 to 6/30/09.
- Also identified a slip on Exciter rotor core laminations from a 5/14/08 delivery date to 8/31/08. Final exciter exworks from Charlotte was not affected.
- NCR written internally to track improvements to vendor oversight actions. Vendor oversight plans written for all EPU suppliers and metrics established.
- Senior management meetings were held promptly to drive schedule recovery, and as important, to identify and correct Siemens project management issues with vendor oversight and communications. Brought in fleet wide turbine contract presence.
- Mobilized our TG project superintendent to Saareschmiede and Mulheim to participate in schedule recovery development, and to emphasize PE concern with delays.
- Exciter lamination delivery improved to 8/1/08. Still working to improve the 6/30/09 LP 2 rotor date.
- Industry capacity pressure and ineffective sub-supplier management at Siemens are real root causes. Strategic management of major component vendors is essential to all future major projects.

Siemens LP Rotor Schedule Recovery

- Siemens Corrective Actions to date include:
- Monitoring the vendor deliverable schedules weekly and reporting results to PE mgmt. A PM resource has been added to the project to track sub-supplier deliverables.
- The Crystal River rotors have been moved ahead of all other Siemens orders in the forging shop. Subsequent manufacturing activities have been reviewed at the forging vendors shop with no obvious schedule improvement opportunities noted.
- The Crystal River rotors been moved ahead from the number 4 position to the 3 position in the Mulheim shop. The Mulheim facility has reviewed their subsequent operations on this rotor and have not been able to identify any obvious schedule improvement opportunities to date, but have held the revised date over the last three months.
- Siemens is still actively pursuing completion of these rotors in the Charlotte facility. Viability of this option should be known by 10/1/08.
- Siemens is still actively pursuing expedited shipment of LP Rotors. An estimate of the benefit to on-site date will be known closer to the ship date.
- Siemens is presently working on establishing more detailed milestones to monitor manufacturing progress. This should be completed by week ending 10/01/08.
- As of 9/12/08, despite all efforts to date, there has been no improvement in the LP 2 rotor ex-works date. The ex-works for LP2 is still scheduled for 6/30/08. Siemens PE Fleet Manager dispatched to Mulheim.
- Siemens management states commitment to the goal of returning the ex-works date to the original date of 5/22/08 and are continuing all efforts towards that goal.

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Siemens LP Rotor Schedule Recovery

- Overall Turbine Project completion at [redacted] Mid August
  - The per cent complete figure is calculated by summing the critical portions of the project, giving each part equal weight and dividing by [redacted]
- HP Turbine - Engineering [redacted]
- LP Turbine - Engineering [redacted]
- Turbine SW Deliverables [redacted]
- Generator Stator - Winding Components – Engineering [redacted]
- Generator Rotor - Winding Components - Engineering [redacted]
- Generator Donut – Engineering [redacted]
- Exciter Engineering [redacted]
- Generator Exciter SW Deliverables [redacted]
- HP Turbine – Manufacturing [redacted]
- LP Turbine – Manufacturing [redacted]
- Generator Rotor Rewind [redacted]
- Generator Stator - Rewind Component Mfg [redacted]
- Generator Donut – Manufacturing [redacted]
- Exciter Manufacturing [redacted]
- Installation 2009 [redacted]
- Installation 2011 [redacted]
- Project % Complete [redacted]

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Siemens LP Rotor Schedule Recovery

- Current Siemens Component Status:
  - LP1 Rotor in Final UT at Mulheim post machining (on revised schedule)
  - LP2 Rotor at Saareschmiede for rough machining prior to heat treatment (on revised schedule)
  - LP1 Disk 1 machining for final UT completed
  - LP1 Disk 2 prep for final UT
  - LP1 Disc 3 UT failed, replacement taken from another project to retain schedule
  - LP2 Disk all are in Saareschmiede for machining and testing prior to ship to Mulheim
  - All Disks on schedule
  - Exciter in assembly process at Charlotte, Core assembly galled upon removal from Mandrel. New material located to remanufacture if required
- TEI MSR –
  - Tube sheet shipped from Joplin to Portugal Sept 1 (on schedule)
  - Tube bundles mfg to start Sept 17 in France, then ship to Brunswick GA for finning. Then to Portugal for assembly operations. All on schedule.

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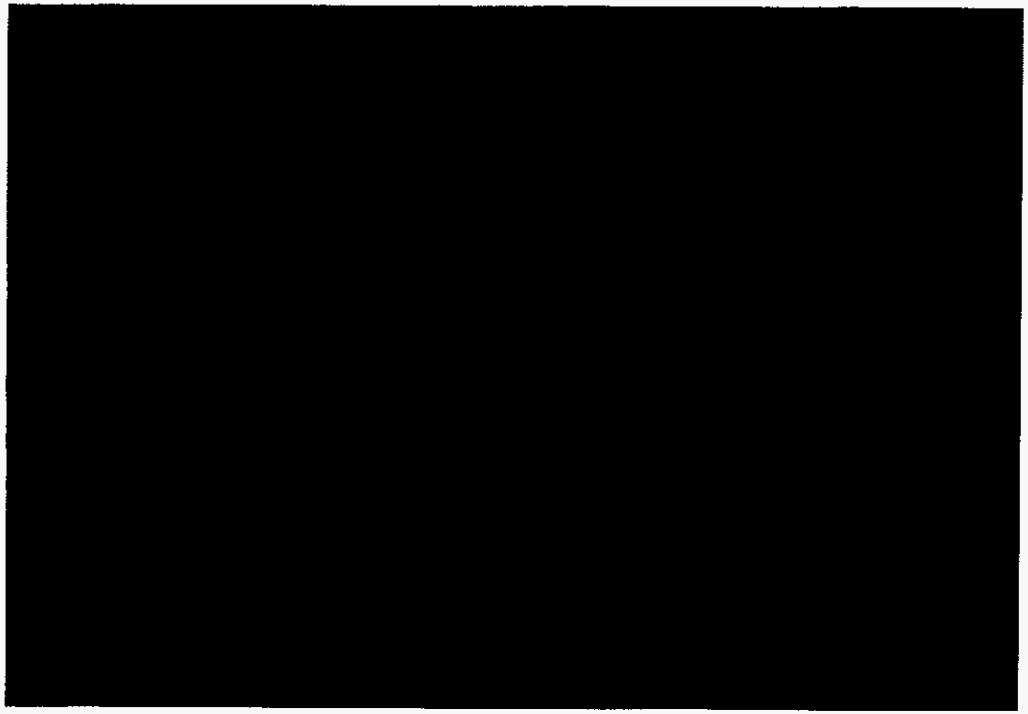
Siemens Manufacturing Schedule Milestone Compliance



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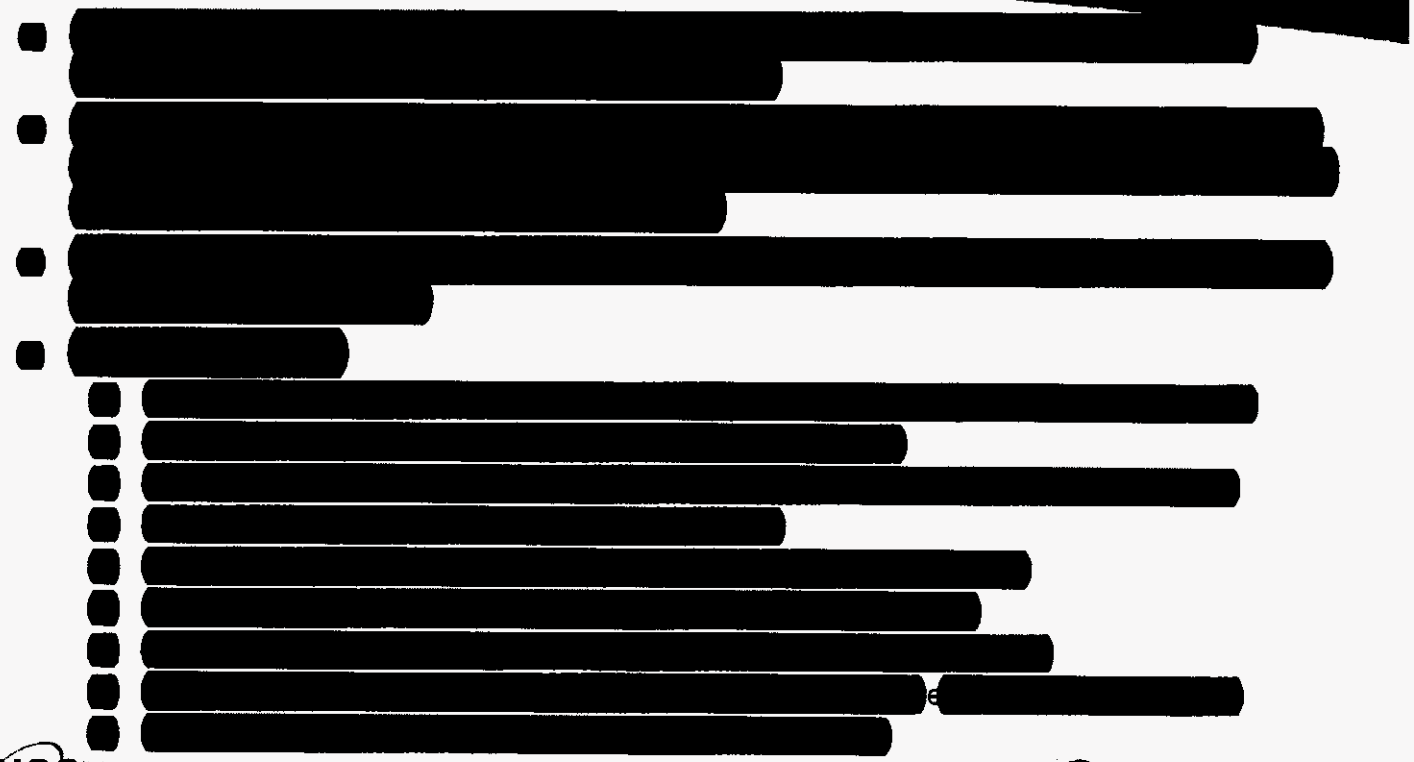
AREVA Engineered Product Quality Recovery



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09PMA-DR1-10-000193
09NC-OPCPOD1-7-000202

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AREVA Engineered Product Quality Recovery

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Schedule Performance - AREVA Contract

NSSS Deliverables (WA-84)

[redacted]

BOP Deliverables (WA-93)

[redacted]

Key:

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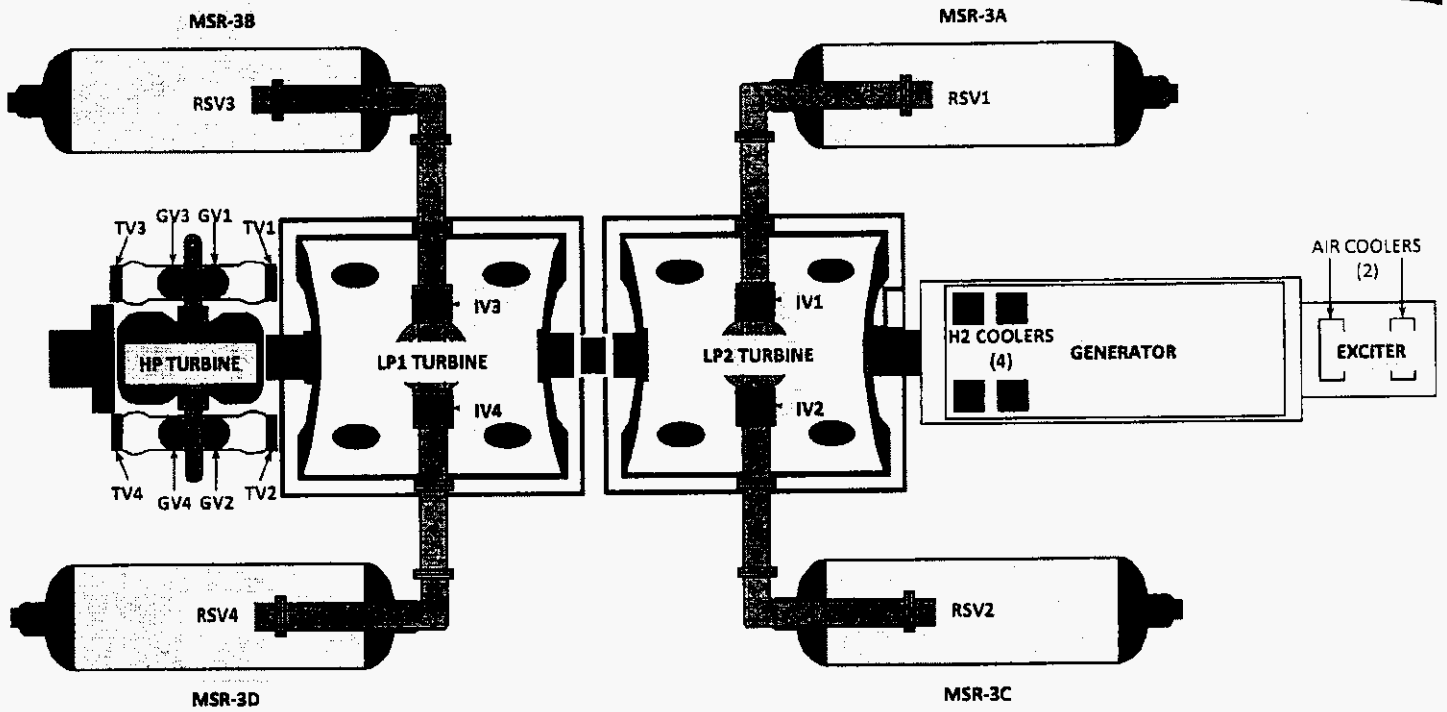
Outline and Identification of Components



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09PMA-DR1-10-000196
09NC-OPCPOD1-7-000205

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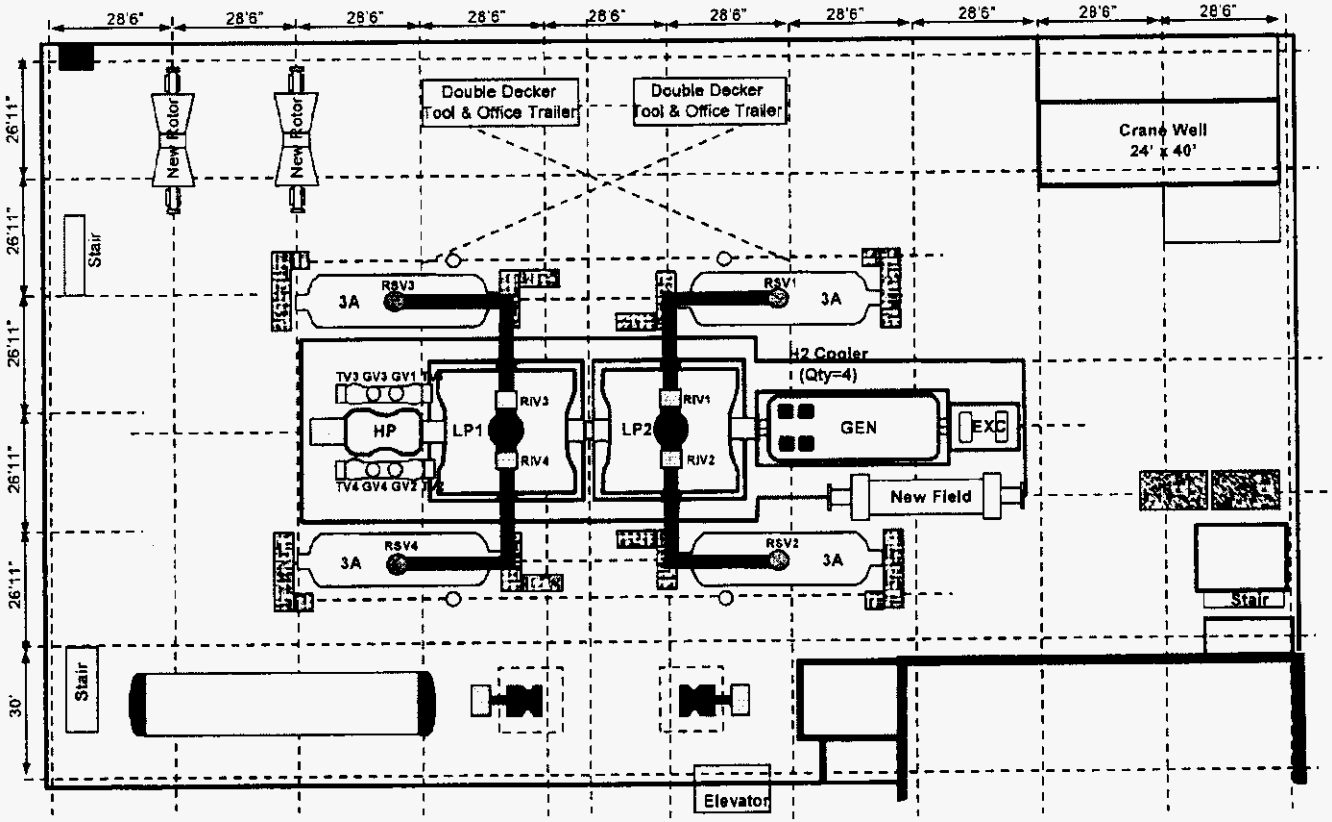
Quick View of Disassembly/Removal



09PMA-DR1-10-000197
09NC-OPCPOD1-7-000206

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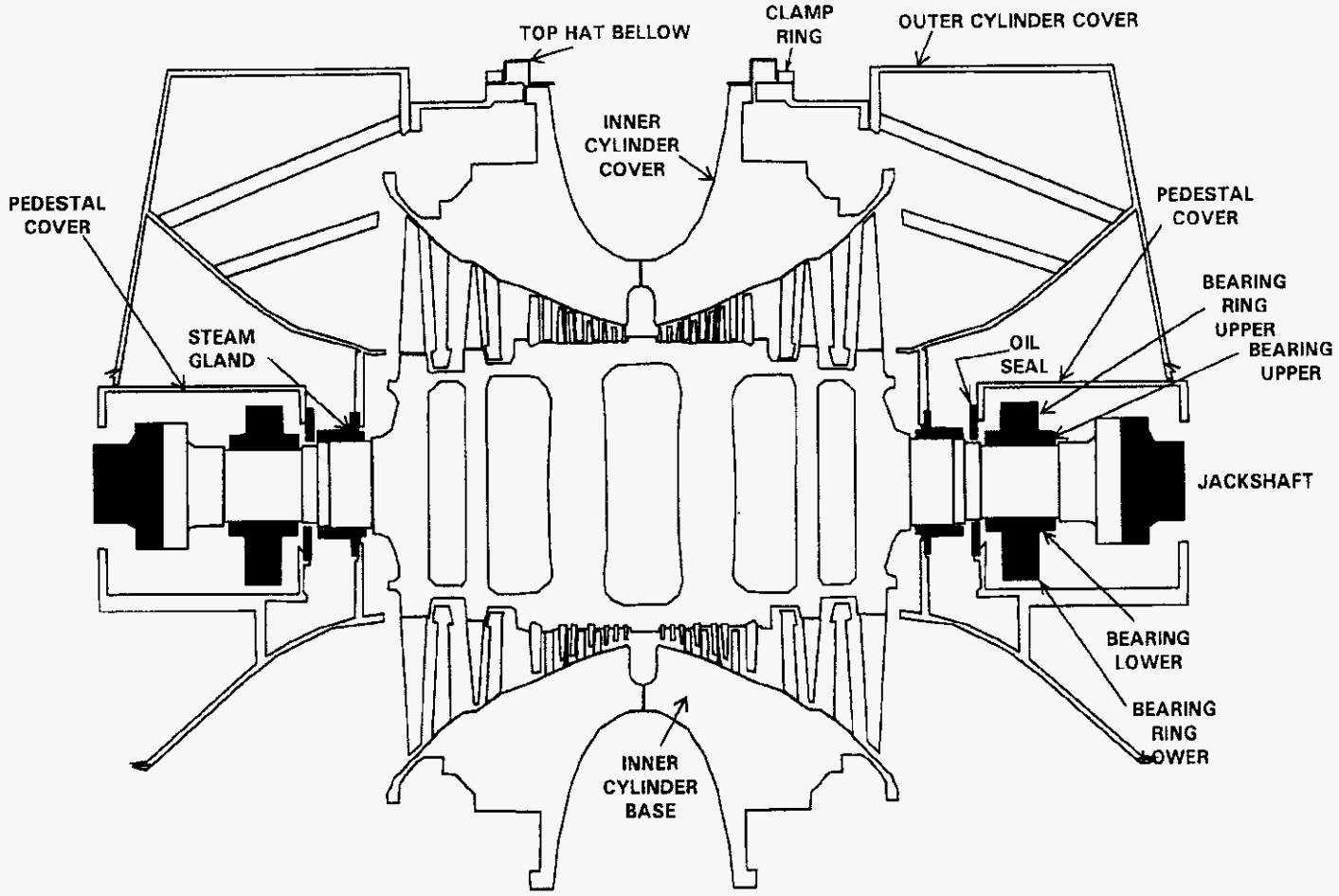
Quick View of LP Turbine Disassembly



09PMA-DR1-10-000198
09NC-OPCPOD1-7-000207

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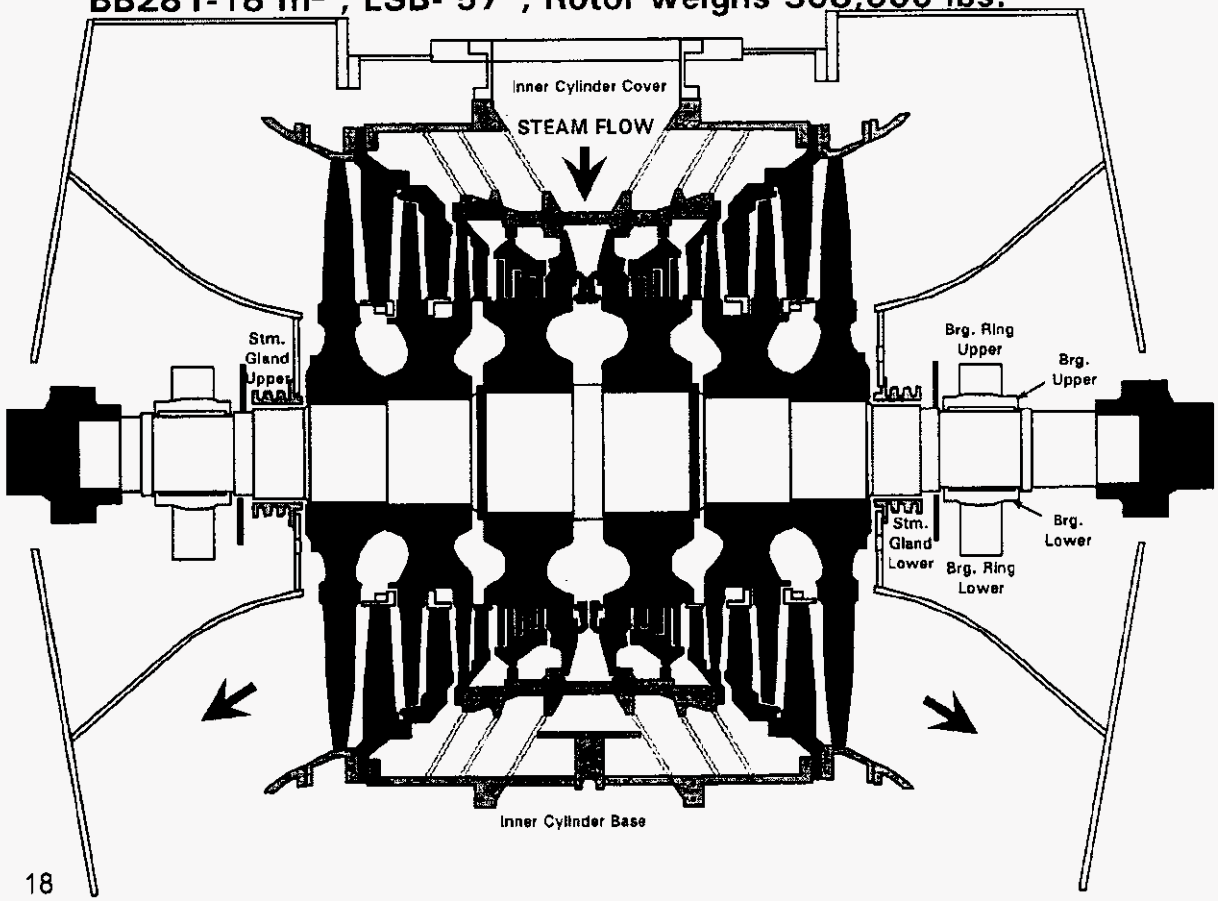
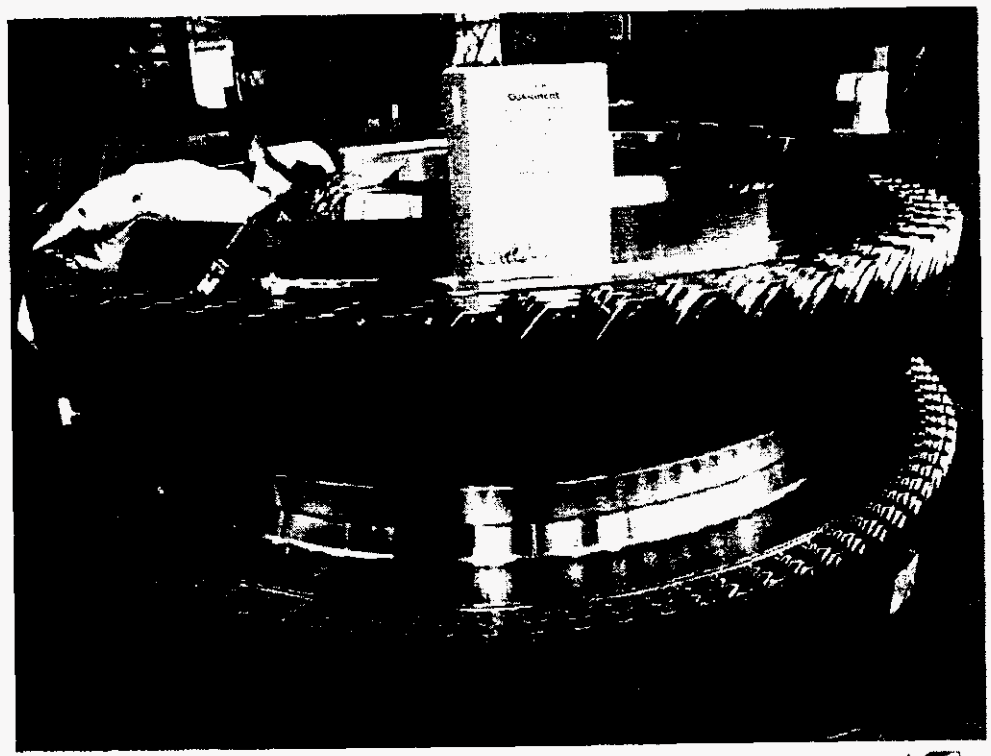
Quick View of New LP Turbine Reassembly

THE NEW SIEMENS LP TURBINE
BB281-18 m^2 , LSB- 57", Rotor weighs 308,000 lbs.



09PMA-DR1-10-000199
09NC-OPCPOD1-7-000208

Rotor Disc in Manufacturing Process in Mulheim, Germany



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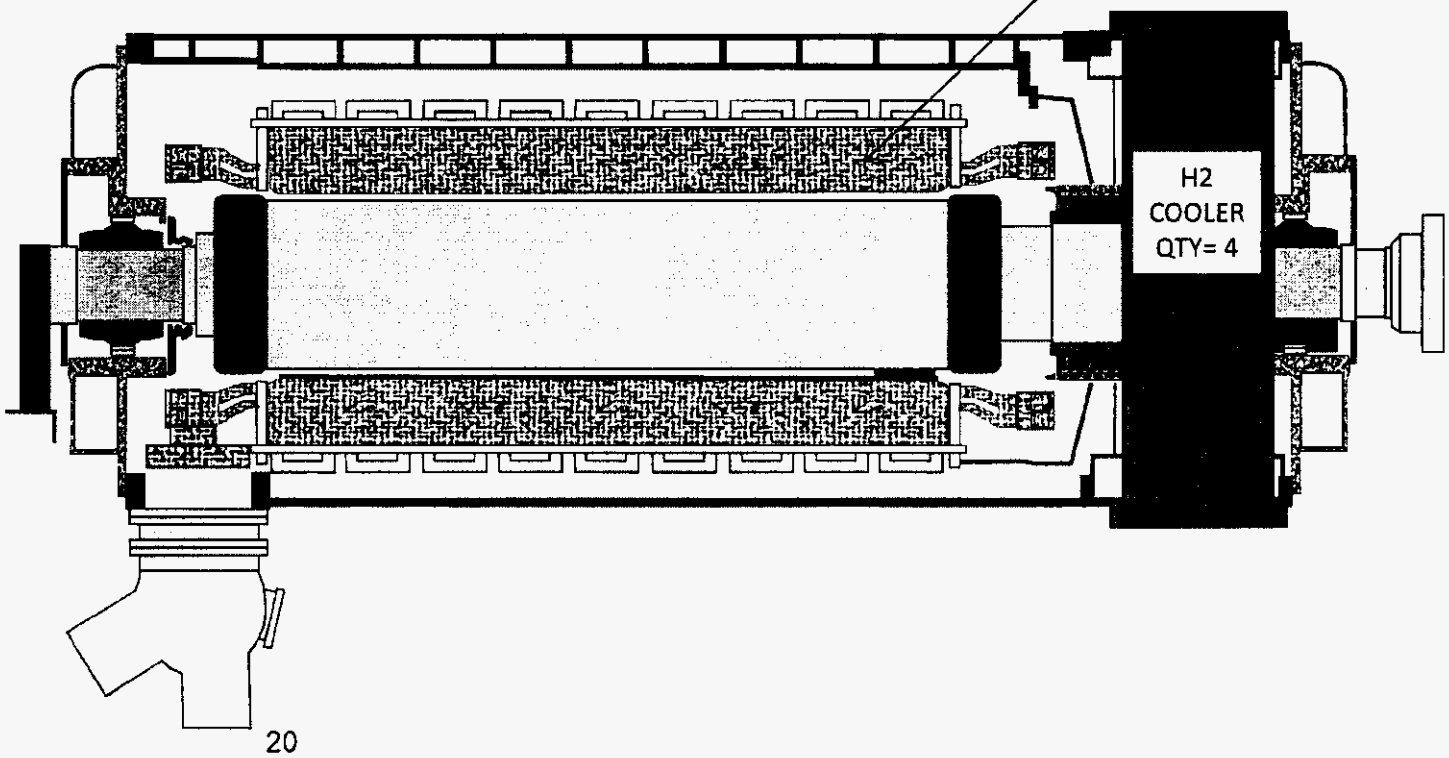
Disassembly of Existing Generator

Rotor Weight= 365,000 lbf (old)
368,000 lbf (new)



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09NC-OPCPOD1-7-000210

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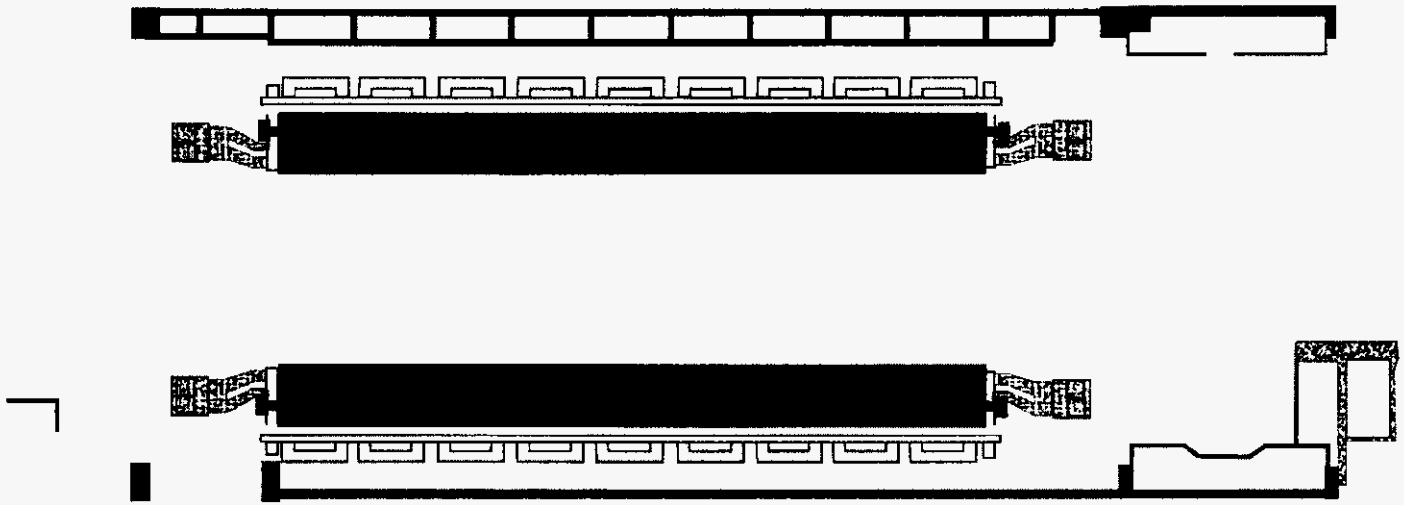
Disassembly of Generator Core Iron

New Method for CR3 Generator



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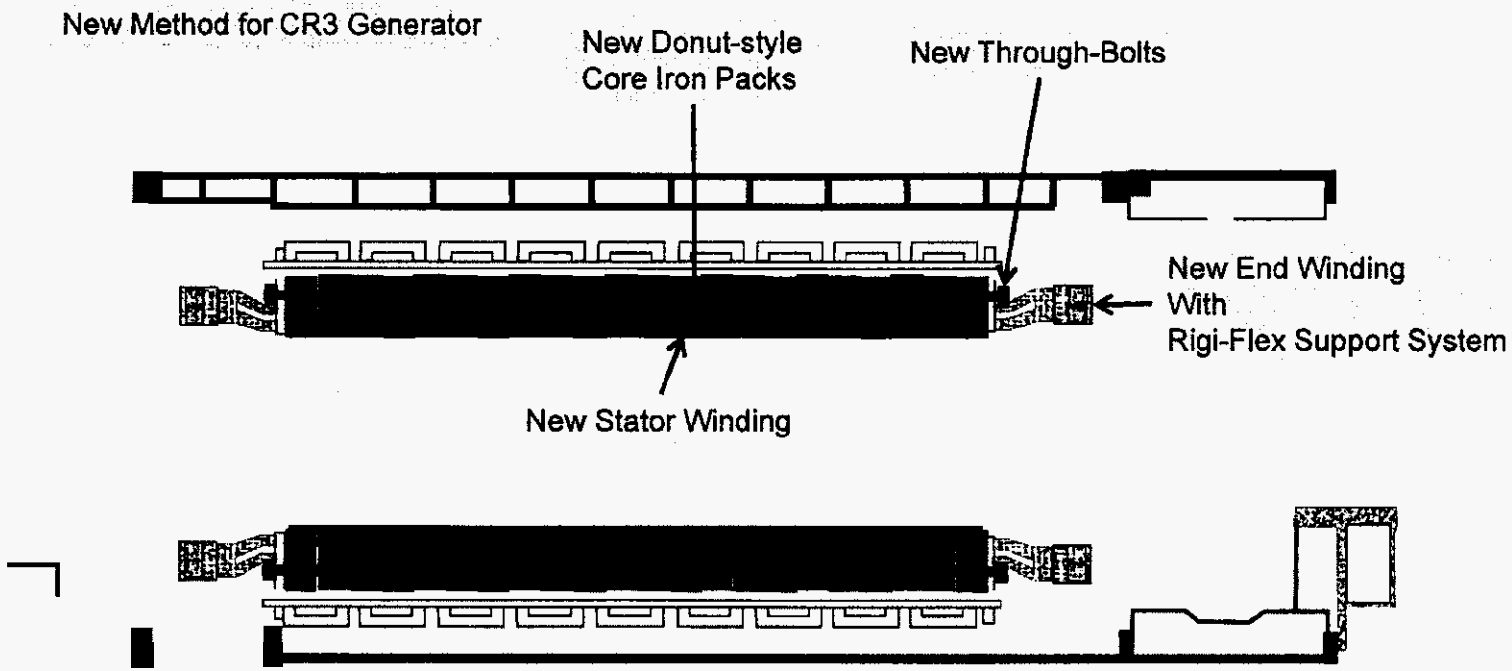
Reassembly of Generator Core Iron



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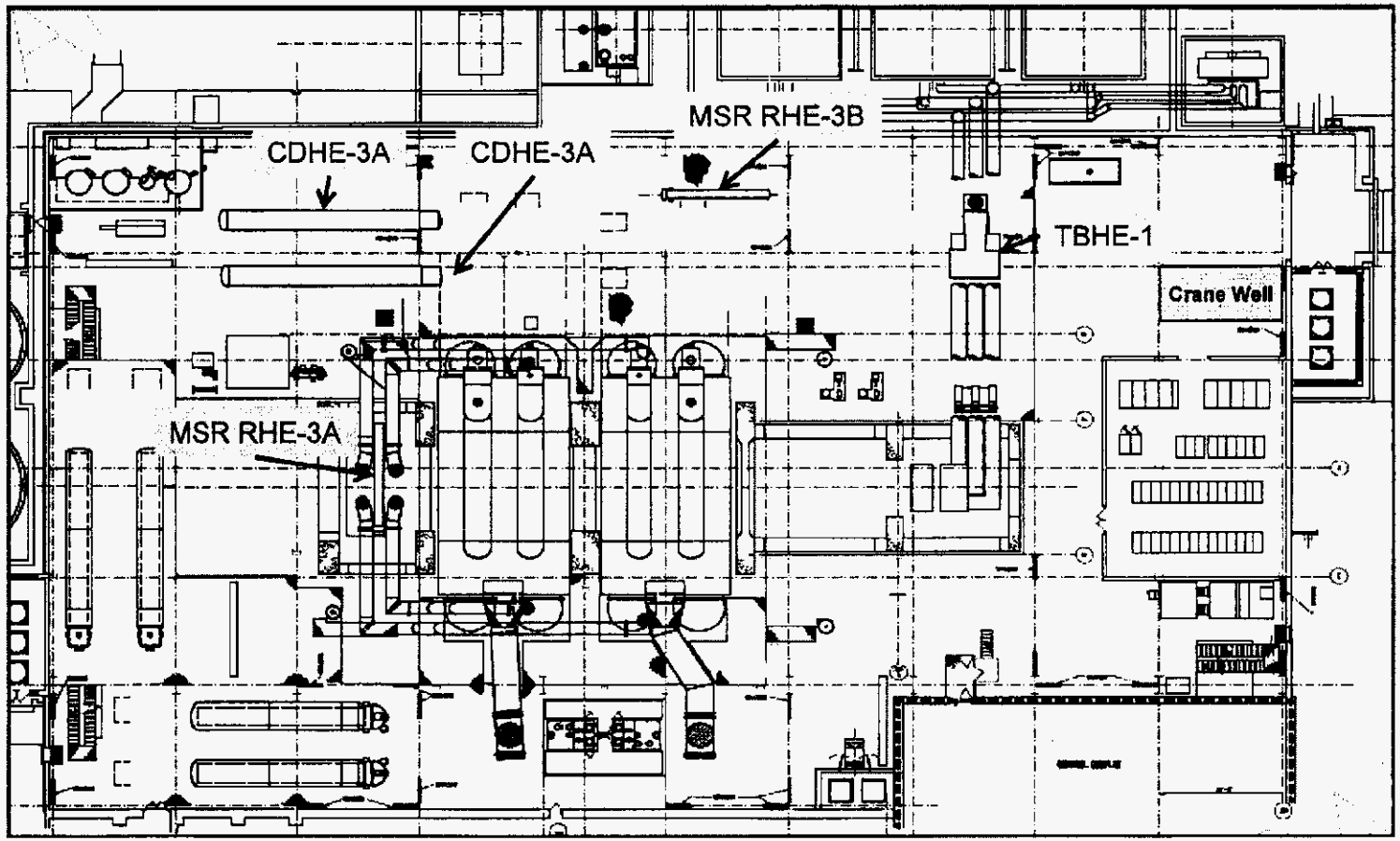
Visual aid of the project scopes on the 119'-elevation:



09PMA-DR1-10-000204
09NC-OPCPOD1-7-000213

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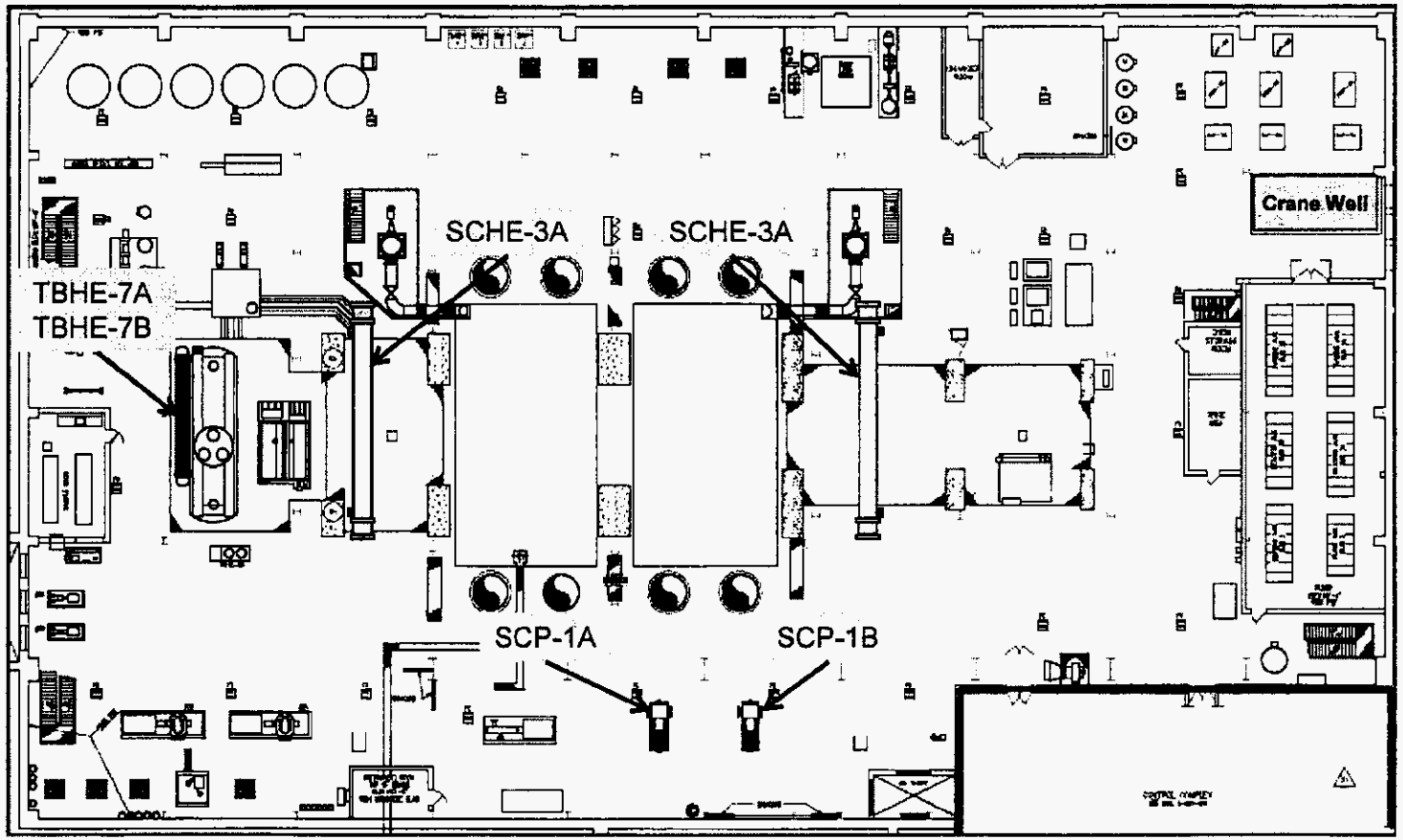
Visual aid of the project scopes on the 95'-elevation:



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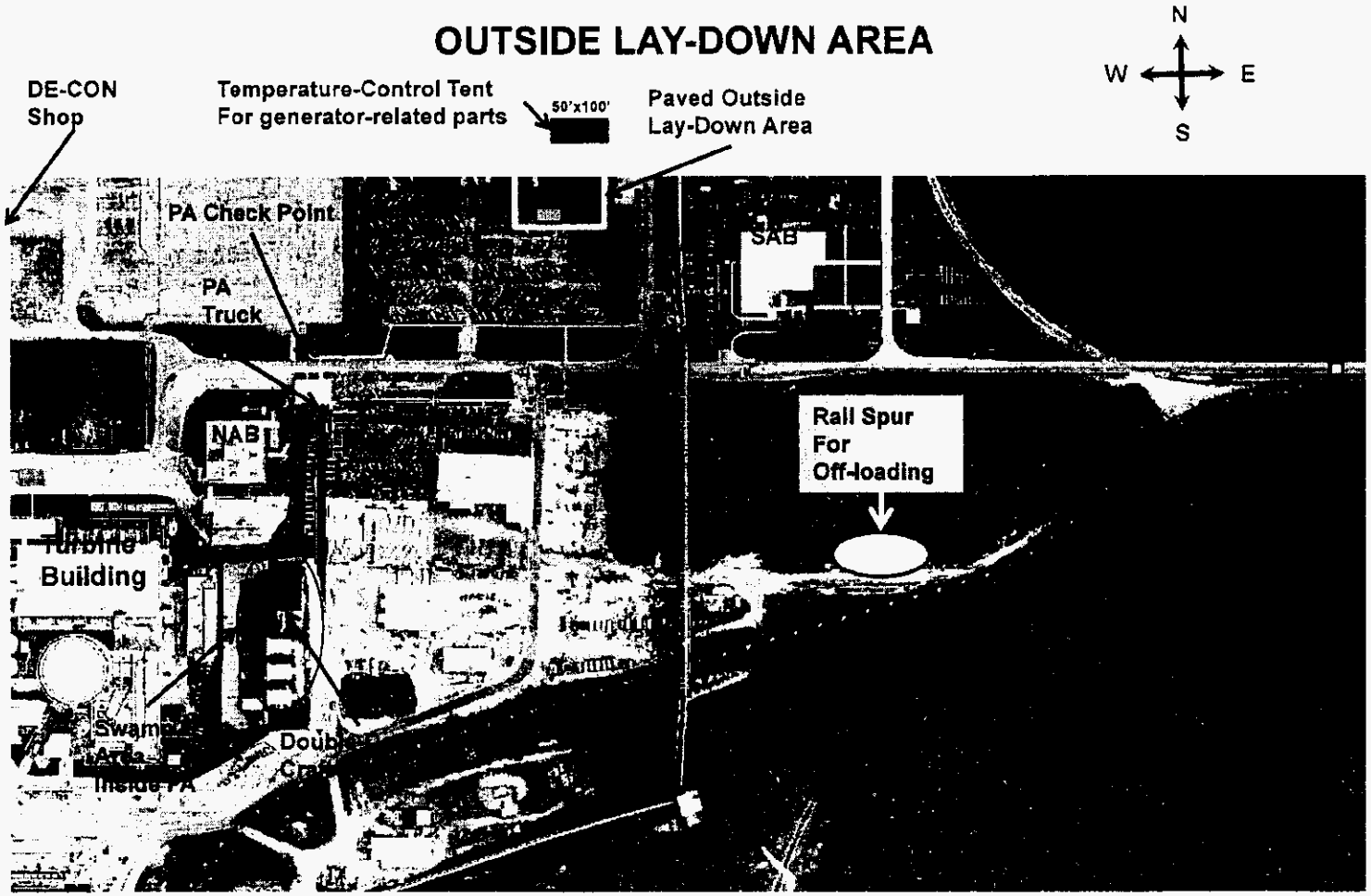
Receiving and Storing of New EPU Components



09PMA-DR1-10-000206
09NC-OPCPOD1-7-000215

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EPU Risk Management

Total Risks Identified to date =

Categorized Risks =

Red Risks =

Yellow Risks =

Red Risk Items

- **Red Risk ID**
- 232- TBVs and Mufflers
- 239-10CFR50.46 criteria may be exceeded at EPU conditions during a CFLB. (Xtie Mod)
- 241- HPI flow inadequate at EPU conditions for some SBLOCAs (ADV LAR)
- 250- Reconciliation of ROTSG for EPU conditions may delay License submittal.
- 254- Turbine Bldg. crane reliability could cause schedule delays.
- 300-Shutdown Margin Minimum boron requirements
- 355- Lube Oil Cooler SC System Control Valve Undersized
- 397-Safety risk of dropped objects
- 421-Condensate System Flow Balance with MSR Belly Drain installed
- PM Add: Post Mod testing and integrated start up testing impacts
- PM Add: Vendor delivery delays of major components
- PM Add: Facilities and in-processing impacts to outage start
- PM Add: Rod Ejection Analysis Licensing strategy and timeline
- PM Add: EQ potential impacts after further evaluation

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Project Financial Reporting

- EPU Project is $[redacted] favorable to budget at end of August. YTD expenditures of $[redacted] versus $[redacted] budgeted at a financial view. Major variance driver is payment timing on major contracts. Year end ($[redacted] and EAC ($[redacted] projections remain on track.
- Completed 2009 / 2010 Budget preparations. Submitted 2009 @ $[redacted] Capital at Financial View, and $[redacted] O&M. 2010 $[redacted] Capital Financial View and $[redacted] O&M.
  - Two year forecast through 2010 increased from $[redacted] to $[redacted] (included contingency values in each year at [redacted]

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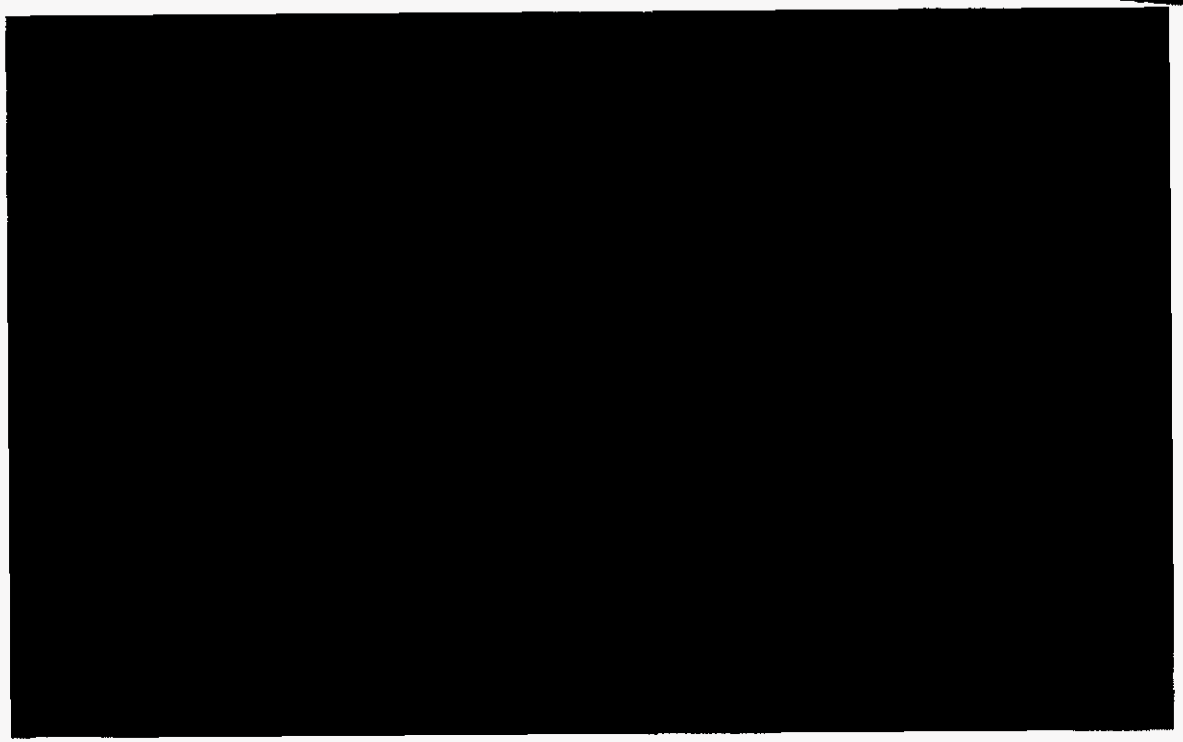
All-in-Costs Summary - Capital
Nuclear Projects & Construction - EPU
Through August 2008

J:\Major Projects\CR3 Projects Financial\2008 Monthly Reports_Tina and Kris\Calm'e\NPC All-In

EPU Budget Submittal and Cash Flow to Date



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Scope Additions

- Turbine bypass valve ICF processing to move up from 17R to 16R underway following KT analysis
- Logistics, habitation, and In-processing ICFs still pending, but included in 2009 budgets
- Turbine Crane maintenance and upgrade plus TB access upgrades ICF submitted in July
- Combined LPI Cross Tie and Boron Precipitation mitigation design concept presented to the PNSC July 8
- CW flow and scope final decision pending
- Site support defined and included in 2009 budgets
- Fossil final decision on new warehouse location (clean air vs operations)

Regulatory Interface Events

- State Approved EPU Applications
- Received PSC staff questions on POD task elements of the EPU as O&M versus capital recovery via ECRC
- Teleconferences conducted in August with NRC Project Manager and Section Chief led to the decision to not submit LAR for ADV at end of August as initially planned
- NCR initiated by CR3 Licensing to address 4 Licensing submittal withdrawals / decision to not submit per plan instances
- Complete revision to EPU licensing strategy in development

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Regulatory/Licensing Strategy Update

- The EPU Licensing Strategy has been Revisited and is Being Significantly Revised
- Original Plan was to Split Out Anything Possible for Early Submittal
- NRC Acceptance Review Changes Have Made Doing So Less Successful
- New Focus is to Focus on Excellence with Regard to the EPU LAR Itself
- Proposed Process / Schedule:
  - Discussed with NPC PM 9/11
  - Discussed Conceptually with NRC PM 9/16
  - Discussed with NPC Management 9/23
  - Discuss at Site Interface Meeting 9/24

- STATUS OF MAJOR REGULATORY ACTIONS
  - EQ Working with CR3 PM to Define Work Scope to be Bid
  - Inputs (Mass and Energy and Source Term) from AREVA Remain On Track
  - [redacted]
  - FHA Structural Results Positive (48 pins)

Regulatory/Licensing Update

- Status of Major Regulatory Actions
  - Environmental Quality
    - Working with CR3 PM to define work scope to be bid
    - Inputs (Mass and Energy and Source Term) from AREVA remain on track
  - Main Steam Line Break
    - AREVA confirming that an increased SDM (1 to 1.4%) will resolve with adequate margins
  - Fuel Handling Accident
    - Structural results positive (48 pins)
    - Ginna OE (High Fuel Centerline Temp) caused an increase in some minor nuclides (3X vice 2X)
    - Dose consequences will be acceptable w/o CREVS, water level or movement delays
  - Core Flood Line Break
    - Confirming CV availability and piping configuration if/when resolved, will recommend option to management
  - Rod Ejection Accident
    - Remains highest regulatory risk (schedule not technical)
    - AREVA continuing to work toward CR3 methods and application submittal
    - PE working with AREVA-EPR to confirm methods applicability and assure schedule
    - If NRC-NRO, NRC-NRR, AREVA and we conclude that AREVA-EPR path is viable we will either reduce our early submittal to application only OR include in EPU LAR

Staffing

- 2 Electrical Engineer positions filled - Intern accepted offer to start December 09. Other starts Oct. 1. 1 Motor engineer position remains open in base staff (applicant for promotion applied from plant staff, but not released until a replacement located). 1 Mech. engineer resigned, replacement underway
- 3 Contract support personnel left in June / July to competing offers at higher wage levels. Refilled 2 of 3 positions. # Current PE / Contract Positions being filled – plus support to training and procedure staff
- Hired MSR PM, Sheila Westcott to start August 25
- Dave Porter Stepped Up to Supervisor - EPU Operations
- Hired 2 additional former SROs to support procedure updates and Task reviews
- Working now to manage transition to an execution organization of 850
- 16R Staffing Plan and proposed organization structure draft completed. Conducted face to face reviews with site managers for shared resources. Road show in progress for PE wide support, then hire as required
- Hired 4 additional contract planners and a planning lead - circa 2000 tasks to plan

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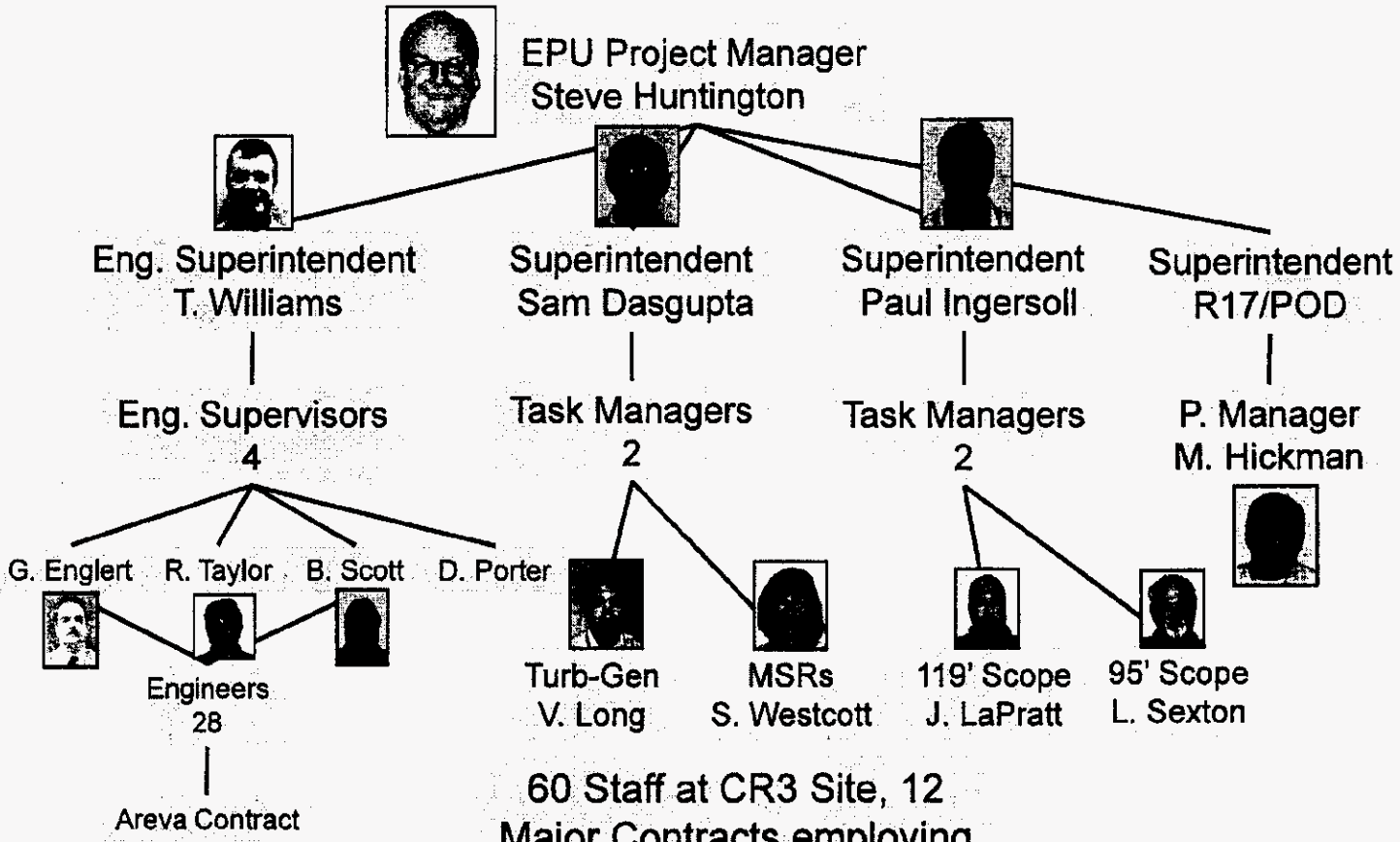
EPU Current Leadership Team



60 Staff at CR3 Site, 12 Major Contracts employing approximately 1,000 Contractors in 6 Countries

09PMA-DR1-10-000217
09NC-OPCPOD1-7-000226

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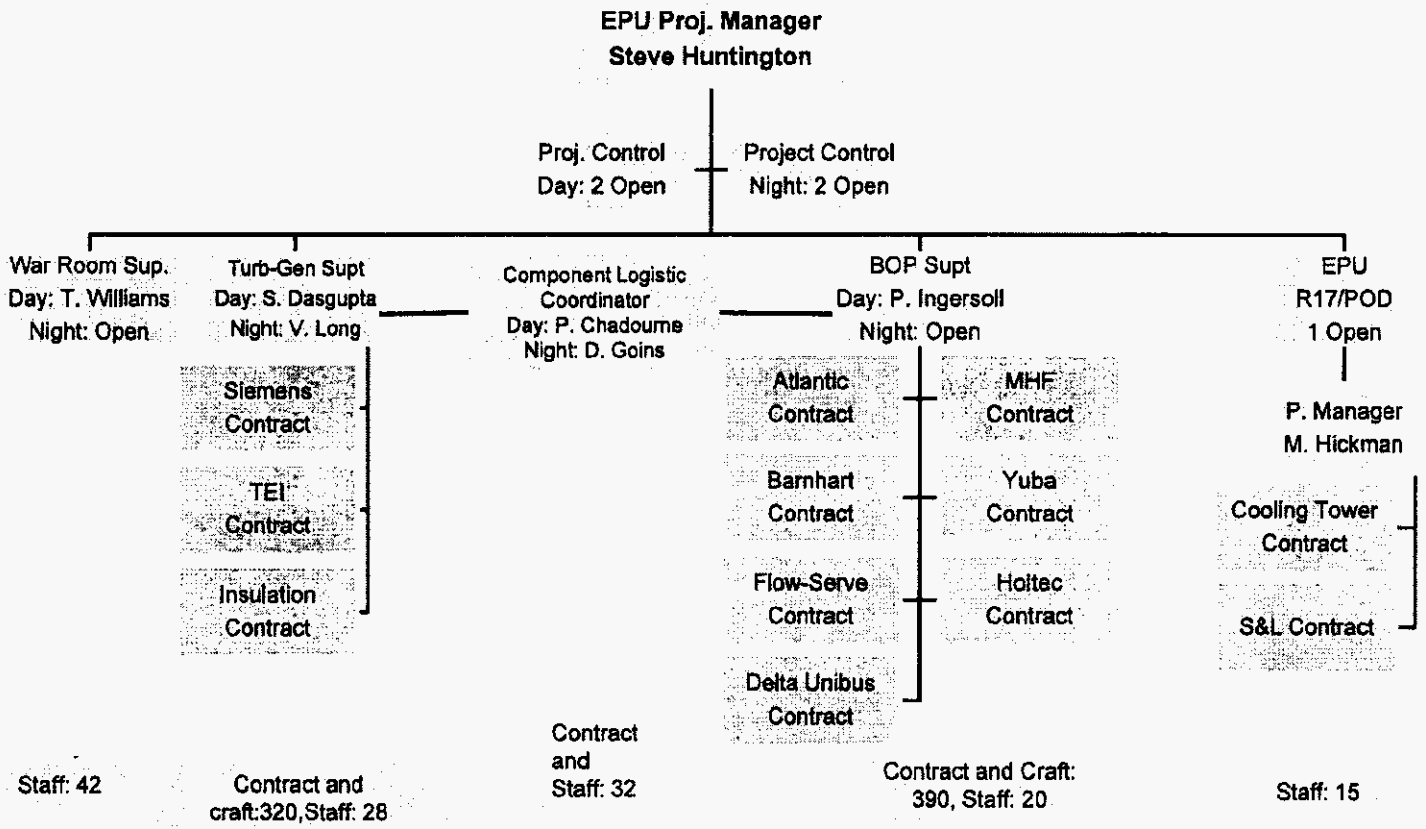
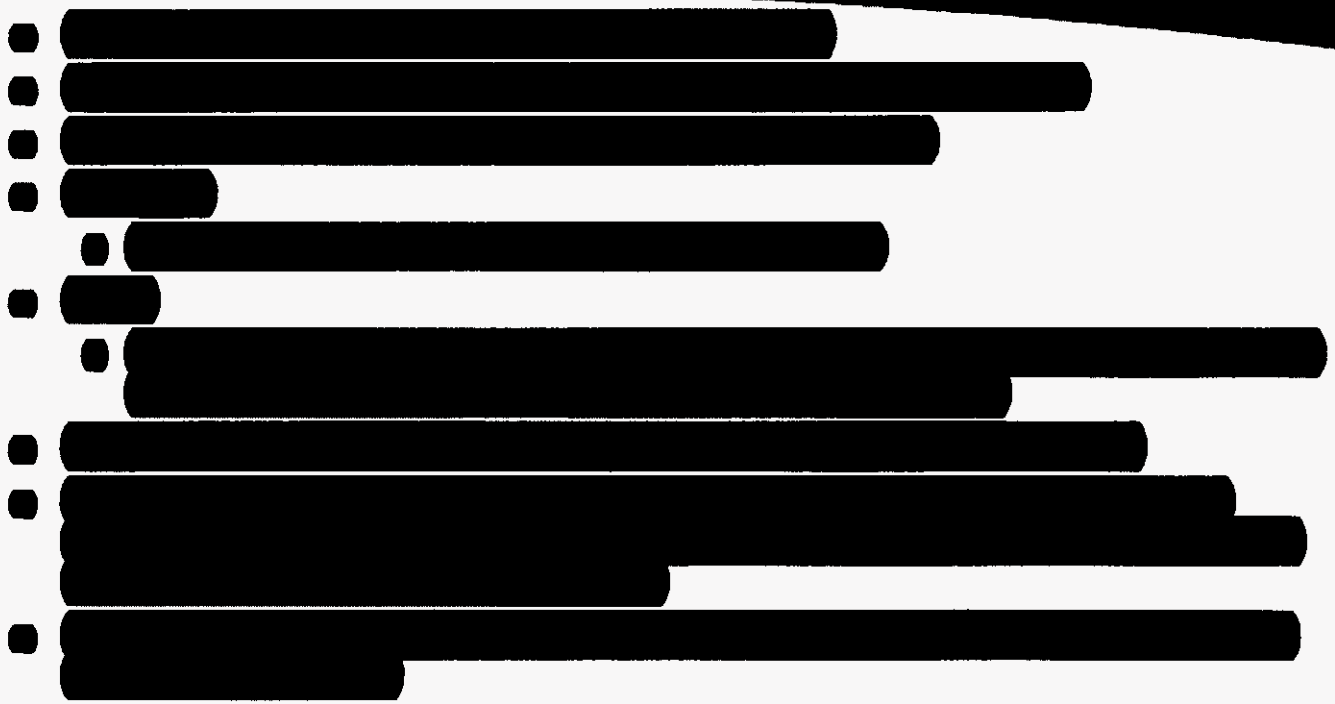
EPU Execution Team



Total Craft & Staff = 852

Concerns



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Current Status of EPU Project Works:

ENGINEERING

[redacted]

PROCUREMENT

All EPU components are in the design and fabrication process at various vendor-shop locations.

CONSTRUCTION

Detailed implementation task plans are being developed and executed. Heavy Rigging Plans are being refined.

POINT OF DISCHARGE

Conceptual Design is Complete, Bidding Detailed Design Contract

Project is On Schedule and On Budget

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Compensatory Mitigation Plan
Levy Nuclear Project

LINC Discussion

December 12, 2008

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09PMA-DR1-38-001563
09NC-OPCPOD1-28-000209

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Today's Presentation

Objective: To submit a wetland mitigation plan that supports the issuance of a FDEP Environmental Resource Permit under the Power Plant Siting Act Certification process and the issuance of a U.S Army Corp of Engineers Section 404 Individual Permit for the Levy plant and associated facilities.

- Impacts and Mitigation Needs
- Mitigation Approach, Options
- Cost Estimates

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Wetland Impacts

- Process to determine wetland impacts for Site and Associated Facilities
  - Delineate wetlands on Levy site
  - Overlay site plan to determine total wetland acre impacts
  - Apply Florida Uniform Mitigation Assessment Methodology (UMAM) to quantify the degree of functional loss for each impacted acre

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Impacts & Mitigation Needs

Site	Acres	Functional Loss
On-site impacts	556.48	-265.95
Transmission Line, S. of CR 40	133.10	-106.48
Blowdown piping – Site to CR		
Total	**679.58**	**-372.43**

Functional Loss – Score based on UMAM as required by FDEP regulations

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Mitigation Approach

- Ecosystem Restoration Approach
- High Success Rate
- Activities:
  - Pine Plantation thinning
  - Prescribed Fire
  - Ditch blocks and hardened low water crossings
- Native seed bank responds to the increased light, nutrients and air
- Natural suite of species restored

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Wetland Mitigation

- The Process for Determining Mitigation
  - Table top assessment of potential options in the impacted basins
  - On the ground assessment (UMAM) to determine potential wetland functional increase
  - Calculation of potential mitigation credits

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Known Mitigation Options

Mitigation Option	Acres	Functional Gain
Progress (On-site) *	1497.13	193.79
Progress (On-site – no fire mgmt)	1497.13	102.70
[redacted] *	2793.94	326.75
[redacted]	463.90	34.68
[redacted]	855.84	112.00
[redacted]	113.64	16.90
[redacted]	60.20	9.18
Total	**4928.81**	**602.22 - 693.30**

• - *Includes on site evaluation*

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09PMA-DR1-38-001569
09NC-OPCPOD1-28-000215

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Mitigation Option Benefits

Activity	On-Site, Northern	On-site, Western	On-site, Eastern	On-site, Southern
Functional Gain/Lift	Significant (47.51)	Significant (109.79)	Minimal (35.67)	Insignificant (0.8)
Corridor Connection	Yes, to [redacted] and/or [redacted]	Somewhat, if suitable for avian stopovers	Significant connection from [redacted] & [redacted] to Withlacoochee	None
Substantial Biodiversity	Yes, if can use prescribed fire	Yes, if can use prescribed fire	Minimal	No
Regional Significance	Yes, if can restore, especially in *conjunction* w[redacted]	Marginally so if all other on-site plus [redacted] is done.	In combination w[redacted] and [redacted]	No

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09PMA-DR1-38-001570
09NC-OPCPOD1-28-000216

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Mitigation Option Benefits

Activity	Robinson	Goethe	Lybass	Tracts 391/392
Functional Gain/Lift	Substantial	Local		Likely (uncertain)
Corridor *Connection*	Significant on east and west w/LNP	Already a connecting area		Minimal
Substantial Biodiversity	Significant	Already high biodiversity, will *improve*		Local in conjunction w[redacted]
Regional Significance	Yes	Yes, locally improved conservation lands		Likely due to connection to [redacted]

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Summary of Options

- Option 1 - All options except [redacted]
- Option 2 - [redacted] other
- Option 3 - [redacted] Levy-east
- Option 4 – Levy, some [redacted]

- Other combinations can be explored

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Option 1 - Excluding

Overall Functional Loss	**-372.43**
On-site Options	193.79
On-site Options (no fire mgmt)	102.70
[redacted]	34.68
[redacted]	112.00
[redacted]	16.90
[redacted]	9.18
TOTAL	**366.55**
Deficit	**-5.88**
Deficit (no fire mgmt)	-96.97

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09PMA-DR1-38-001573
09NC-OPCPOD1-28-000219

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Option 2 –

Overall Functional Loss	**-372.43**
[redacted]	326.75
[redacted]	34.68
[redacted]	16.90
TOTAL	**378.33**
Remaining	**5.90**

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Option 3 –

Overall Functional Loss	**-372.43**
[redacted]	326.75
[redacted]	34.68
On-site – Eastern Swathe	35.67
Total	**397.1**
Remaining	**24.67**

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Option 4 – Onsite, Part

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	34.68
On-site (no fire mgmt)	102.70
Total	**360.04**
Deficit	**-12.39**

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Cost Estimates

Site	Implementation Costs
Levy On-site - (No land cost)	$250,000 - $500,000
[redacted] (Land Costs)	[redacted]
[redacted] (Land Costs)	[redacted]
[redacted]	[redacted]

Option 1 – $[redacted] (No [redacted]

Option 2 – $[redacted] other)

Option 3 – $ [redacted] some Levy)

Option 4 – $ [redacted] (Levy, some [redacted]

** preliminary cost estimates only*

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Mitigation Constraints

Activity	**Onsite**	[redacted]	[redacted]	[redacted]	**Tracts 391/392**
Pine thinning	Viable	Viable	Viable	NA	Viable
Ditch blocks & HLWC	Partially Viable	Viable in north, west	Unsure from aerial	Viable	Unsure
Prescribed fire	Viable, but likely with constraints	Viable	Viable, some constraints	NA	Likely Viable

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Potential Issues

- Corps of Engineers may require some impacts to be offset in other watersheds
  - Most likely in Upper Coastal and Hillsborough watersheds
  - Less likely in Tampa watershed
- Hillsborough may seek in-county mitigation
  - Possible if Tampa Bay Mitigation Bank has available credits (before construction)
  - Still estimates, not final
  - Mostly to freshwater marsh

Next Steps

- Sharing Mitigation plan options
  - w/ FDEP today
  - w/ USACE by year-end
- File Mitigation Plan with all options
  - Aids property negotiation
  - Demonstrates credible plan
- Continue to refine estimates, costs
- Discuss land purchase options
- Return to LINC w/any updates in January

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Levy Baseload Transmission Program

Levy Bridge IPP

May 7, 2008

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Key Objective

Authorization for 2008 funding for real estate acquisition, engineering and long-lead materials to maintain schedule adherence

- Key Take-Aways
  - Bridge IPP for Transmission 2008 critical program needs
  - Levy IPP (Nuclear and Transmission) planned for 3rd Quarter once EPC schedule final
  - Corridor selection and state certification efforts are on track
  - Executing tactical land acquisitions this year could potentially reduce total costs

Review Topics

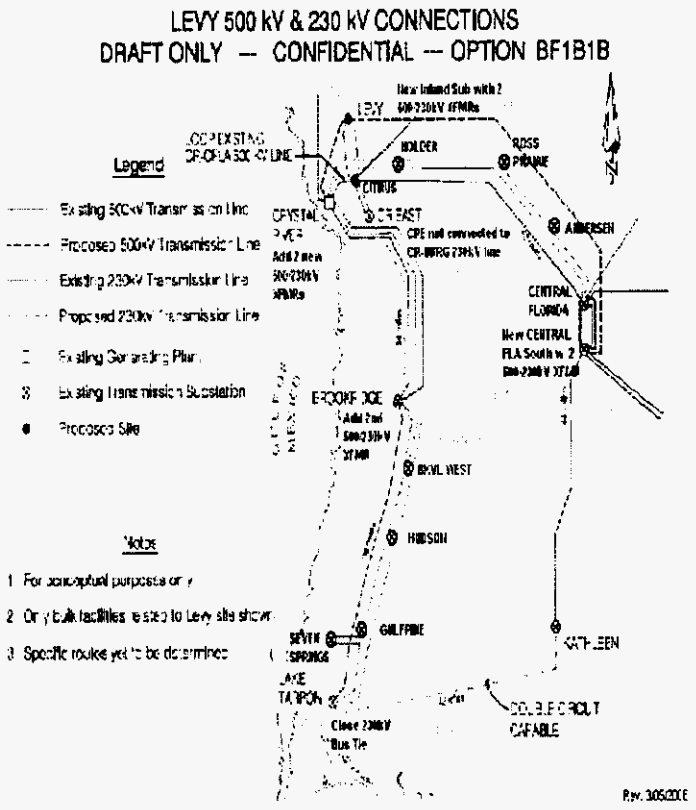
- Program Overview
- Estimated Funding Requirements
- Key Milestones
- Project Risk & Mitigation
- Recommendation
- Next Steps
- Appendix (Early land acquisition)

Program Overview

Plan, design, license and construct baseload transmission facilities to ensure adequate reliability and system integrity with the planned addition of approximately 2300 MW of baseload generation beginning in the 2016 time frame; conduct extensive community outreach to facilitate corridor siting.

Facilities Include:

- **Two new 500/230kV substations**
- **91 miles of 500 kV lines**
- **88 miles of 230 kV lines**
- **Upgrades to 5 transmission substations**
- **Two new distribution substations**
- **260 miles of low-voltage line integration upgrades and several breaker and transformer change-outs**



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Total Program Estimate

	Low	Expected	High
Substations	$ 310.5	$ 443.5	$ 620.9
Lines	517.9	739.9	1,035.8
Real Estate	248.6	355.1	497.2
Owner's costs	60.2	86.0	120.4
Contingency	232.0	331.4	463.9
Escalation	22.6	32.3	45.2
Burdens	34.7	49.7	69.7
TOTAL	$ 1,426.5	$ 2,037.9	$ 2,853.1

- **Total program estimate:**
  - **Option B**
  - **Class 4 estimate**
  - **Range bounded by -30% / +40%**
  - **Costs not segregated by pre-construction v. construction**

- **AFUDC calculation pending cost estimates and defined in-service dates at the detailed project level**

Funding Requirements: Estimate Range

- **Approve 2008 funding:**
  - Acquire selected substation land and ROW

    (refer to Appendix)
    - Acquire property for Citrus & Central Florida South Substations
    - Acquire strategically advantageous ROWs
  - Execute purchase orders for long-lead time equipment
    - Develop specifications and initiate orders for 500/230 kV transformers & other items
  - Continue necessary engineering activities to maintain scheduled adherence

	Low	Expected	High
Engineering	$ 1.4	$ 2.0	$ 2.8
Long-lead equip.	1.4	2.0	2.8
Route selection contract	0.7	1.0	1.4
Land – substation	6.3	9.0	12.6
Land – ROW	5.6	8.0	11.2
Land acquisition tracking tool	0.7	1.0	1.4
Owner's cost	1.7	2.5	3.5
Unallocated Contingency	1.1	1.5	2.1
Burdens	0.4	0.6	0.8
AFUDC	0.7	1.0	1.4
TOTAL	$ 20.0	$ 28.6	$ 40.0

Dollars in millions

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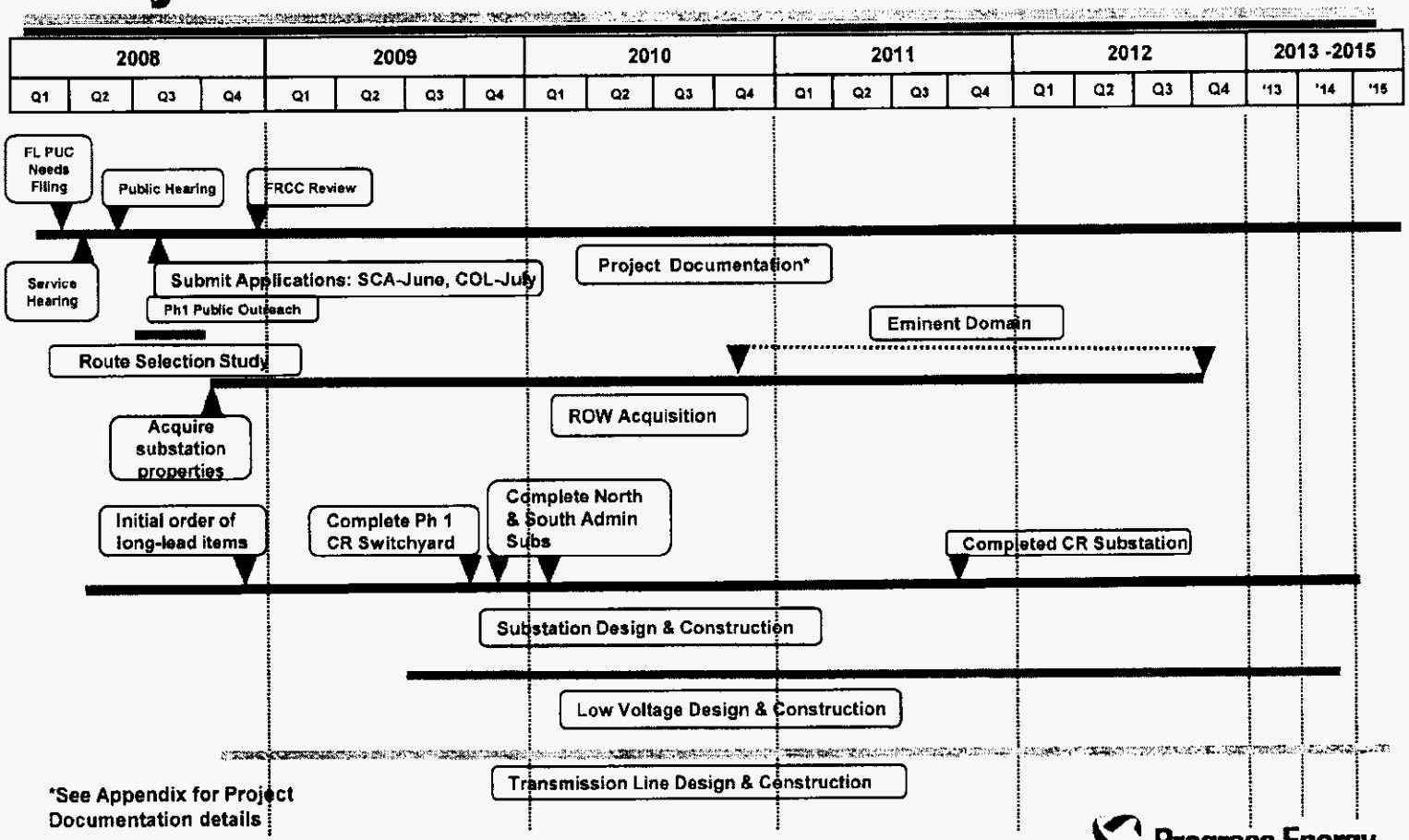
Description of 2008 funding requirements

Funding category	Description
Engineering contract	Contracting strategy discussions in progress with Supply Chain & Baseload transmission team for engineering, substation design and build & line construction contract(s) to maintain schedule adherence On-going Executed contracts in excess of $1m: • Golder Associates $1.6m • Power Engineers $1.6m Item(s) for review: • $0.4m Power Engineers proposal for Crystal River substation and line preliminary engineering support
Long lead-time equipment	Develop equipment specifications & initiate transformer order • 2% fee to hold production slot for 26 transformers ~ * $96m • 24 Transmission (500/230 kV) transformers ~ $94m • 2 Distribution (69/13 kv) transformers ~ $2m **Total estimation cost based on 2008 pricing* *• Current industry lead time is ~ 80 weeks for 500/230 kV transformers*

Description of 2008 funding requirements

Funding category	Description
Route selection contract *[Complete route selection studies to identify constructible transmission line route(s) within designated corridors submitted as part of the SCA to the FDEP in June,2008]*	• Released RFP Apr 4th • Bid proposals due May 9th • Award contract May 23rd • Commence study June 2nd • Submit final reports to PE Nov 28th
Land – Substation	Acquire property (or option to purchase) for proposed Citrus substation • 66 acres for approximate property requirements Acquire property (or option to purchase) for proposed Central Florida South substation • 57 acres for approximate property requirements
Land – Right-of-way	Purchase strategically advantageous parcels • To be determined as individual routes are selected Aug--Nov 2008
Land acquisition tracking tool *[Objective is to provide comprehensive, timely, reliable, enterprise-wide acquisition information with documented processes]*	Fund purchase of software development tools, IT hardware/network costs ,GIS software to support PRIMA (Property Rights Information Management Application)

Key Milestones



*See Appendix for Project Documentation details

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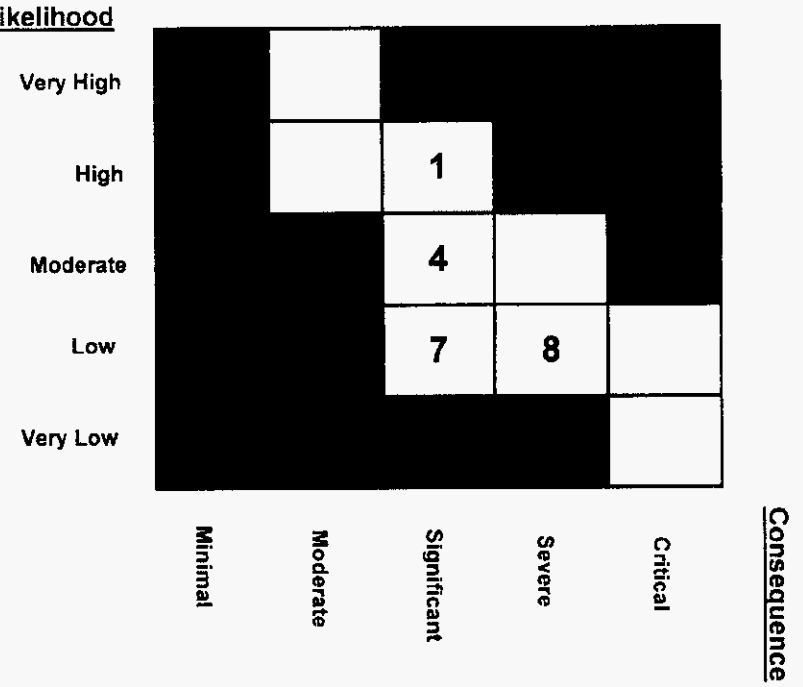
Project Risks

Project Risk ID

1 Scope change
2 ✦ Delay in acquiring real estate and ROW
3 ✦ Organized opposition influences decision makers
4 Licensing/permitting
6 USACOE/early permitting
7 ✦ Co-location with Suncoast Parkway II
8 ✦ Additional transmission studies



Overall Project Risk Assessment

Cost	Schedule	Performance	Safety	Environmental
↑	↑	↔	↔	↔

✦ Indicate risks that will be discussed during presentation. All other risk details are located in the appendix

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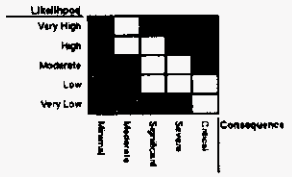
Risk 2: Delay in acquiring real estate and rights-of-way



- **Risk Description / Status**
  - ✓ Potential for eminent domain is significant
  - ✓ Deferral or shortening of acquisition schedule could increase eminent domain impacts
  - ✓ Acquisition plan includes 2,500 – 3,000 parcels of land
  - ✓ Small percentage could over-burden courts

- **Impact**
  - ✓ Change in cost
  - ✓ Change in schedule

Cost	⟷
Schedule	⟷
Performance	
Safety	
Environmental	

- **Response / Plan**
  - ✓ Acquire substation sites and selected ROW in 2008
  - ✓ Enter into option agreements with property owners
  - ✓ Develop strategic land owner compensation approach and negotiate consistently
  - ✓ Work with local officials to facilitate timely administrative hearings
  - ✓ Support legislation to streamline the eminent domain process
  - ✓ Create mediation strategy
  - ✓ Coordinate with internal/external counsel

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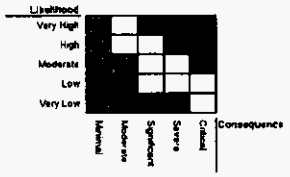
Risk 3: Organized opposition influences decision makers



- **Risk Description / Status**
  - ✓ Risk of organized opposition influencing key regulatory, political and community decision makers

- **Impact**
  - ✓ Change in cost
  - ✓ Change in schedule

Cost	⟷
Schedule	⟷
Performance	
Safety	
Environmental	

- **Response / Plan**
  - ✓ Develop focused outreach and communication plan
  - ✓ Ensure that communications are transparent and open
  - ✓ Ensure messages are controlled, consistent and accurate
  - ✓ Complete overall project communication plan by end of May 2008

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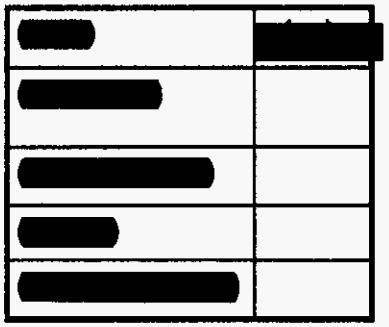
[redacted]



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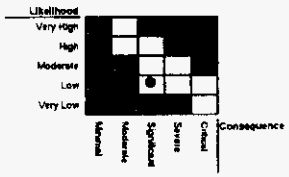
Risk 7: Co-location with Suncoast Parkway II



- **Risk Description / Status**
  - ✓ Risk that toll road alignment, which is adjacent to the current preferred corridor, may impact planned substation property and final transmission route alignment
  - ✓ Potential for litigation

- **Impact**
  - ✓ Change in cost
  - ✓ Change in schedule

- **Response / Plan**
  - ✓ Develop opportunities for co-location and compatible use
  - ✓ Enter into memorandum of understanding to formalize specifics of agreement

Cost	⟷
Schedule	⟷
Performance	
Safety	
Environmental	

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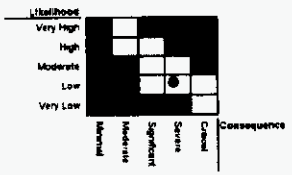
Risk 8: Need for additional transmission studies



- **Risk Description / Status**
  - ✓ FRCC review may require additional studies to evaluate system impacts

- **Impact**
  - ✓ Change in cost
  - ✓ Change in schedule

- **Response / Plan**
  - ✓ Monitor, evaluate and incorporate any changes required by the FRCC review

Cost	⟷
Schedule	⟷
Performance	
Safety	
Environmental	

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Next Steps

- Support public hearing process
- Initiate Phase 2 of public outreach program
- Acquire land for Citrus and Central Florida South substations
- Begin Crystal River switching station activities
- File Crystal River substation permit application
- Complete route selection
- Receive review and validation of scope from FRCC
- Develop overall project IPP Q3-2008
- Update LINC/SMC on Levy Baseload Transmission milestone status Q4-2008

Recommendation

- **Approve 2008 anticipated program funding of approximately $27.6 million (1) for the following critical path activities:**
  - **Land acquisition for substations**
  - **Rights-of-Way acquisitions and/or option arrangements**
  - **Purchase agreements for long-lead time equipment**
  - **Engineering & Route selection contracts**
  - **Land acquisition tracking tool**

(1) – result in estimated AFUDC of $1.0 million

Appendix

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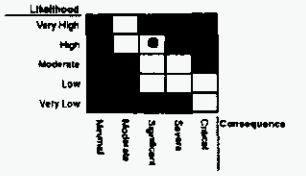
Early Land Acquisition

Purchase properties (or options to purchase)

Proposed Citrus Substation
66 acres for approximate property requirements

Proposed Central Florida South Substation
57 acres for approximate property requirements

Strategically advantageous parcels
DRI's planned but not yet developed
Slow real estate market



Risk 1: Scope change

- **Risk Description / Status**
  - ✓ Transmission grid requirements change with generation and demand requirements
  - ✓ Current scope is based on 2017 projections that are likely to change over the next 9 years

- **Impact**
  - ✓ Change in cost
  - ✓ Change in schedule

- **Response / Plan**
  - ✓ Develop conservative estimates
  - ✓ Continuously adjust planning models
  - ✓ Ensure close coordination with Transmission Planning
  - ✓ Maintain flexibility in scope

Cost	⟷
Schedule	⟷
Performance	
Safety	
Environmental	

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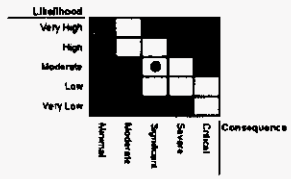

Risk 4: Licensing and Permitting

- **Risk Description / Status**
  - ✓ Risk of delays in receiving State or Federal licensing approval
  - ✓ Risk of failure to receive approval to conduct early construction activities

- **Impact**
  - ✓ Change in cost
  - ✓ Change in schedule

- **Response / Plan**
  - ✓ Plan work to minimize pre-licensing expenditures
  - ✓ Enter into option agreements with property owners
  - ✓ Negotiate with regulatory agencies on early permitting requirements
  - ✓ Apply dedicated resources to the project
  - ✓ Investigate methods of providing additional resources for agency review

Cost	⟷
Schedule	⟷
Performance	
Safety	
Environmental	

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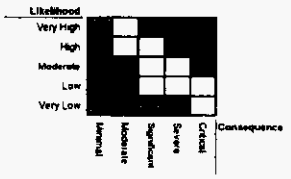

Risk 6: USACOE/Early Permitting

- **Risk Description / Status**
  - ✓ USACOE requirements could require detailed transmission routes, centerlines and identification of specific impacts, as well as Environmental Impact Statement

- **Impact**
  - ✓ Change in schedule

- **Response / Plan**
  - ✓ Work with USACOE and FDEP on an alternate strategy allowing a less defined alignment and provide reasonable worst case impacts
  - ✓ Evaluate strategies for accelerating specific route studies

Cost	
Schedule	⟷
Performance	
Safety	
Environmental	

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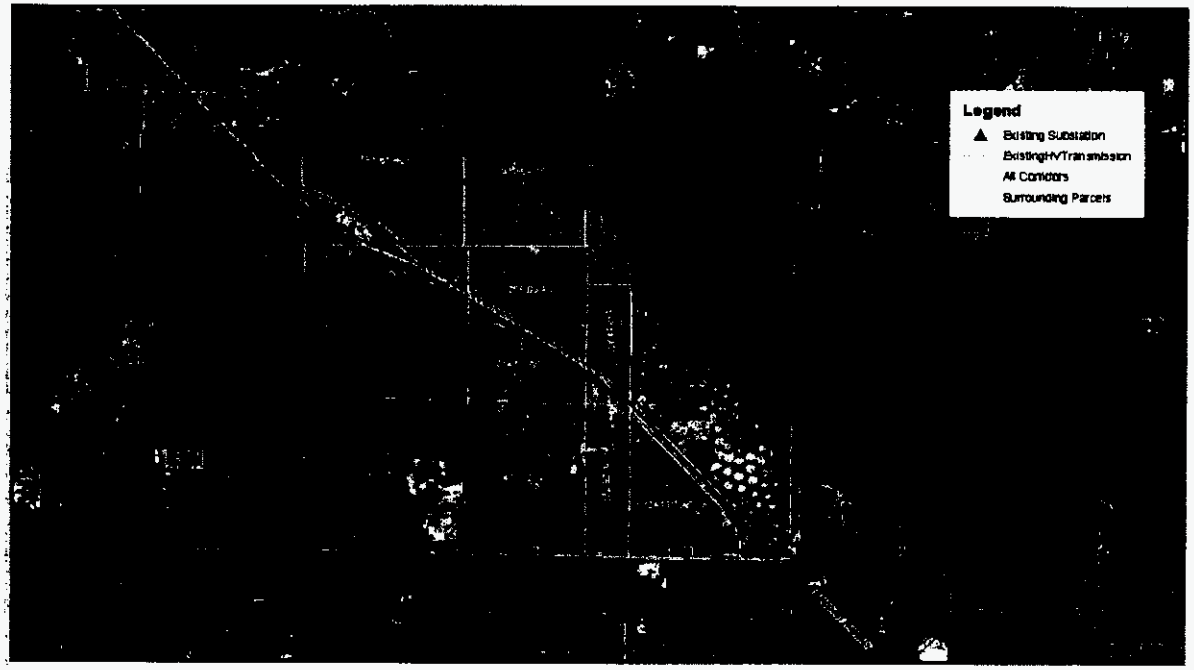
Project Execution Plan

The Project Execution Plan (PEP) is the governing document for project execution and control. The following sections are generally included in the PEP. The PEP will be developed during Q2 and Q3, 2008.

a) *Objectives*
b) *Stakeholders*
c) *Scope*
d) *Roles and Responsibilities*
e) *Assumptions and Constraints*
f) *Deliverables*
g) *Work Breakdown Structure (WBS)*
h) *Schedule*
i) *External Communications*
j) *Regulatory Strategy*
k) *Procurement Strategy*
l) *Contracting and Supplier Strategy*
m) *Resource Plan*
n) *Budget*
o) *Lessons Learned*
p) *Risk Plan*
q) *Quality Plan*
r) *Safety Plan*
s) *Environmental Plan t Security Plan*
t) *Integration Plan*
u) *Data Management Plan*
v) *Communication and Reporting Plan*
w) *Change Management*
x) *Close-Out Criteria*

Central Florida South Substation –

Construct a new 500/230 kV substation to support the baseload project. Ultimate substation layout shall consist of a 6 position, 500 kV breaker and half; 8 position, 230 kV breaker and half; and 2 Autotransformer banks. The initial scope would be to install a 4 position 500 kV ring bus with one Autotransformer and 8 position 230 kV breaker and half.



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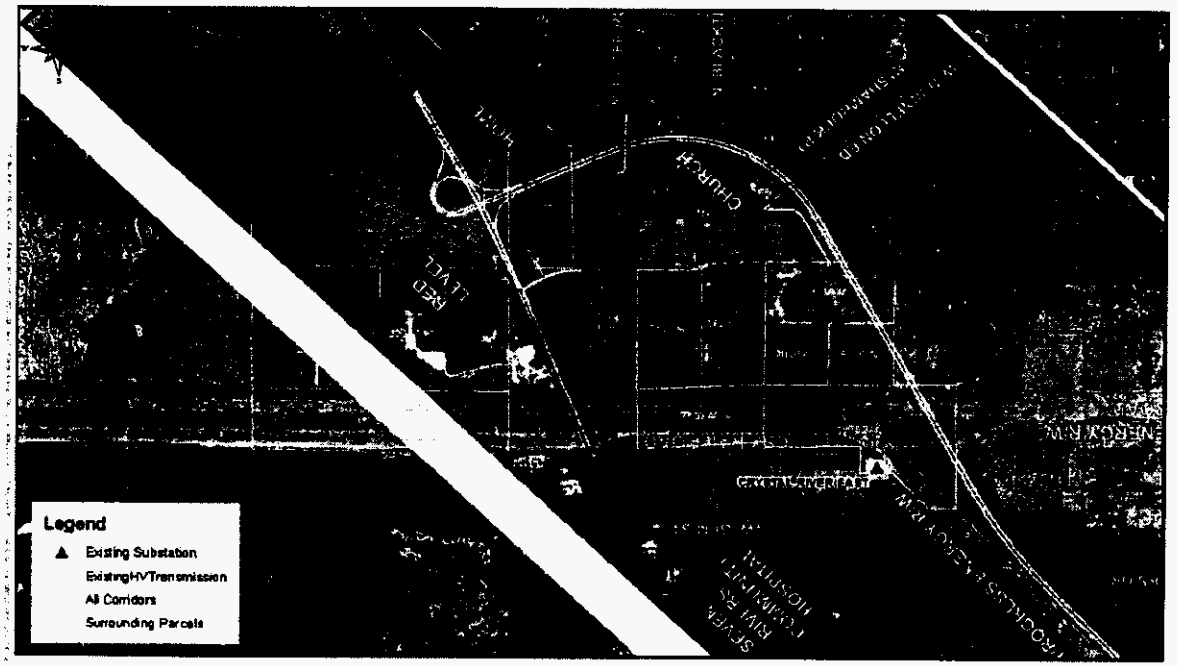
Citrus Substation

Construct a new 500/230 kV substation to support the base load project. Ultimate substation layout shall consist of a 10 position, 500 kV breaker and half; 8 position, 230 kV breaker and half; and 2 Autotransformer banks. The initial scope would be to install a 7 position 500 kV breaker and half with two Autotransformers and 7 position 230 kV breaker and half.



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END

Crystal River Unit 3

Extended Power Uprate

Integrated Project Plan

MASTER NUMBER: 20058849

Sponsoring Business Unit:	Nuclear Engineering
Funding Legal Entity:	Progress Energy Florida
Date Prepared:	March 02, 2009

Treasury Control No.	**20061181**

Key Project Contacts:

Role, Department / Group	Name	Phone No.
Sponsor, VP Nuclear Engineering	Joseph Donahue	770-3638
GM-NP	Steve Huntington	240-4800
Major Projects Manager, EPU	Steve Huntington	240-4752
EPU Engineering Superintendant,	Ted Williams	240-4356
EPU Implementation Superintendant	Paul Ingersoll	240-1076
Regulatory	TBD	240-4983
Project Controls	Terry Hobbs	240-4746

Plan Revision Control

Rev No.	Primary Author(s)	Revision Description	Rev Date
0	Ted Williams	Initial publication	3/18/2008
0	Mark Hickman	Initial Publication	3/18/2008
Updated	Steve Huntington	Update for 2009 March SMC Review	3/3/2009

The following sections were updated:

Key Project Contacts
Plan Revision Control
Review & Approval
Project Overview/Recommendation
NP EPU Milestone Variance Report
Funding Requirements & Update
Economic Evaluation
PLU Risk Status Report
Contracting & Procurement Strategy
Environmental Plan
External Stakeholders
Internal Stakeholders
Project Assurance Plan
Communication Plan/Next Steps

Review & Approval

This section contains formal sign-offs for both review & approval of the IPP. "Reviewing" applies to any party reviewing the IPP for accuracy & clarity, while "Approving" applies to those parties responsible for approving project milestone progression & funding.

Reviewing Party	Reviewing Position	Rev Reviewed	Signature	Date
T. Williams	Engineering Superintendant, EPU			
T. Hobbs	Manager, Major Projects Project Controls			3/24/09
J. Terry	SGR Project Manager			3/24/09
S. Huntington	Manager, Major Projects - EPU			3/24/09
J. Franke	Director Site Operations CR3			
L. Hatcher	Crystal River Plant Manager- Fossil			
J. Donahue	VP, Nuclear Engineering			3/31/09

Approving Party	Approving Position	Role Approved	Signature	Date
Tom Sullivan	VP, Treasurer & CRO			
Jeff Corbett	Sr. VP Energy Delivery Carolinas			
Michael Lewis	Sr. VP Energy Delivery Florida		Michael O. Lewis	3/3/09
Jeff Lyash	President and CEO, PGN Florida			
Lloyd Yates	President & CEO PGN Carolinas			3/6/09
John McArthur	Sr. VP Corporate Relations &General Counsel			
Mark Mulhern	Sr. VP Finance			
Paula Sims	Sr. VP Power			
Jim Scarola	Sr. VP & CNO			
Peter Scott	President &CEO Service Co., CFO PGN			
William Johnson	Chairman, CEO, and President PGN			

	Tom Sullivan	VP, Treasurer & CRO			
	Jeff Corbett	Sr. VP Energy Delivery Carolinas			
	Michael Lewis	Sr. VP Energy Delivery Florida		See previous page	
*	Jeff Lyash	President and CEO, PGN Florida		See previous page	
	Lloyd Yates	President & CEO PGN Carolinas			
	John McArthur	Sr. VP Corporate Relations &General Counsel			
*	Mark Mulhern	Sr. VP Finance		Mark S Mulhern	3/3/09
	Paula Sims	Sr. VP Power			
*	Jim Scarola	Sr. VP & CNO		J. Scarola	3/5/09
	Peter Scott	President &CEO Service Co., CFO PGN			
	William Johnson	Chairman, CEO, and President PGN			

* Required for the milestone update

AGENDA

1.0 Project Overview / Recommendation

2.0 Scope Statement

3.0 Major Deliverables & Milestone Schedule

4.0 Funding Requirements & Update

5.0 Economic Evaluation

6.0 Assumptions & Constraints
- 6.1 Risk Strategy
- 6.2 Contracting & Procurement Strategy
- 6.3 Regulatory Strategy
- 6.4 Quality Plan
- 6.5 Safety Plan
- 6.6 Environmental Plan

7.0 External Stakeholders

8.0 Internal Stakeholders

9.0 Project Assurance Plan

10.0 Communication Plan / Next Steps

APPENDIX:

Definitions & Acronyms

1. Project Overview / Recommendation:

Crystal River Unit 3 (CR3) was initially licensed to operate at a maximum core thermal power level of 2452 MWt. In Technical Specification Amendment 41, dated July 21, 1981, the NRC approved operation of CR3 up to 2544 MWt. Subsequently, Amendment 228 was issued by the NRC on December 26, 2007 approving a steady-state maximum core power level increase to 2609 MWt.

The implementation of the CR3 Power Uprate Project is an important element of the Progress Energy Balanced Solution. A Measurement Uncertainty Recapture (MUR) power uprate was completed in January 2008. The MUR modifications allow CR3 to operate up to 2609 MWt and have delivered an increase of approximately 12 MWe gross from 899 to 911 MWe gross. NPC is pursuing thermal efficiency improvements at CR3 scheduled for implementation in 2009 for an additional 28 MWe gross for a total station output of approximately 940 MWe gross, and an Extended Power Uprate (EPU), which raises reactor power 15.5% from 2609 MWth to 3014 MWth with an expected increase of gross electrical output of 140MWe gross for a total station output of 1080MWe gross. The completion of the final steps of the EPU is scheduled for implementation in 2011.

The CR3 Uprate Project will result in economic benefits to customers and the community by providing additional clean energy at low cost to Progress Energy Florida (PEF) consumers. The corresponding electrical output increase of the plant's gross output from 899 MWe to 1,080 MWe can serve the equivalent of an additional 110,700 homes. The need for the project is based on projected load demand and an economic need to provide fuel savings for consumers. The CR3 Uprate Project is expected to save customers more than $2.6 billion in gross fuel costs through 2036.

The MUR project element has been completed and resulted in the expected plant power up-rate to 911 MWe. The remaining scope elements of the CR3 EPU project will be installed during the next two refueling outages in 2009 (R16) and 2011 (R17). The R16 phase will increase the steam plant efficiency. The R16 upgrades have been scheduled for implementation during the 2009 planned refueling outage to take advantage of the steam generator replacement project schedule window. The R16 turbine center line component design improvements will increase the efficiency of power production resulting in decreased consumer costs. The low pressure turbines and electrical generator and exciter will be replaced in 2009. The #3A and B Condensate heat exchangers, turbine cycle steam moisture separators, and other steam cycle improvement modifications will also be implemented in 2009. The net impact of these modifications is a substantially more efficient (approximately 3%) secondary plant. Thus, while the Nuclear Regulatory Commission (NRC) licensed power level will remain constant at 2609 MWth, the gross electrical power generation increase from current levels of 911 MWe through the R16 phase is expected to be an additional 28 MWe.

Prior to implementing the planned power up-rate in the R17 outage, CR3 will need to obtain an NRC license revision to allow operation at the increased output of approximately 3014 MWt excluding reactor coolant pump heat. The set of project scope elements to be implemented during R17 will result in an additional 140 MWe of power. This will require revisions to the various control systems set points, the High Pressure Turbine and a large number of smaller yet substantial modifications to the Booster Feed Water pumps, Condensate pumps, and various valves and piping segments to assure the capability and long term reliability of all plant systems at the conditions necessary to support this higher licensed power level.

No alternative generation option exists that can supply the benefits of additional, reliable, base load at an equivalent net savings to PEF customers. The CR3 Uprate Project will also increase the level of nuclear production in the fuel supply mix of PEF's system, resulting in increased fuel diversity for PEF and the State of Florida. The total cost for the up-rate is estimated to be $462 million. This total cost includes the construction of new forced draft cooling towers to meet PEF's Environmental Stewardship and regulatory requirements. The Co-Owners responsibility of 8.2% of costs will offset the final costs to PEF.

Additional cooling towers are needed to remove thermal energy from the discharge canal. Furthermore it is necessary to limit or avoid increased circulating water flow into the discharge canal.
PEF will also develop and implement a long-term solution replacing or making permanent the additional discharge canal cooling currently being addressed by the Modular Cooling Towers (MCT) installed in 2006 for CR Units 1 and 2. The MCT project was determined to be recoverable through the Environmental Cost Recovery Clause (ECRC) in Docket 060162, Order No. 07-0722. PEF will seek recovery of the funds for the MCT permanent solution through the ECRC. This will partially offset the associated costs for the MCT portion of this project.

The business case for the CR3 power up-rate was developed to seek funding from either corporate sources or through the Fuel Adjustment Clause. On February 8, 2007 the Florida Public Service Commission (FPSC) approved the Petition for Determination of Need for Proposed Expansion of Crystal River Unit 3 Nuclear Power Plant (Docket No. 060642-EI). The determination of need included the request for approval to utilize the Fuel Adjustment Clause as a source of funding for the EPU Project. Subsequent interaction with the FPSC resulted in a redirection to instead seek recovery through the New Nuclear Clause.

The volume of work to be implemented in the two outage cycles and the resultant challenges to logistical and resource management will require the use of some new and advanced project management tools. Examples include 4 dimensional modeling for critical staging and work areas and the development of creative solutions for personnel ingress and habitation scenarios

2.0 Scope Statement:

The MUR installation and testing was completed in January 2008. Since the initial IPP was approved, we have determined that the turbine bypass valve mufflers will be replaced as part of this project.

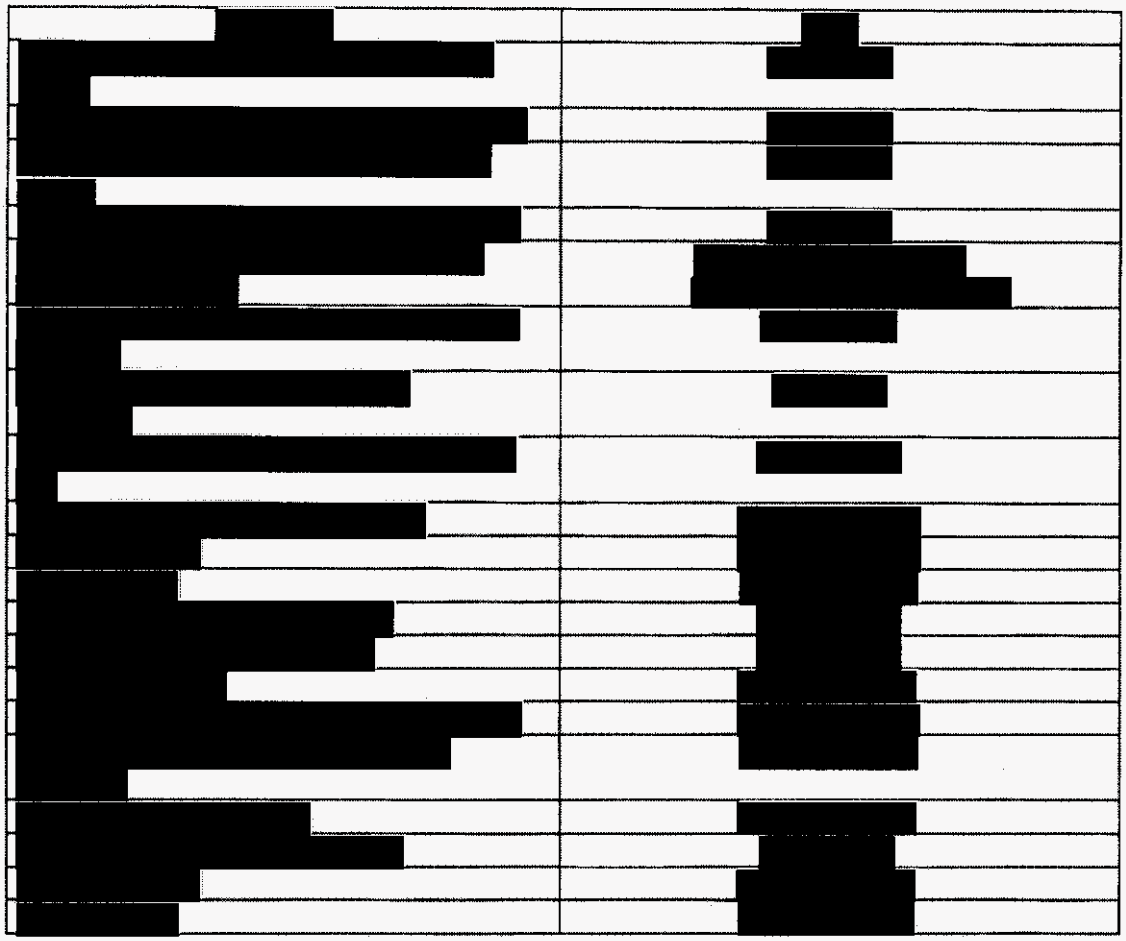
In order to support EPU Steam Cycle Efficiency Improvements the following Modifications will be implemented during the 2009 16R Refueling. This outage affords the advantage of a longer than normal refueling outage because of steam generator replacement.

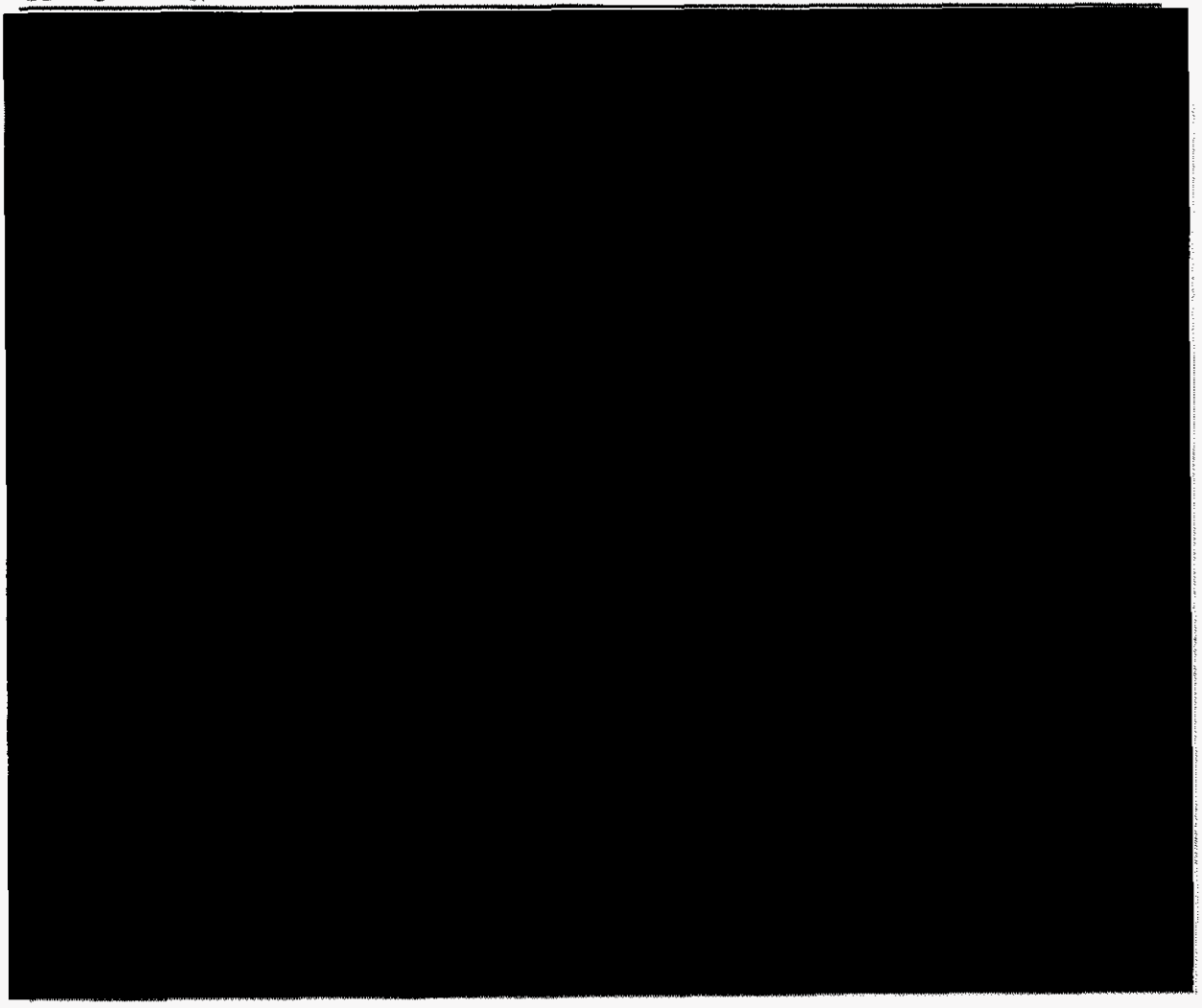
- 16R Refueling Outage 2009 BOP Efficiencies
  - Turbine/Generator (940 MWe)
    - (2) Low Pressure Turbine replacements
    - Generator Stator Winding and Core Iron replacement (63 days)
    - Generator Rotor replacement
    - Exciter Replacement
  - (2) Turbine Generator Lubricating Oil Cooler tube bundle replacements
  - (4) Moisture Separator Reheater replacements
  - (2) Condensate Heat Exchanger replacements
  - (8) Heater Drain Valves and piping segment replacements
  - (2) Secondary Cooling Heat Exchanger, Pump Impeller and Motor replacements

- (2) Moisture Separator Reheater "Belly Drain" Heat Exchanger additions
- Iso-phase Bus Duct Cooler and Fan Housing Replacement
- ICS updates
- Plant Process Computer (PPCS) modifications
- Replacing the Turbine By-Pass Valves and Mufflers

- 17R Power Uprate 2011, (RX + 15.5%,TG 1080MWe)
  - High Pressure Turbine replacement
  - ICS updates and Safety System Modifications
  - De-aerator Bypass line addition or new De-aerator
  - (2) Atmospheric Dump Valve replacements
  - (2) Booster Feed Pumps Impellers and Motor replacements
  - (2) Condensate Pumps
    - Variable speed direct drive
    - May require two additional 6.9KV Breakers to be installed
  - (2) Emergency Feed Water Pump Steam admission and instrumentation upgrades
  - LPI Cross-tie for Core Flood Line Break mitigation
    - Core Offload required to support implementation
  - Plant Process Computer modifications

- Point Of Discharge Cooling and Flow Mitigation
  - Mitigate the thermal load introduced into the Discharge Canal
  - Provide a long term solution to the temporary Modular Cooling Towers





4.0 Funding Requirements & Update:

CR3 EPU Proposed IPP:

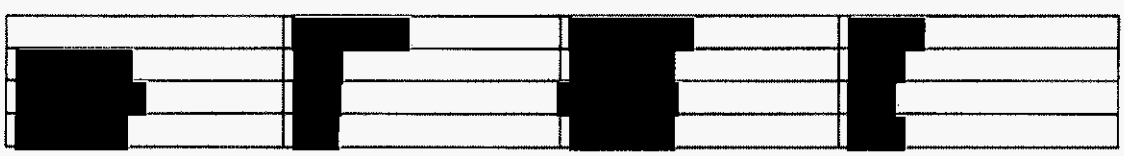
Project Costs	Actual Cost Through 2008	Remaining Cost	Total Project
Direct Cost	[redacted]		
Contingency			
Burdens / Allocations			
Financial View Total			
AFUDC			
Total Project Cost			
Joint Owner *			
Total Project Cost Including AFUDC net Joint Owner			

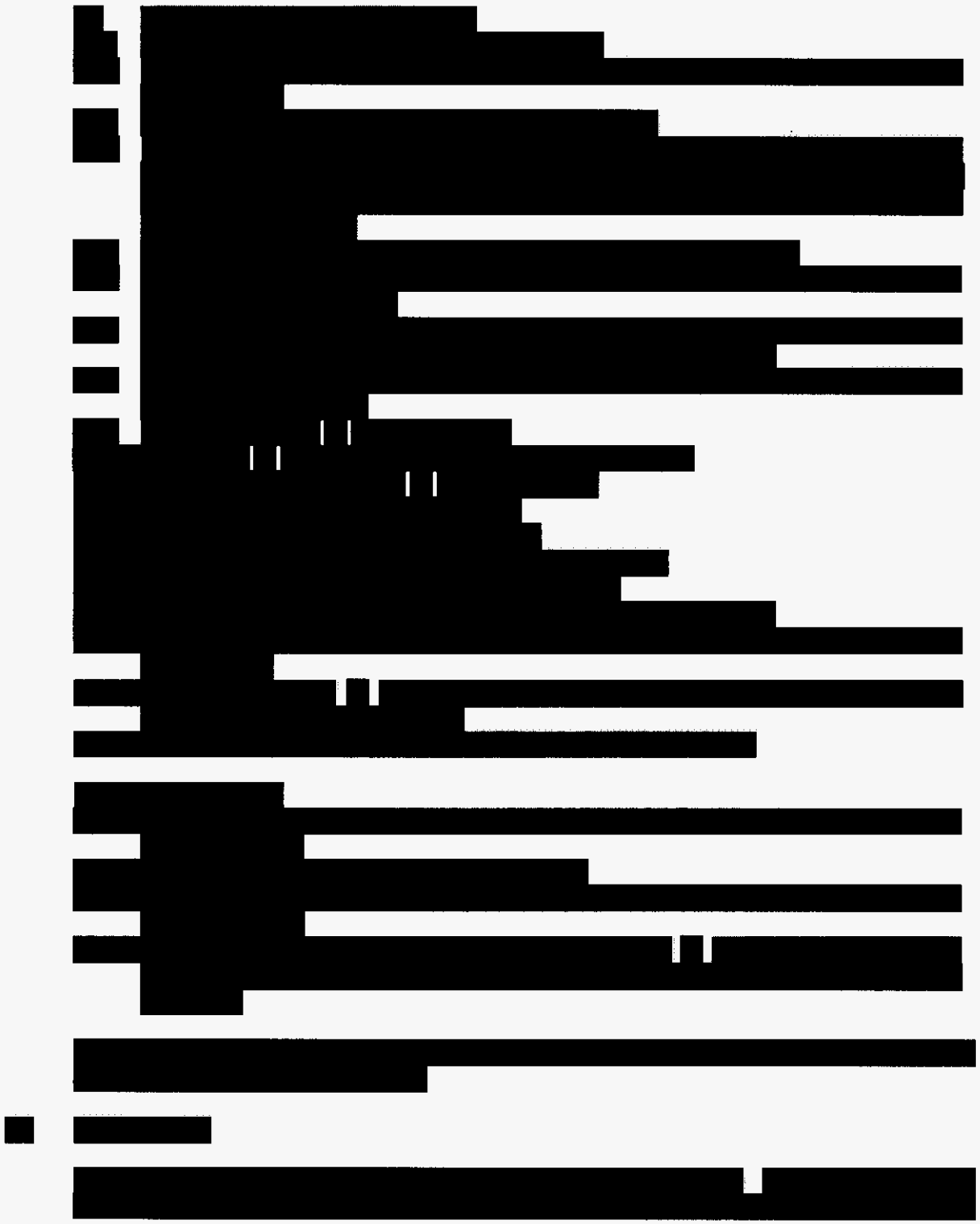
**Point of Discharge/Cooling Tower Work is not Joi*

Project Costs
Direct Cost (Surplus Inventory/Incremental Cost)
Burdens / Allocations
Financial View Total

[redacted]

[redacted]





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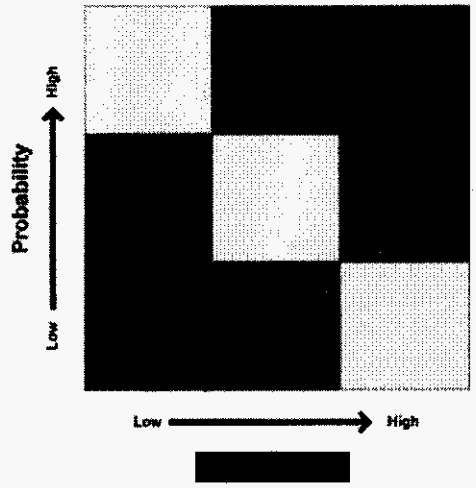


[redacted]

[redacted]

[redacted]

Contract/PO Purpose	Subcontractor Selected	Status
NSSS/BOP Engineering Services	AREVA	Issued
Turbine Generator Fabrication and Installation	Siemens	Issued
Moisture Separator Reheaters, MSRs	Thermal Engineering International	Issued
Condensate and Secondary Cooling Heat Exchangers	YUBA	Issued
16 R SC Pump and Motor	Flow Serve	Issued
16R/17R Rigging	Barnhart Crane & Rigging Co.	Issued
16R/17R Disposal and Storage	MHF Logistical Solutions	Issued
17R Installation	TBD	Pending
17 R Pumps and Motors	TBD	Not Started
Leading Edge Flow Meter	Cameron	In Close Out
Turbine Bypass Valves	Areva	Pending
EPU Large Bore Welding	Pending	Pending
CR3 POD Cooling Towers Engineering, Procurement and Construction	Eng. Vendor: Mesa P&C: Evaptech	In Process
16 R CWO's fpr BOP Installation of all Secondary Side Components in 2009	Atlantic	In Process

Two MSR Shell Drain Heat Exchangers		
ISO Phase Bus Duct Cooling Unit		
Turbine Generator Lube Oil Cooler Tube Bundles		
Installation of Secondary Side Insulation		
Qual of SG @ EPU Conditions 3030 Mwth		

6.3 Regulatory Strategy:

6.3.1 Permitting

There are two primary regulatory 'permits' required: 1) Site Certification from the Florida Department of Environmental Protection (FDEP), and 2) License Amendment from the NRC. PEF received an amended "Conditions of Certification" or COC for Units 3, 4, and 5, in August 2008. CR3 was not issued a separate COC. The COC recognizes PEF's intention to construct a new cooling tower to mitigate thermal impacts from the EPU in order to maintain compliance with the existing NPDES permit.

The primary approval for the Extended Power Uprate change in Rated Thermal Power by the NRC will be an extensive license amendment request scheduled to be filed in mid 2009. As other separable items or issues are identified they will be pursued earlier and separately to allow the EPU to be as straight-forward as possible. The initial effort will be to meet with the appropriate NRC staff to determine if formal review and approval is necessary.

The inputs to the EPU LAR as well as any other regulatory approvals are addressed in the overall project schedule and controlled like any other project task.

6.3.2 Public Service Commission History

In 2006, PEF filed for a Determination of Need from the Florida Public Service Commission (FPSC). On February 2nd, 2007 the FPSC granted the Need Determination. In 2008, the PFSC issued a declaratory statement that determined the Uprate FPL was planning, could be recovered under the provisions of Section 366.93, Fla. Stat., and Rule 25-6.0423, F.A.C. This statement was determined to be applicable to our Uprate as well and allows PEF to recover the carrying costs associated with the Uprate through the Capacity Cost Recovery Clause while under construction and provides for an increase in base rates once the Uprate is placed in-service.

Pursuant to the requirements of the above legislation and Rule, PEF must file testimony each year presenting our actual costs from the prior year for a decision on their prudence as well as actual estimated costs for the current year and projected costs for the coming year. In 2008, PEF asked for recovery of approximately $24 million in carrying and other costs associated with the Uprate. PEF also requested a base rate increase effective the first billing cycle of 2009 for the MUR portion of the Uprate that was placed in-service in January of 2008. The FPSC approved PEF's requests and determined that costs spent through the end of 2007, had been prudently incurred. In 2009, PEF will again be filing the above referenced items with the FPSC requesting a determination of prudence on 2008 expenditures and in support of our 2010 rates.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

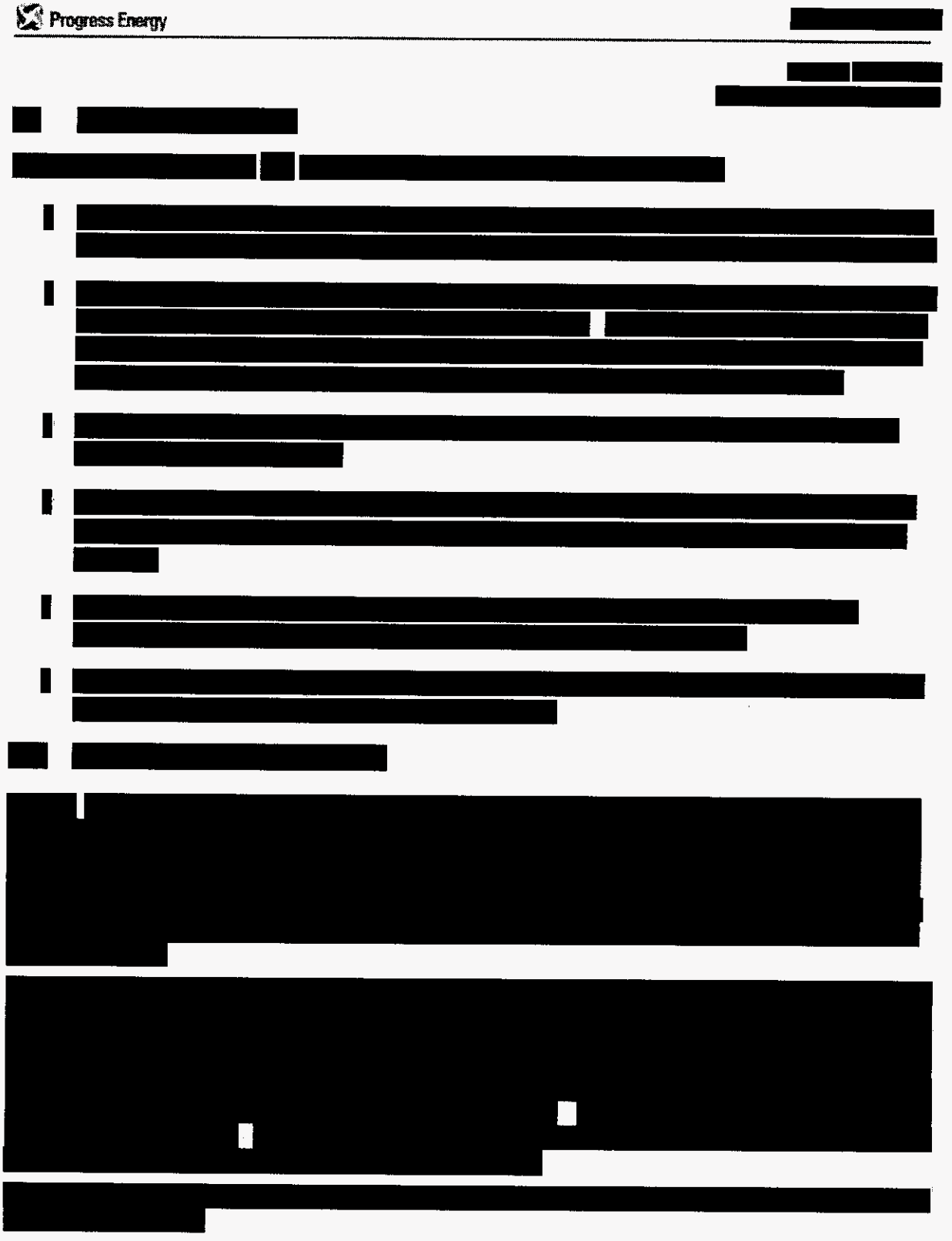
7.0 External Stakeholders:

- *Nuclear Regulatory Commission-License Amendments*
- *Florida Department of Environmental Protection – Site Certification and Permits*
- *Florida Public Service Commission-Recovery Through Special Clauses or Base Rates*
- *PEF Customers*
- *CR3 Co-owners*
- *Local Leaders*
- *AREVA Engineering Services - NSSS/BOP/Fuels America*
- *Worley Parsons-Subcontracted to AREVA*
- *Heat Exchange Services-Subcontracted to AREVA*
- *Dresser Industries subcontracted to AREVA*
- *Siemens-Turbine Generator*
- *Thermal Engineering International - MSRs*
- *YUBA Heat Exchanger- CDHE/SCHE*
- *Flow Serve - Pumps and Motors*
- *B&W Canada-ROTSG Reconciliation*
- *Barnhart- Heavy Hauling*
- *Atlantic Construction – Field Implementation*
- *MHF - Disposal of Old Components*
- *Sargent & Lundy – Cooling Tower Study Phase*

8.0 Internal Stakeholders:

- *Progress Energy Florida*
  - *Jeff Lyash, President*
- *Progress Energy NGG*
  - *Jim Scarola, Chief Nuclear Officer*
- *Nuclear Projects*
  - *Sr. Management*
    - *General Manager, Steve Huntington*
    - *Manager, Project Controls Terry Hobbs*
    - *Manager, Extended Power Uprate Steve Huntington*
    - *Manager SGR Replacement, Jim Terry*
  - *Project Controls-Scheduling*
    - *Supervisor Gene Flavors*
  - *Project Controls-Financial*
    - *Supervisor Ivy Wong*
- *Crystal River 3*
  - *Sr. Management*
    - *VP Dale Young*
    - *DSO Jon Franke*
    - *PGM Jim Holt*
  - *Line Management*
    - *Operations Manager Chuck Morris*
    - *Maintenance Manager Bill Brewer*
    - *Engineering Manager Steve Cahill*
    - *Outage and Scheduling Manager Ivan Wilson*
  - *Engineering*
    - *Design Engineering Harry Oates*
    - *Systems Engineering Barry Foster*
    - *Technical Services Blair Wunderly*
  - *Fossil Operations*
    - *Larry Hatcher*
    - *Mike Olive*

Internal Stake holders and resources will be required to support the project with design meeting reviews, Engineering Change milestone sign offs in Passport, and owner acceptance of completed modifications and configuration deliverables. Coordination between the Steam Generator Replacement Project and the Extended Power Uprate is vital to ensure the new replacement generators will be qualified to operate safely at the new uprate power level. Project Control and Project Support interface is essential to properly monitor schedule adherence with schedule development, key performance indicators, and financial reporting.



Key Performance Indicators and Milestones

Key Performance Indicators (KPIs) and Milestones will be established and identified on the Project schedule. Milestones and KPIs are controlled by the Project Manager and coordinated through the Project Controls - Functional Lead.

[redacted]

APPENDIX

Definitions & Acronyms:

- AIMS: Action Item Management System – A database developed to track internal action items of SGR project team members,
- CAF: Containment Access Facility – The structure or area specifically designed to regulate the ingress and egress of radiation workers required to enter the containment building (also known as the reactor building) to accomplish work.
- DTP: Detailed Task Plans – Specific plans (modeled after project plans) taken to the task level to provide details on specific tasks required to support the overall project to replace the steam generators.
- EC: Engineering Change – A formal document developed by design engineering personnel that provides the technical and administrative controls to ensure modifications made the nuclear facility are compliant with all applicable Progress Energy requirements and the Code of Federal Regulations for nuclear facilities.

EPU: Extended Power Uprate – An increase in developed reactor power and electrical output derived from a combination of steam efficiencies, margin harvest, and reactor power increase.

- ERP: Environmental Resource Permit – A permitting process required by state regulations to ensure activities are controlled within environmental standards.
- INPO: Institute of Nuclear Power Operations – The organization specifically formed to provide oversight and support to commercial nuclear power stations.
- ITS: Improved Technical Specifications – The licensing document that outlines the equipment required to remain operable for operation of the reactor in all modes of operation.
- KPI: Key Performance Indicators – visual indicators that are used to provide insights that specific parameters key to the project success are measured and used by management to take corrective actions when these parameters are not s expected.
- NBC: Net Benefit to Cost Ratio
- NRC: Nuclear Regulatory Commission – The regulatory body that oversees safe operation of commercial nuclear facilities.
- NSOC: Nuclear Security Operations Center – The structure that serves as the entry point and exit point for entry into the CR3 protected area.
- OTSG/OTSG's: once through steam generators- heat exchangers designed to transfer heat from the reactor coolant system into steam used to drive the steam turbine in the generation of electricity.
- QA: Quality Assurance – A specific function internal to the project, designed to ensure activities performed on the nuclear facility or components fabricated in support of operation of the nuclear facility meet the established requirements for quality.
- RB: reactor building – one of three designed fission product barriers designed to protect the health and safety of the public from the release of reactor coolant system inventory during a postulated emergency.
- SGR: Steam Generator Replacement – The acronym used to describe the project.
- WBS: Work Breakdown Structure – The fundamental building block that defines the scope of the steam generator replacement project

Progress Energy

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memo

Date: June 6, 2008

To: D. Roderick, T. Hobbs, D. Varner, S. Huntington, J. Terry, G. Miller

From: Terry Hobbs, Project Controls
Subject: NP&C **May 2008** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial view performance is as follows:

[redacted]

May O&M costs were [redacted] over budget MTD and [redacted] under budget YTD due to cash flow of expenses.

Capital [redacted]

May				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

May Capital costs were [redacted] over budget MTD due to material milestone payments that were budgeted earlier in the year (EPU) and paid in May per contract. The projects are under budget YTD due to cash flow timing of NSOC & CAF (SGR) and timing of contract milestone payments for TEI and Seimens different from budgeted cash flows (EPU) and changes to the Spent Fuel Dry Cask Storage project.

A year end projection overage of [redacted] was approved by PEF Finance Committee in April, 2008. The difference between the [redacted] and the reported April year end projection of [redacted] is a reprojection of expenses into contract labor decreasing the burden rate.

If you have any questions, please call me at extension 4746 or contact your Financial Analyst.

Attachment

cc: P. Brewer, J. Finland, C. Guthrie, K. Holmes, B. Walsh, D. Penny, NGG Controllers, NP&C Financial Analysts, NP&C Superintendant's & Supervisors

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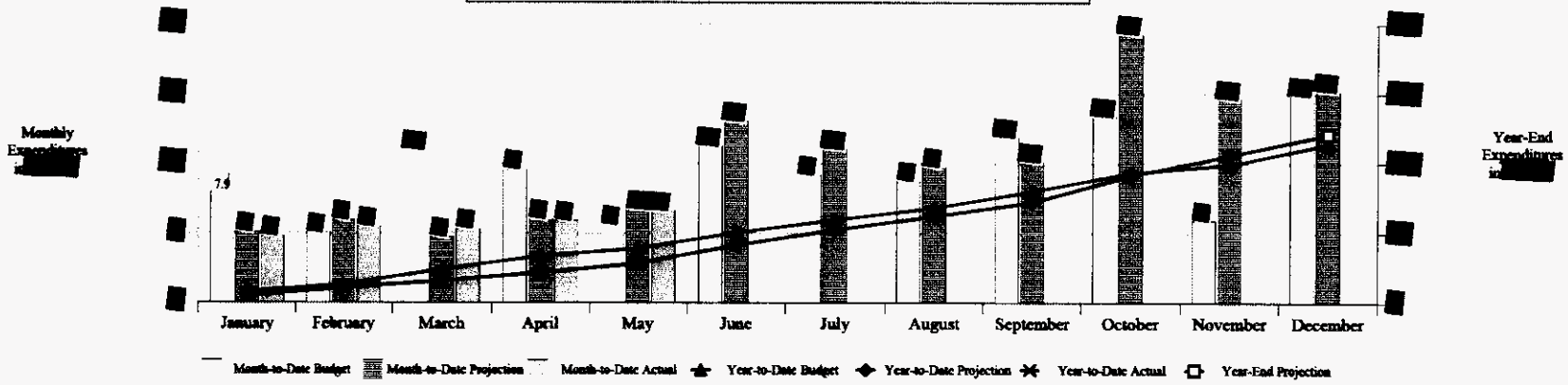
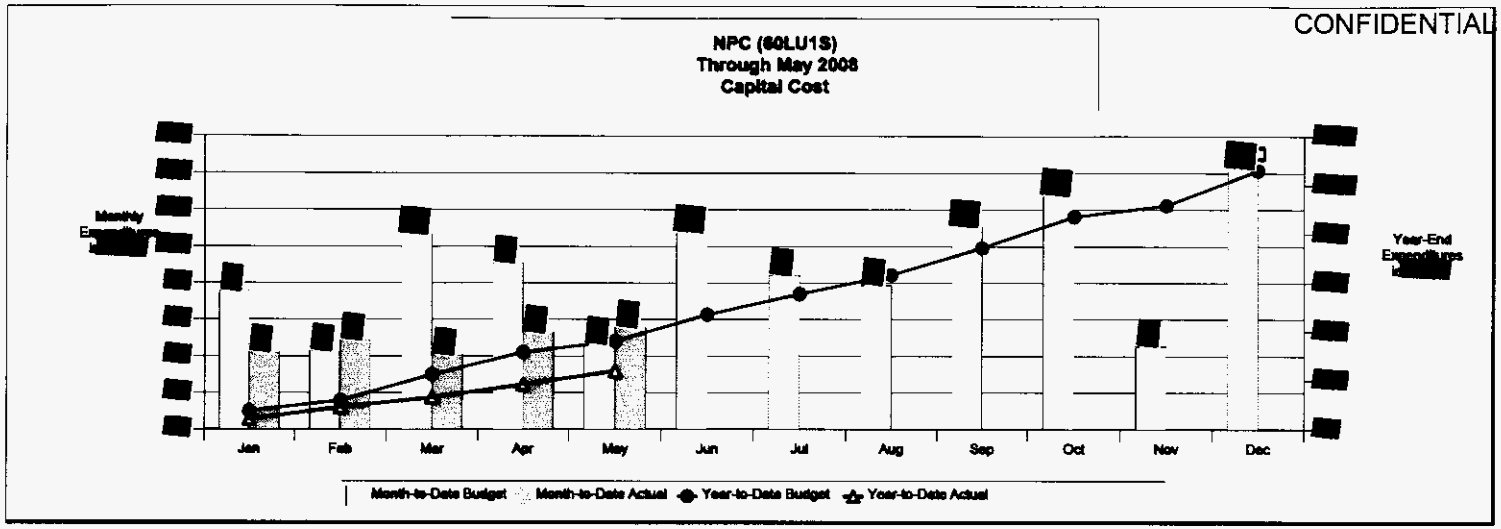
All-in-Costs Capital Summary
Nuclear Projects & Construction
Through May 2008



Project Number - Description											Year End		
											Budget	Projection	Var Fav/ (Unfav)
60LU1D CR3 POWER UPRATE													
60LU1D NEW PLANT CONSTRUCTION													
60LU1D SPENT FUEL DRY CASK													
60LU1D STEAM GENERATOR MASTER													
PH - 60GB9D ALLOY 600 RCS													
PH - 60GB9D RCA ACCESS BU													
PH - NUC PROJ & CONST IND													
Financial/CMR Total Costs													
Client Driven / Service Co													
Pension													
AFUDC													
Joint Owner*													
All-In Costs													

*Joint Owner actuals are not available on the 5th business day of the month for the distribution of this CMR report.



May ($ 000's)				Year-To-Date ($ 000's)					Year-End ($ 000's)				Variance Gap ($ 000's)		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
							%	Extended Power Uprate (60LT9S)							
								Nuclear Projects & Construction (60LU2D)							
								Project Controls (60LU9S)							
								Steam Generator Replacement (60JW2S)							
								Support Services (60LU9S)							
								Nuclear Projects & Construction Capital Loss Burdens							
								By Others							
								Other Burdens							
								P&Ba, Payroll Taxes, and Incentives							
								Total Cost Management Capital							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Driven							

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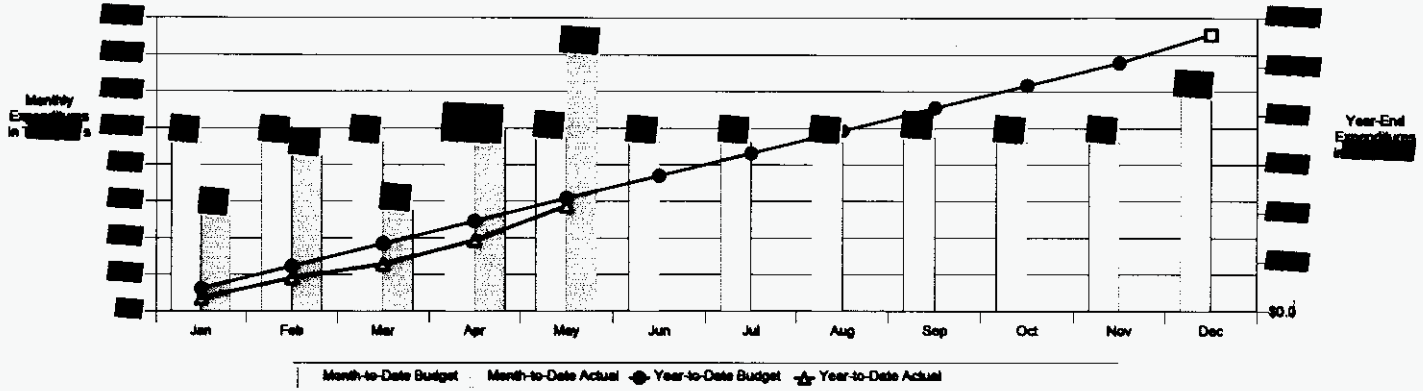
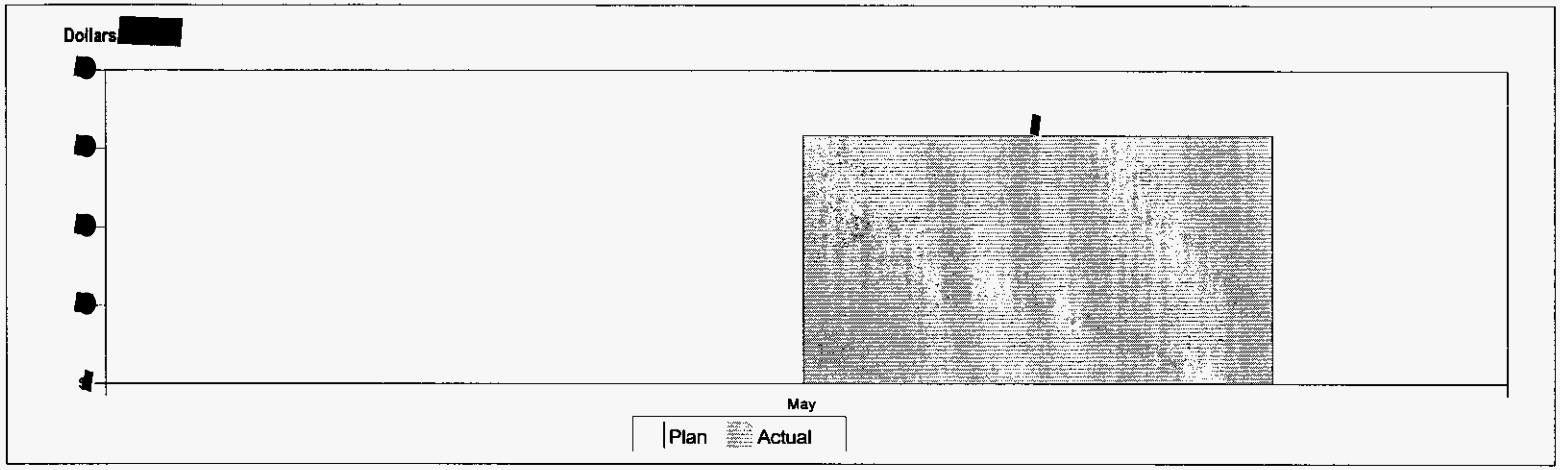
NPC (60LU1S)
Through May 2008
Total Non-Fuel O&M Cost



May ($ 000's)				Year-To-Date ($ 000's)					Year-End ($ 000's)				Variance Gap ($ 000's)		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
								-MAJ PROJ PLU (60LT9S)							
								-MAJ PROJ SGR (60JW2S)							
								-NUC PROJ CTLS (60LU6S)							
								NUC PROJS & CONSTRUCTION (60LU2D)							
								-NUC PROJ SPT (60LU6S)							
								NUC PROJS & CONST (60LU1D)							
								Non-Fuel Production (excl G&S Real Projects) Less Burdens							
								By Others							
								Other Burdens							
								P&Bs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Driven							

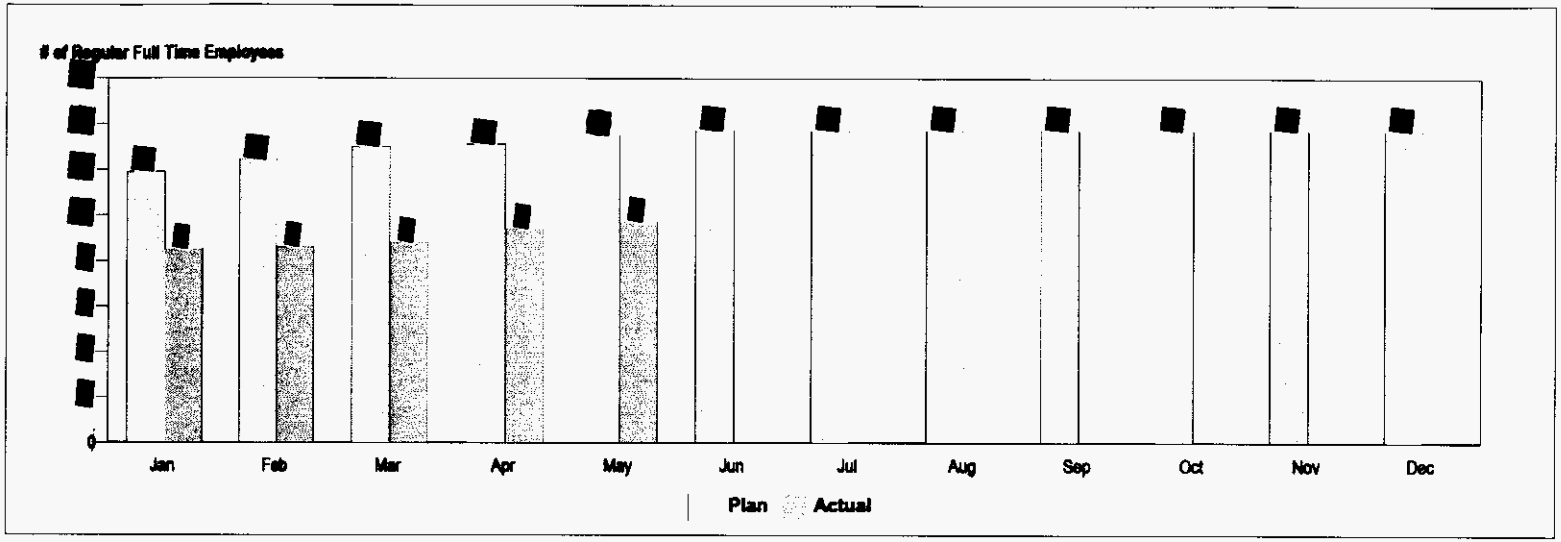
NPC
Overtime Dollars (Excluding Materials, NIT, Access Authorization & Security)



* Overtime %		May				Year-To-Date ($ 000's)		
MTD	YTD	Budget	Actual	Fav/(Unfav)	Department	Plan	Actual	Fav/(Unfav)
					MGR-MAJ PROJ PLU			
					MGR-MAJ PROJ SGR			
					MGR-NUC PROJ CTLS			
					MGR-NUC PROJ SPT			
					VP-NUC PROJS & CONSTRUCTION			
					Total			

* Overtime % is based on total overtime hours worked (paid and unpaid).

NPC Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

May			Plant Hierarchy	Year-End		
Plan	Actual	Var Fav/(Unfav)	Plant Hierarchy	Plan	Projection	Var Fav/(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			New Plant Dev			
			Support Services			
			NP&C			
			Total NPC			

Nuclear Projects & Construction
Contractor Staffing Levels

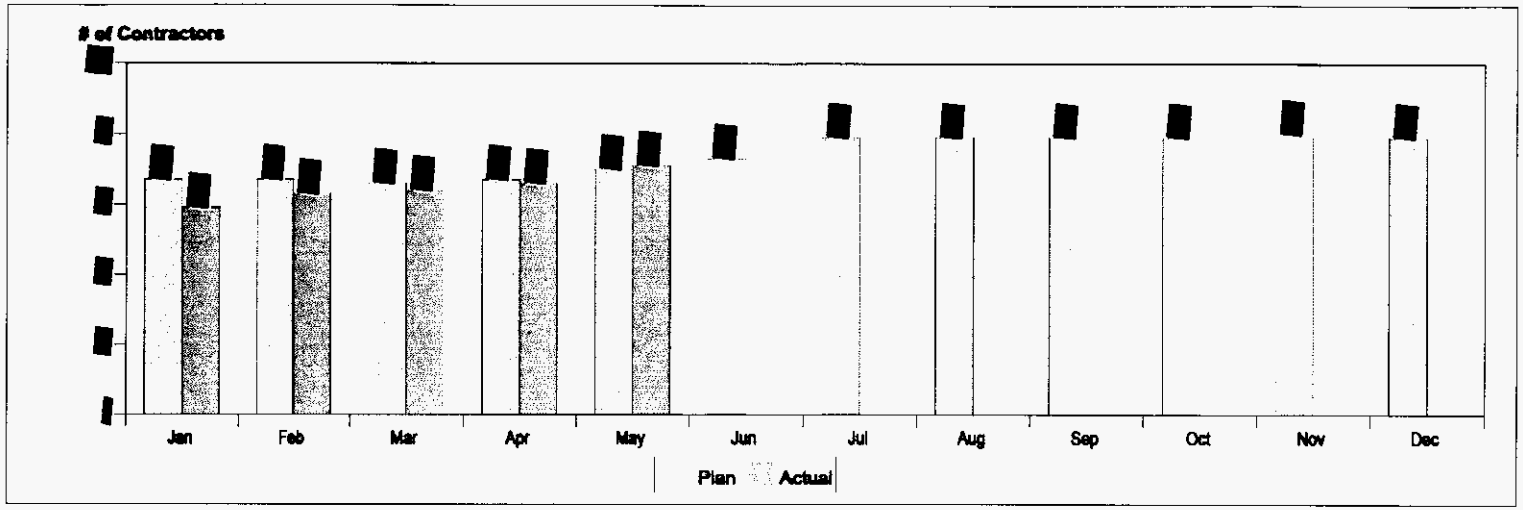


Table Hierarchy	May	Plan	Actual	Var Fav/(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			0
	Total			
New Plant Dev	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

Progress Energy

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memo

Date: May 8, 2008

To: D. Roderick, T. Hobbs, D. Varner, S. Huntington, J. Terry, G. Miller

From: Tina Harvey, Financial Supervisor
Subject: NP&C **April 2008** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial view performance is as follows:

Non-Fuel O&M ($[redacted]

Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

[redacted]

Capital ($[redacted]

Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

April Capital costs were [redacted] under budget primarily due to cash flow timing of NSOC & CAF (SGR) and timing of contract milestone payments for TEI and Siemens different from budgeted cash flows (EPU).

A year end projection overage of $[redacted] was approved by the Integrated Project Plan in March, 2008 and the Florida Capital Committee in April, 2008. The difference between the approved $[redacted] and the reported April year end projection of $[redacted] is due to a reprojection of contract labor dollars to company labor in the EPU project (burdens). An analysis of resource allocations are on-going and will be complete by July 15, 2008.

If you have any questions, please call me at V-Net 240-4904 or contact your Financial Analyst.

Attachment

cc: P. Brewer, J. Finland, C. Guthrie, K. Holmes, B. Walsh, P. Lucas, D. Penny, M. Iacono, D. Taylor, NP&C Superintendant's & Supervisors, NP&C Financial Analysts

Progress Energy Florida, Inc.

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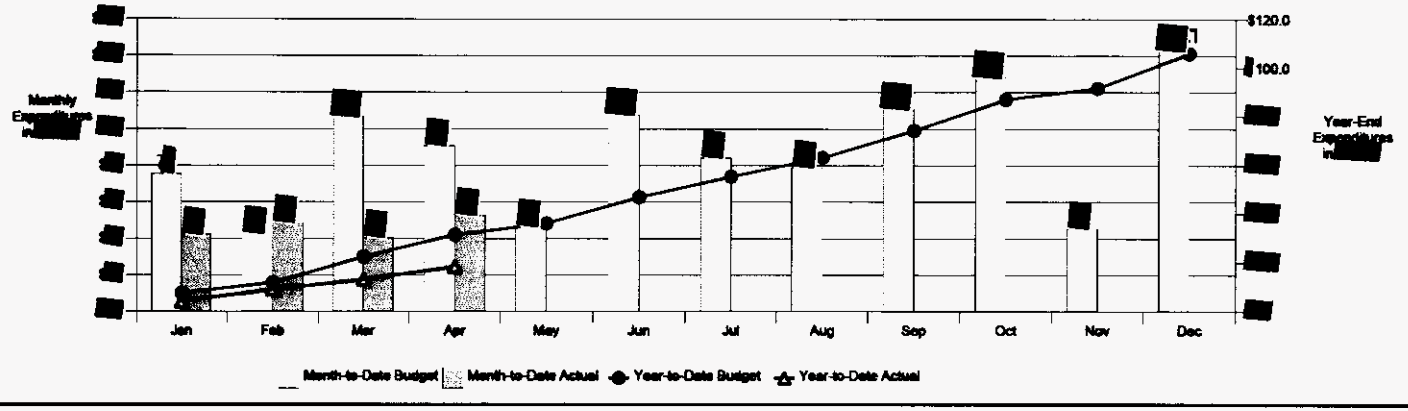
NPC (60LU1S)
Through April 2008
Capital Cost



April ([redacted])				Year-To-Date ([redacted])					Year-End ([redacted])				Variance Gap [redacted]		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
[redacted]								Extended Power Uprate (60LT3S)							
								Nuclear Projects & Construction (60LU2D)							
								Project Controls (60LU6S)							
								Steam Generator Replacement (60JW2S)							
								Support Services (60LU8S)							
								Nuclear Projects & Construction Capital Less Burdens							
								By Others							
								Other Burdens							
								Pells, Payroll Taxes, and Incentives							
								Total Cost Management Capital							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Driven							

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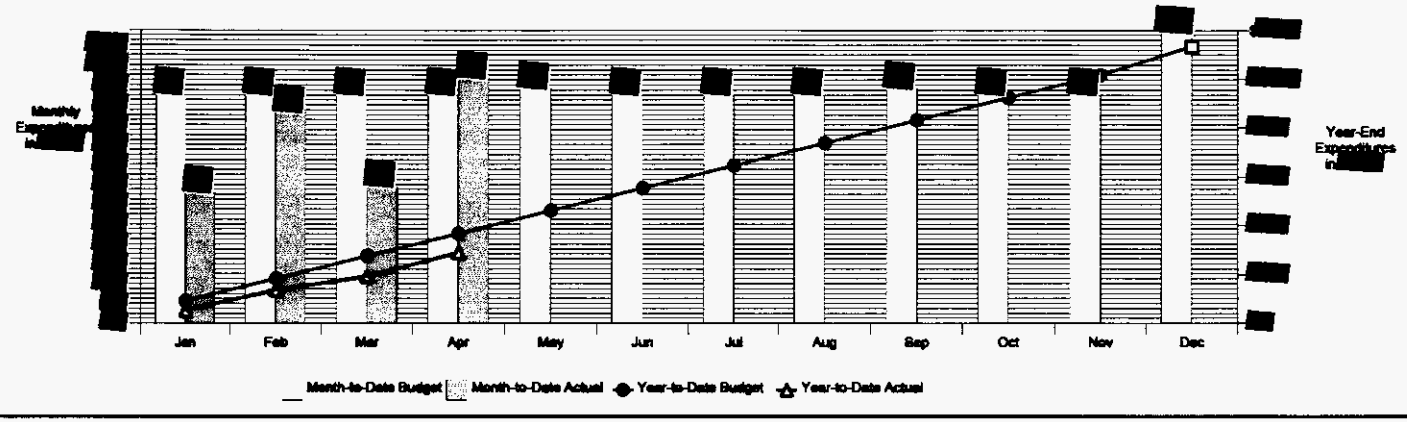
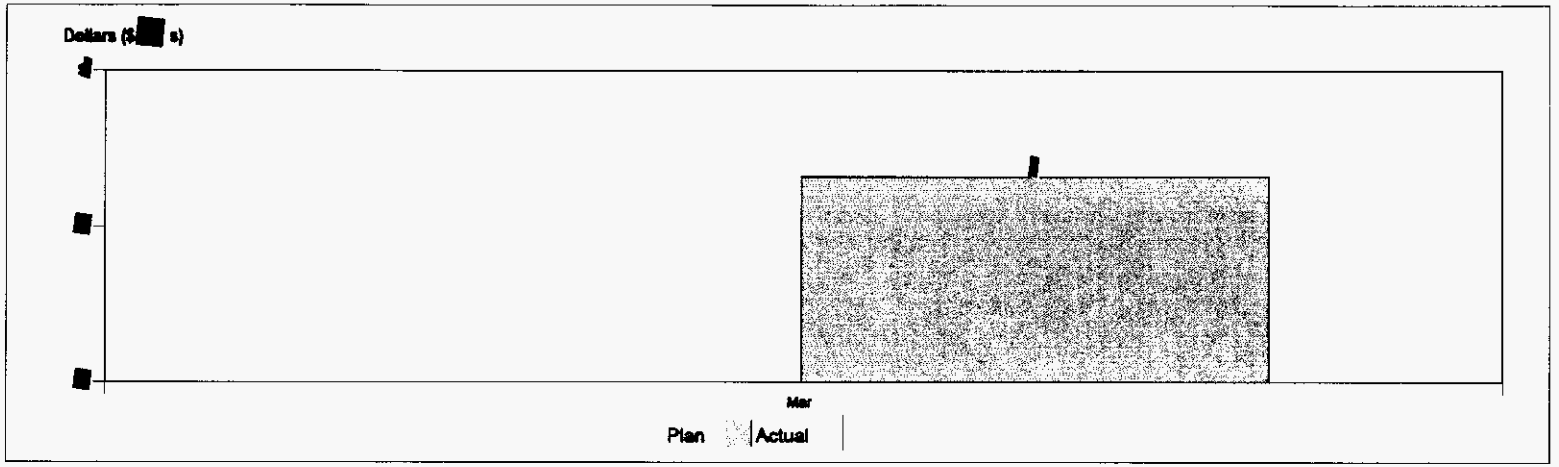
NPC (60LU1S)
Through April 2008
Total Non-Fuel O&M Cost



April ([redacted])				Year-To-Date ([redacted])					Year-End ([redacted])				Variance Gap [redacted]		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
[redacted]								-MAJ PROJ PLU (60LT9S)							
								-MAJ PROJ SGR (60JW2S)							
								-NUC PROJ CTLS (60LU9S)							
								NUC PROJS & CONSTRUCTION (60LU2D)							
								-NUC PROJ SPT (60LU9S)							
								NUC PROJS & CONST (60LU1D)							
								Non-Fuel Production (excl O&M Real Projects) Less Burdens							
								By Others							
								Other Burdens							
								P&Bs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Driven							

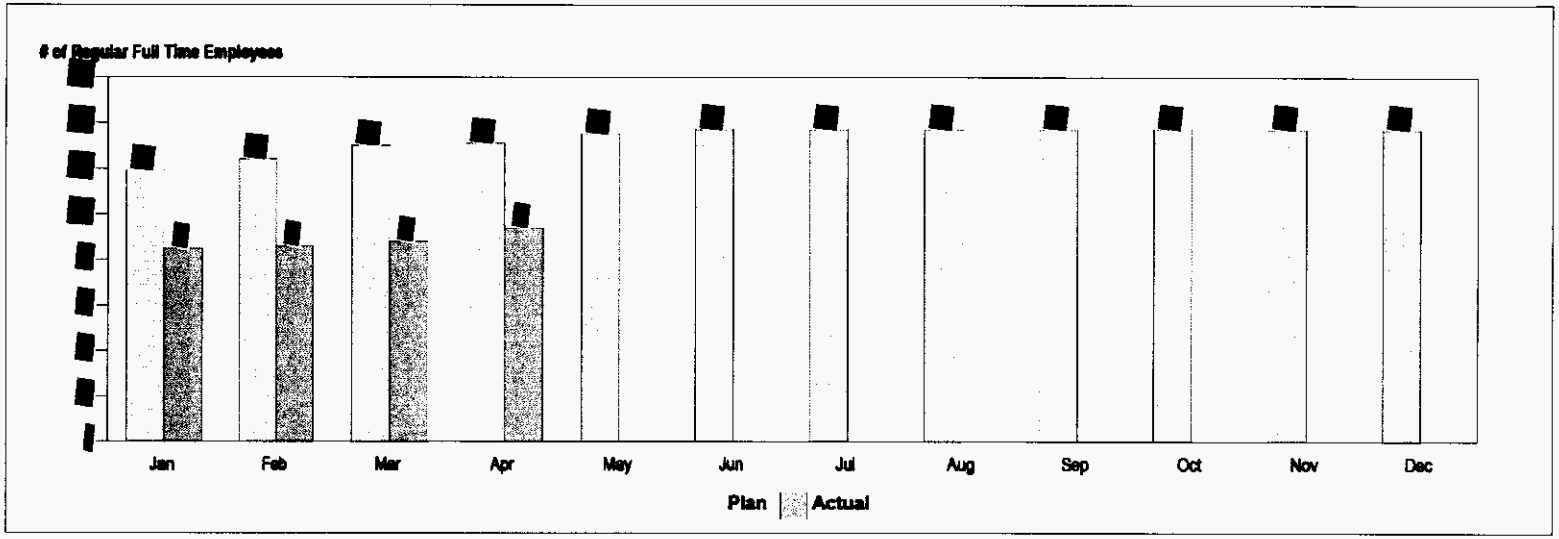
NPC
Overtime Dollars (Excluding Materials, NIT, Access Authorization & Security)



* Overtime %		April				Year-To-Date ($ 000's)		
[redacted]								

*** Overtime % is based on total overtime hours worked (paid and unpaid).**

NPC Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

April			Plant Hierarchy	Year-End		
Plan	Actual	Var Favl(Unfav)	Plant Hierarchy	Plan	Projection	Var Favl(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			New Plant Dev			
			Support Services			
			NP&C			
			Total NPC			

Nuclear Projects & Construction
Contractor Staffing Levels

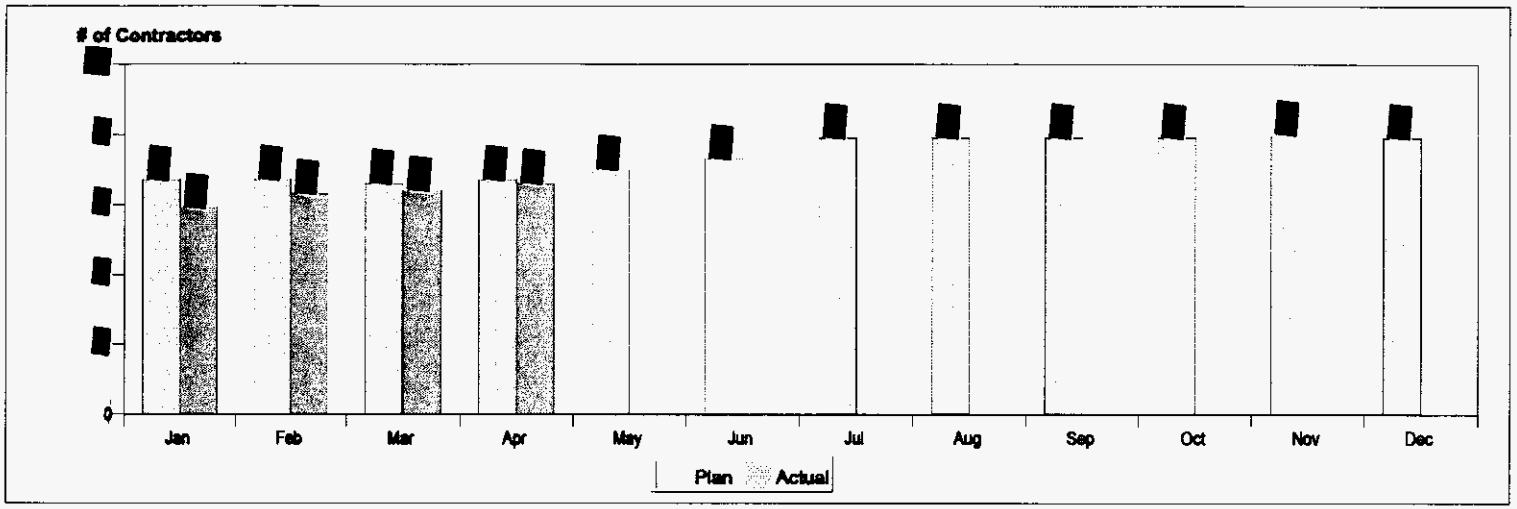


Table Hierarchy	April	Plan	Actual	Var Fav(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
New Plant Dev	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

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memo

Date: September 12, 2008

To: D. Roderick, T. Hobbs, D. Varner, S. Huntington, J. Terry, G. Miller

From: Terry Hobbs, Manager Project Controls
Subject: NP&C **August 2008** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M ($[redacted])

August				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

August O&M is currently over budget due to training expenses for new employees being budgeted between O&M and Capital and expensed to O&M after clarification on the capitalization policy was provided. An O&M challenge is underway to identify O&M expenses remaining through year end.

Capital ($[redacted])

August				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

NP&C Capital is $1.9M unfavorable to budget August MTD:

EPU is $[redacted] unfavorable MTD. The original budget for August did not include a $[redacted] payment to Siemens in August. EPU is now beginning to close the large variance gap that had been created by payments being budgeted in the first half of the year with contractual commitments scheduled for the second half of the year.

SGR is approximately $[redacted] favorable MTD. This variance can be attributed to the rescheduling of a Mammoet Milestone payment $[redacted] as well as over $[redacted] in facilities expenses that were not originally budgeted in August.

Alloy 600 is approximately $[redacted] un-favorable to budget MTD due to a milestone payment to Energy Steel that was originally budgeted in Sept.

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget and being managed through CR3.

NP&C Capital is estimated to be approximately $[redacted] favorable to budget through August YTD:

EPU is approximately $[redacted] favorable YTD which is a decrease from [redacted] favorable YTD last month. With the current commitments in place, EPU is forecasted to decrease this favorable variance more over the next few months and be on budget at year end.

SGR is approximately $[redacted] favorable YTD. This variance can be attributed to the rescheduling of construction facilities to support CR3 schedule & milestone payments being re-projected later in the year.

Alloy 600 is approximately $[redacted] unfavorable to budget YTD. The Alloy budget was set up with a lump sum of $[redacted] in Sept 08. The milestone payments are cash flowed out into 4 payments (June, Aug., Sept. & Oct)

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget YTD and being managed through CR3. This project per the Project Manager will be on target at year end, however, there is currently no contract in Passport for work for 2008.

EPU is currently estimated to be on budget at year end. The approval of additional ICF's will require a decrease to items currently forecast for 2008.

The SGR project is currently forecast to be on budget at year end.

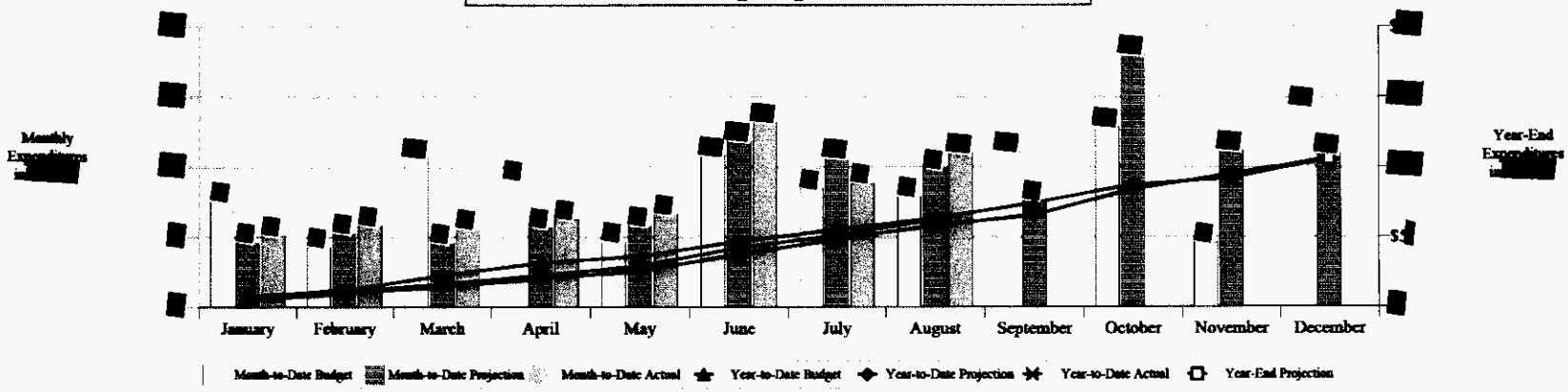
The Alloy 600 and RCA Access Building projects are also currently projected to be on budget.

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:
P. Brewer
J. Finland
C. Guthrie
K. Holmes
B. Walsh
P. Lucas
D. Penny
M. Iacono
D. Taylor
NP&C Superintendant's & Supervisors
NP&C Financial Analysts

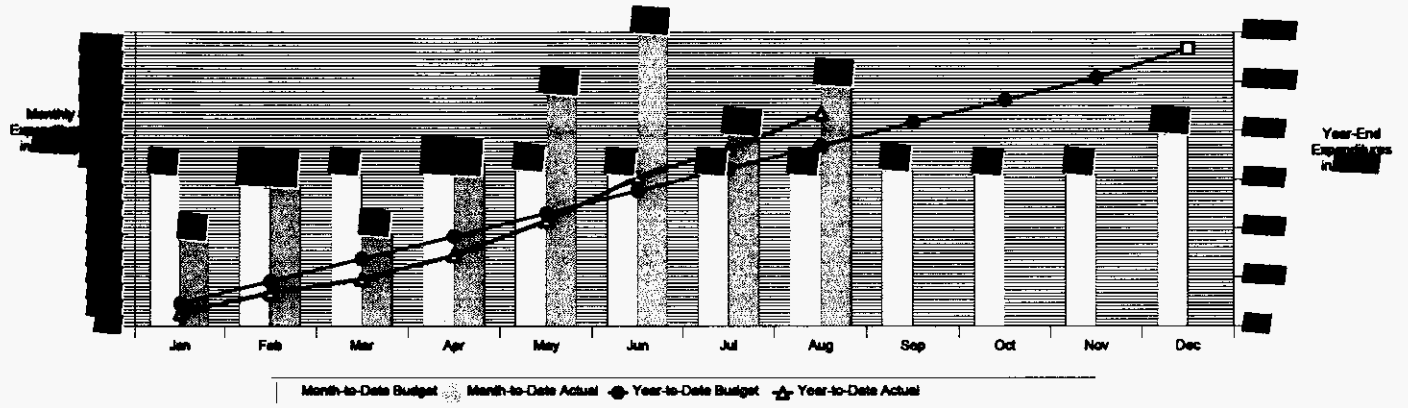
All-in-Costs Summary - Capital
Nuclear Projects & Construction
Through August 2008



Project Number - Description
60LU1D CR3 POWER UPRATE
60LU1D NEW PLANT CONSTRUCTION
60LU1D SPENT FUEL DRY CASK
60LU1D STEAM GENERATOR MASTER
PH - 60GB9D ALLOY 600 RCS
PH - 60GB9D RCA ACCESS BU
PH - NUC PROJ & CONST IND
Financial/CMR Total Costs
Client Driven / Service Co
Pension
AFUDC
Joint Owner*
All-In Costs

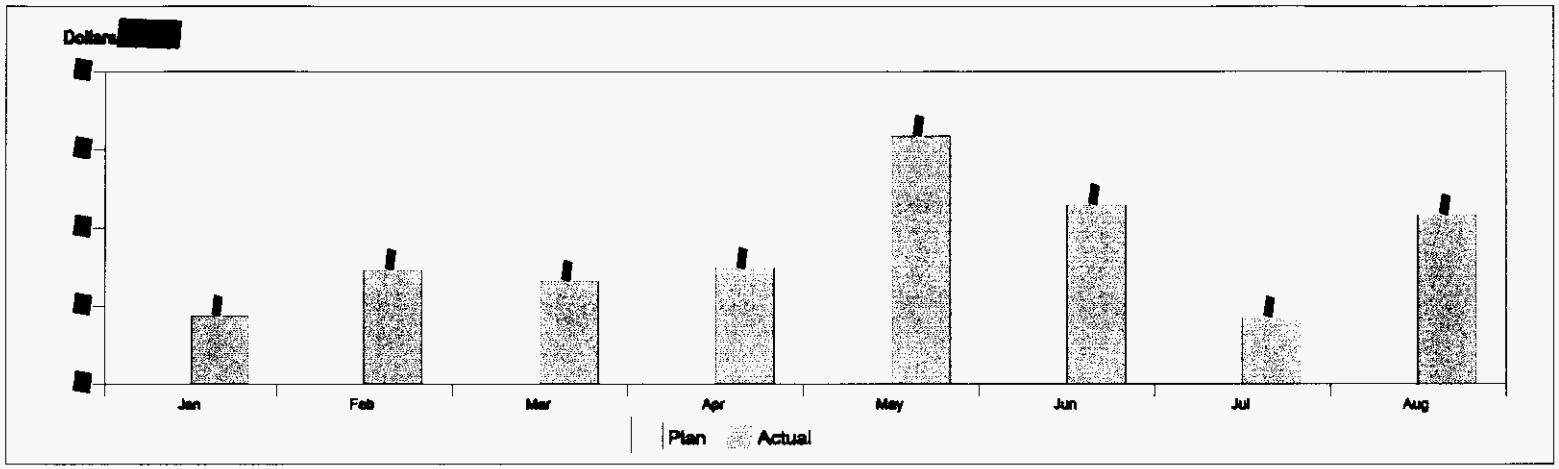
*Joint Owner actuals are not available on the 5th business day of the month for the distribution of this CMR report.

NPC (60LU1S)
Through August 2008
Total Non-Fuel O&M Cost



August				Year-To-Date					Year-End ($				Variance Gap ($		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
								PRG PROJECTS							
								-MAJ PROJ PLU (60LT9S)							
								-MAJ PROJ SGR (60JW2S)							
								-NUC PROJ CTLS (60LU8S)							
								NUC PROJS & CONSTRUCTION (60LU2D)							
								-NUC PROJ SPT (60LU9S)							
								NUC PROJS & CONST (60LU1D)							
								Non-Fuel Production (Incl O&M Real Projects) Less Burdens							
								By Others							
								Other Burdens							
								PSNs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Drives							

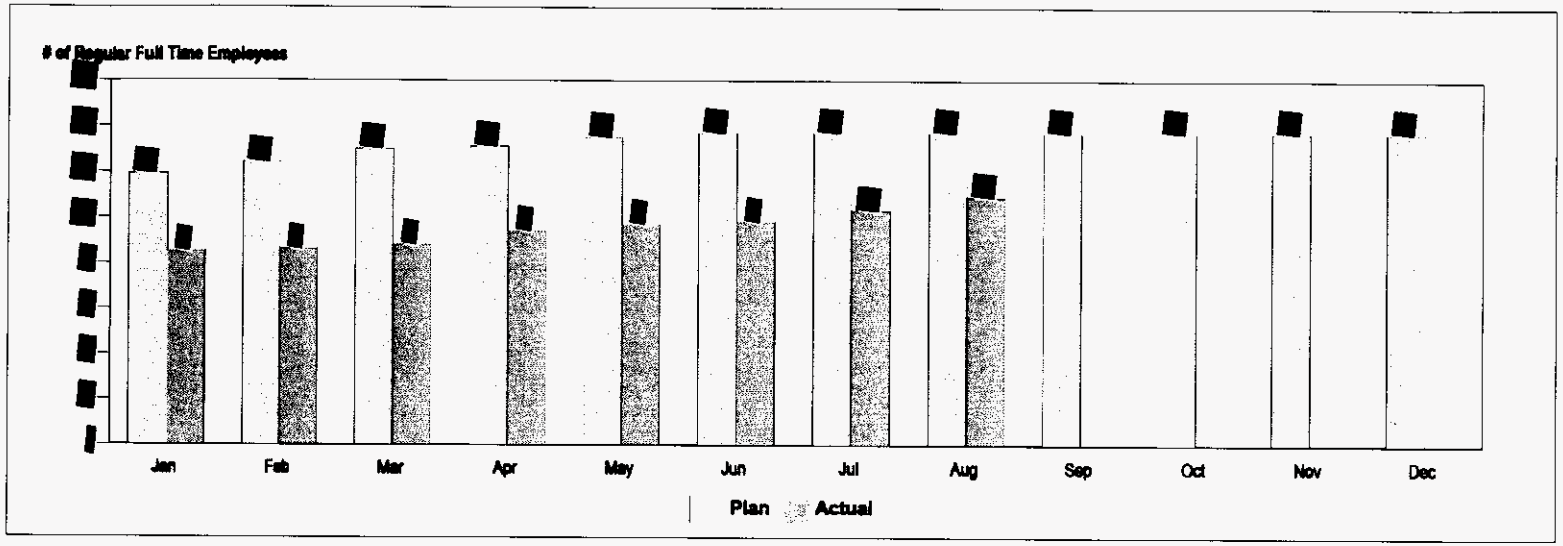
NPC
Overtime Dollars (Excluding Materials, NIT, Access Authorization & Security)



* Overtime %		August			Year-To-Date		

* Overtime % is based on total overtime hours worked (paid and unpaid).

NPC Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

August			Plant Hierarchy	Year-End		
Plan	Actual	Var Fav/(Unfav)	Plant Hierarchy	Plan	Projection	Var Fav/(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			New Plant Dev			
			Support Services			
			NP&C			
			Total NPC			

Nuclear Projects & Construction
Contractor Staffing Levels

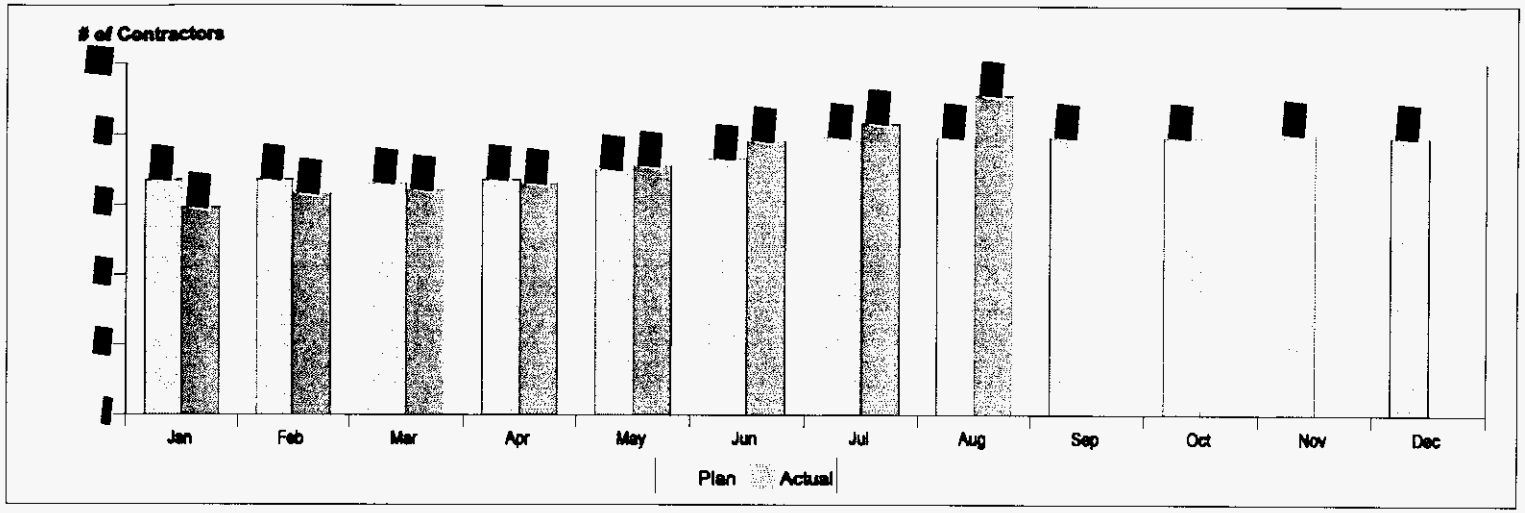


Table Hierarchy	August	Plan	Actual	Var Fav/(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
New Plant Dev	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

Progress Energy

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memo

Date: January 13, 2009

To: D. Varner, S. Huntington, J. Terry, G. Miller

From: Terry Hobbs, Manager Project Controls
Subject: NP&C **December 2008** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M ($[redacted])

December				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

Year End O&M is $[redacted] under budget to meet the NGG O&M challenge for 2008.

Capital ($[redacted])

December				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

NP&C Capital is ($[redacted] unfavorable to budget December MTD:

EPU is ($[redacted] unfavorable MTD. The original budget for December did not include large component payments of $[redacted] to Siemens. Contract Payments were under the original budget by approximately $[redacted] Support labor was approximately $[redacted] under budget due to some PE positions not being filled.

SGR is approximately ($[redacted] unfavorable MTD. This variance is due to large Milestone payments being made to BWC ($[redacted] as well as Gamma Monitors ($[redacted] small tools, Hot Leg Containers & Oxygen ($[redacted] BWC Rotators ($[redacted] Transco ($[redacted] and misc facilities related projects ($[redacted]

Alloy 600 is approximately ($[redacted] un-favorable to budget MTD. This variance is mainly due to the large Milestone payments that were originally budgeted in the month of Sept but were paid in December.

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget. All expenses now cash-flow to CR3 Plant Financials and the project is being managed through CR3.

NP&C Capital is approximately $[redacted] favorable to budget through December YE:

EPU is approximately $[redacted] favorable YE. The original budget was planned at a high level. During 2008 a more defined scope of work was developed for the remainder of the EPU project. As part of the scope refinement, in May EPU projected that it would be responsible for $[redacted] of NSOC work during 2008 to be funded by 2008 under runs. The project remained at the fully budgeted amount of $[redacted] In November, EPU projected a YE under run to budget of $[redacted] In early December, after Regulatory input regarding the NSOC work, EPU projected a total under run to budget of $[redacted]

SGR is approximately ($[redacted] un-favorable YE. This variance is attributed to the $[redacted] associated with the NSOC that was originally proposed to be paid by EPU. Also a portion of the BWC milestone payment scheduled for 2008 has been pushed into 2009 ($[redacted]

Alloy 600 is approximately ($[redacted] favorable to budget YE. The major variance is due to a under run in Contract Labor ($[redacted] Energy Steel ($[redacted] Misc Other ($[redacted] as well as a overage in Company labor of ($[redacted]

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget YE and being managed through CR3. All actual cash-flow is now seen on CR3 Financial reports. Approximately $[redacted] of actuals has cash-flowed through the NP&C Department Budget.

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:	P. Brewer	D. Penny
	J. Finland	R. Camp
	C. Guthrie	D. Taylor
	K. Holmes	J. Porac
	B. Walsh	NP&C Superintendant's & Supervisors
	P. Lucas	NP&C Financial Analysts

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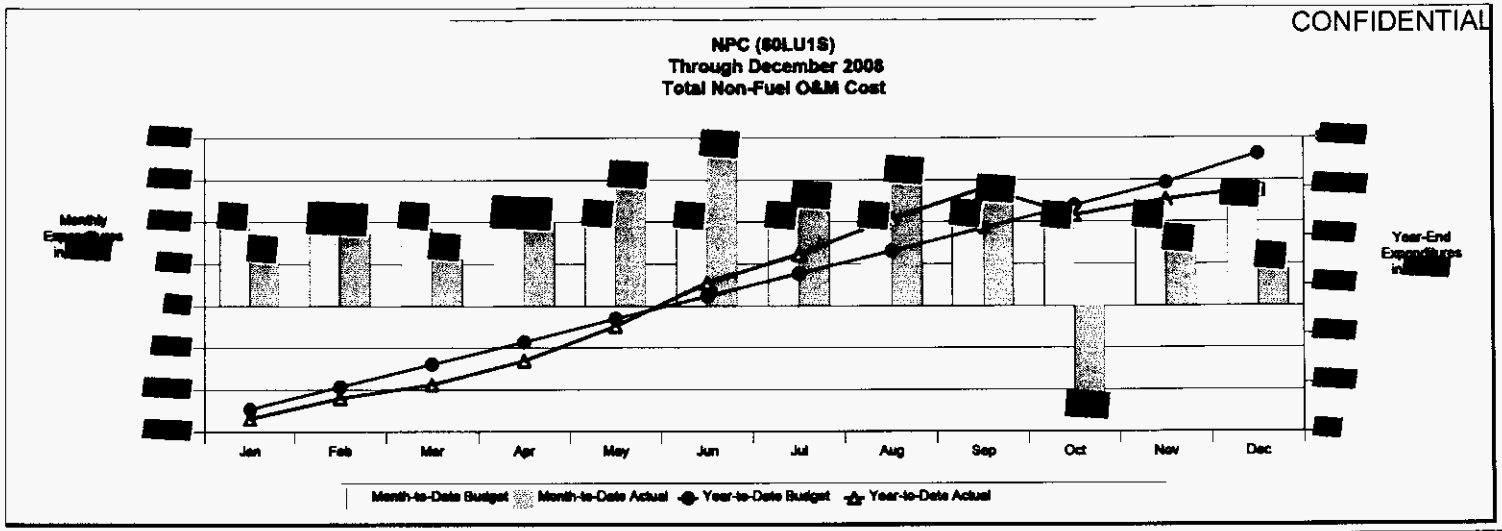

December [redacted]				Year-To-Date [redacted]					Year-End [redacted]				Variance Gap [redacted]		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
[redacted]								PRG PROJECTS							
								-MAJ PROJ PLU (80LT9S)							
								-MAJ PROJ SGR (80JW2S)							
								-NUC PROJ CTLS (80LU8S)							
								NUC PROJS & CONSTRUCTION (80LU2D)							
								-NUC PROJ SPT (80LU8S)							
								NUC PROJS & CONST (80LU1D)							
								Non-Fuel Production (excl G&M Real Projects) Less Burdens							
								By Others							
								Other Burdens							
								PEBs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NSG Client Driven							

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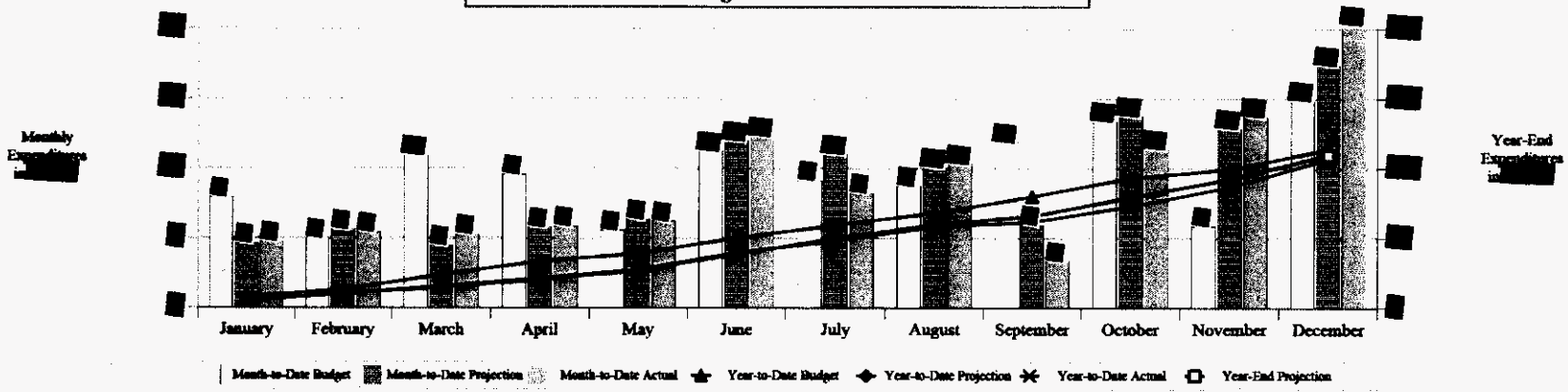
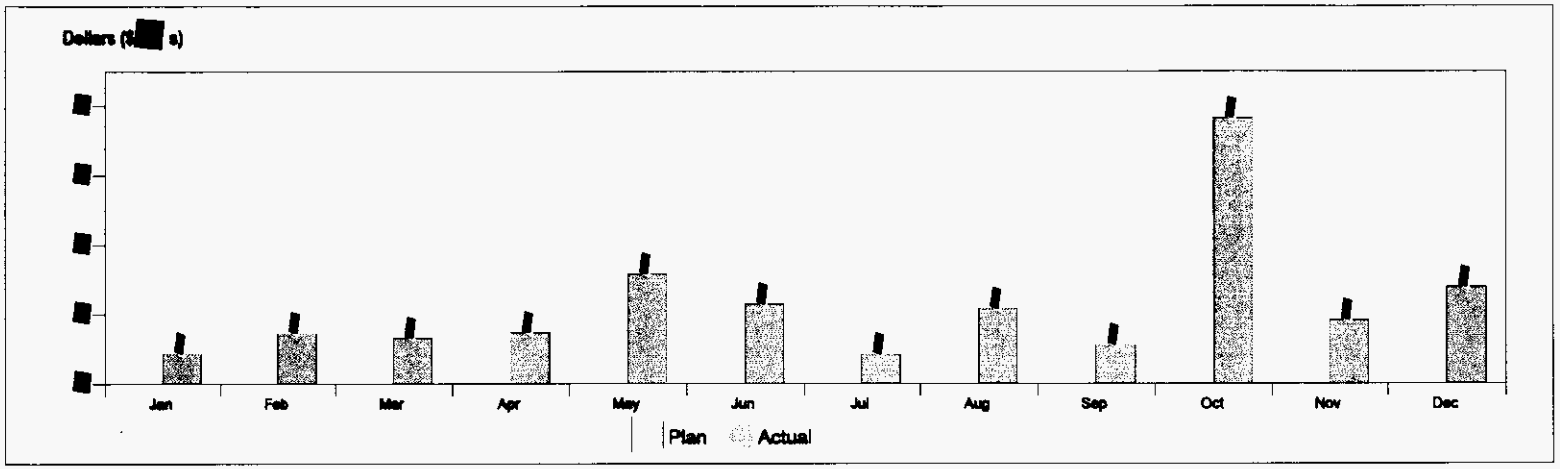
All-in-Costs Summary - Capital
Nuclear Projects & Construction
Through December 2008



Project Number - Description
60LU1D CR3 POWER UPRATE
60LU1D STEAM GENERATOR MASTER
PH - 60GB9D ALLOY 600 RCS
PH - 60GB9D RCA ACCESS BU
PH - NUC PROJ & CONST IND
60GB9D SPENT FUEL DRY CASK
60LU1D NPC SGR FACILITIES MSTR
60LU1D NPC EPU MASTER
Financial/CMR Total Costs
Client Driven / Service Co
Pension
AFUDC
Joint Owner*
All-In Costs

J:\Major Projects\CR3 Projects Financial\NP&C CMR Reports\2008 Monthly Reports\12 Dec 2008

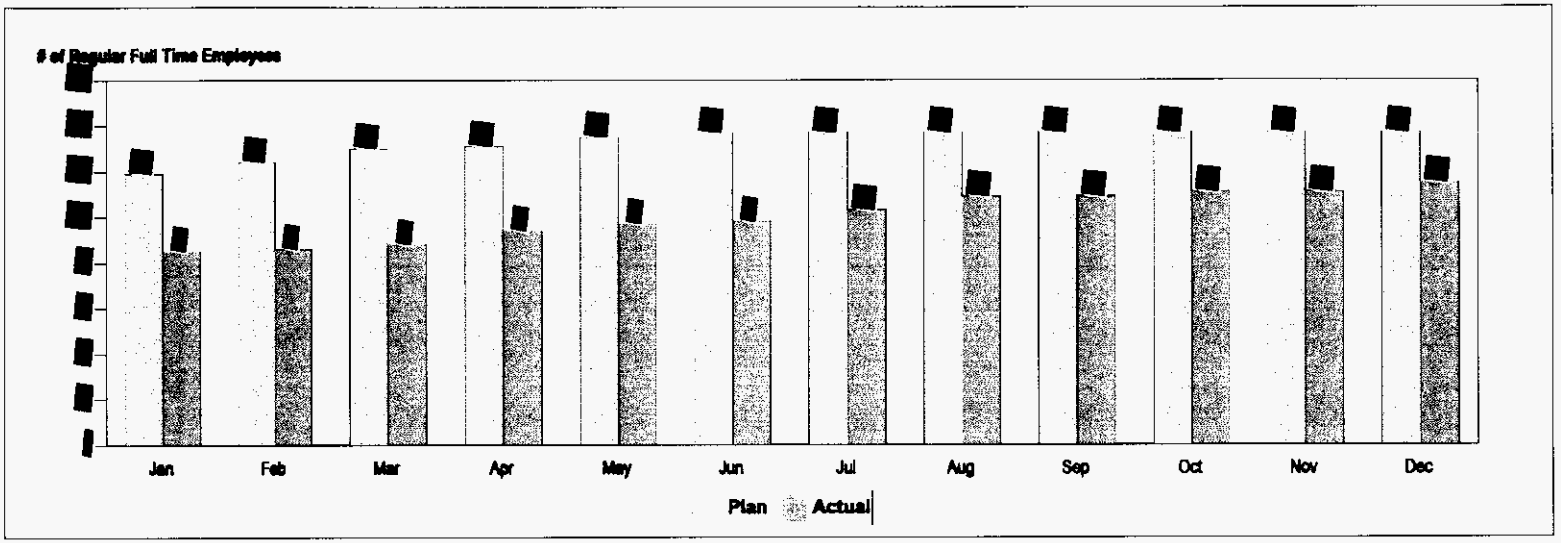
NPC
Overtime Dollars (Excluding Materials, NIT, Access Authorization & Security)



* Overtime %		December				Year-To-Date ($ 000's)		

* Overtime % is based on total overtime hours worked (paid and unpaid).

NPC Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

December			Plant Hierarchy	Year-End		
Budget	Actual	Var Fav/(Unfav)	Plant Hierarchy	Budget	Projection	Var Fav/(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			New Plant Dev			
			Support Services			
			NP&C			
			Total NPC			

Nuclear Projects & Construction
Contractor Staffing Levels

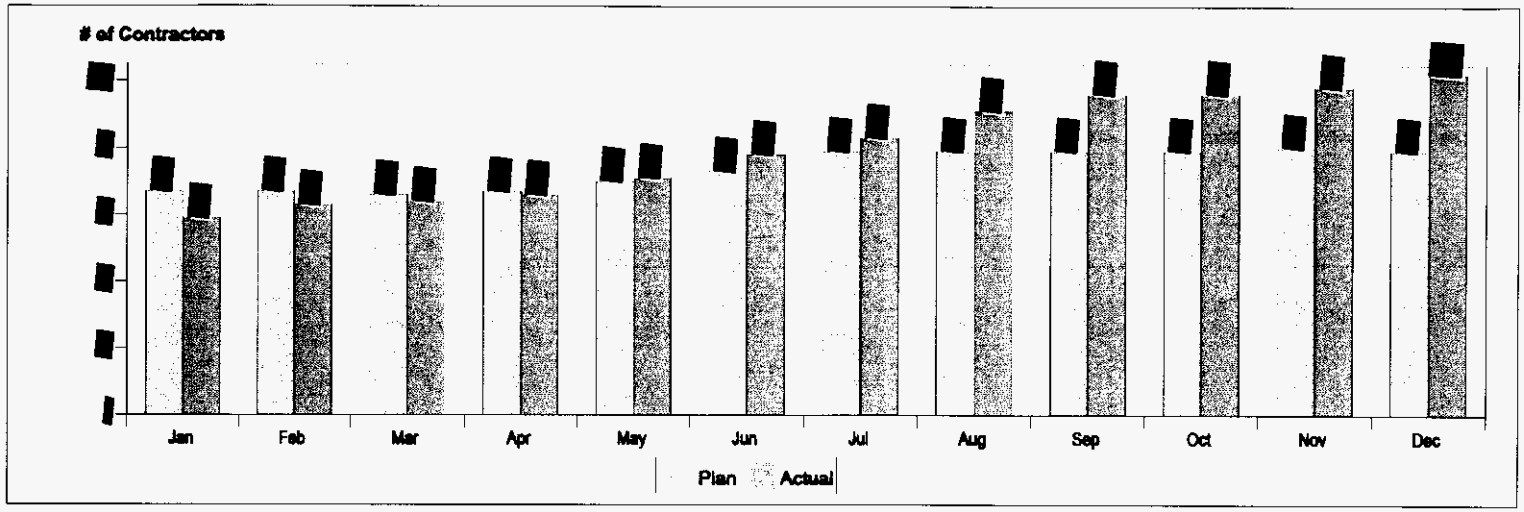


Table Hierarchy	December	Plan	Actual	Var Fav(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
New Plant Dev	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

Progress Energy

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memo

Date: March 6, 2009

To: S. Huntington E. Avella
J. Terry

From: Terry Hobbs, Manager Project Controls
Subject: Nuclear Projects **February 2009** Cost Management Report

Attached is the Nuclear Projects Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M [redacted]

February				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

YTD O&M is $[redacted] under budget to meet the NGG O&M challenge for 2009.

Capital [redacted]

February				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav
[redacted]											

Nuclear Projects Capital is $[redacted] favorable to budget February MTD:

EPU is $[redacted] favorable MTD. The major budget items for February that did not cash flow are: POD was budgeted at $[redacted] and will be re-projected per the Engineering and Procurement contracts. After POD contracts are in place and re-projected some portion of the POD budget will be added to the contingency fund. The insulation contract was budgeted at $[redacted] for February. No payment is due until pre-outage activities begin. The signed contract is under the budgeted amount.

SGR February MTD budget is $[redacted] with actuals of $[redacted] for an un-favorable variance of ($[redacted] Several large items paid in February that were not originally budgeted for February, BWC ($1.5M), HL Elbows ($[redacted] Temp Power inside Containment ($[redacted] Small tools & Consumables ($[redacted] and misc facilities ($[redacted] Indirects were also over budget by $[redacted]

Alloy February MTD budget is $[redacted] with an actual of $[redacted] for an unfavorable variance of ($[redacted] This variance is due to the rescheduling of the 2008 Energy Steel milestone payment and associated burdens. (ICF 314463)

Spent Fuel Dry Cask February MTD is $[redacted] with actual charges of $[redacted] for favorable variance of $[redacted] due to unsigned contracts.

Nuclear Projects Capital is $[redacted] favorable to budget February YTD:

EPU is $[redacted] favorable YTD. POD YTD is under budget by approximately $[redacted] and will be re-projected per the Engineering and Procurement contracts. After POD contracts are in place and re-projected some portion of the POD budget will be added to the contingency fund. The insulation contract was budgeted at $[redacted] for February. No payment is due until pre-outage activities begin. The signed contract is under the budgeted amount. Facilities are under budget by approximately $[redacted] The activities associated with this under run are scheduled for completion and payment March-June. Company & Contract Labor positions including indirect support were favorable $[redacted] and are being re-cash flowed through second half of 2009. The contracted services such as Guidant are approximately $[redacted] under budget and are being re-cash flowed through second half of 2009.

SGR YTD budget is $[redacted] with actuals of $[redacted] for a favorable variance of $[redacted] The major items that make up this variance are $[redacted] originally budgeted in January for BWC that was paid in 2008. These funds have been moved into a ICFDMA in 2nd quarter. Facilities related projects are approx $[redacted] favorable. There was $[redacted] budgeted in an ICFDMA that was forecast later in the year. The following payments were made but not budgeted first quarter, HL Elbows ($[redacted] small tools ($[redacted] and temp power inside containment ($[redacted]

Alloy February YTD budget is $[redacted] with an actual of $[redacted] for a unfavorable variance of ($[redacted] This variance is due to the rescheduling of the 2008 Energy Steel milestone payment and associated burdens (ICF 314463).

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:

P. Brewer	D. Penny
J. Finland	R. Camp
C. Guthrie	D. Taylor
K. Holmes	J. Porac
B. Walsh	Nuclear Projects Superintendant's & Supervisors
P. Lucas	Nuclear Projects Financial Analysts

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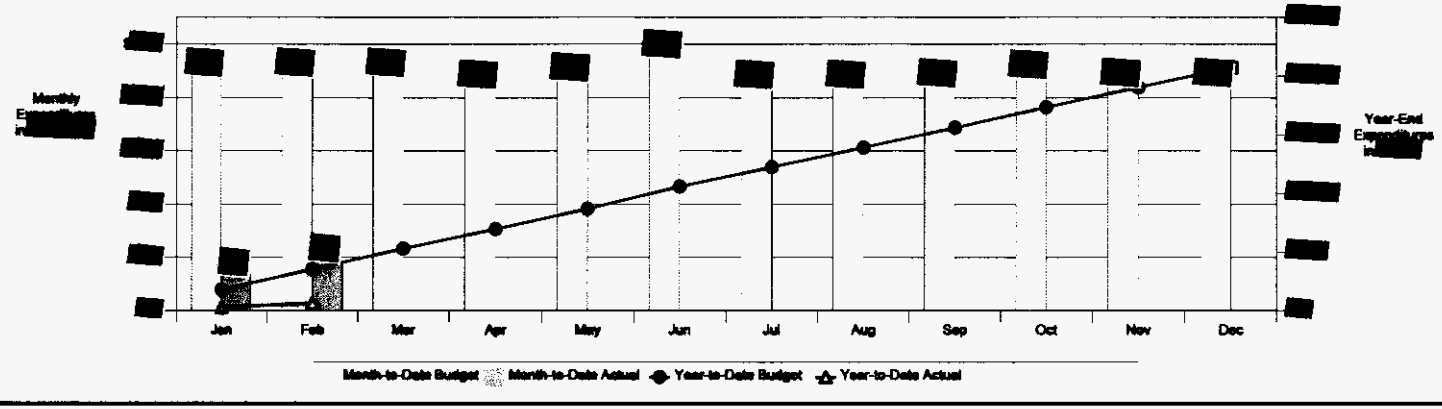
Nuclear Projects (60LU1S)
Through February 2009
Total Non-Fuel O&M Cost



February				Year-To-Date					Year-End				Variance Gap		
Budget	Actual	Var Favr(Unfav)	Var % Favr(Unfav)	Budget	Actual	YTD Var Favr(Unfav)	Var % Favr(Unfav)	Charge By	Budget	Projection	YE Var Favr(Unfav)	Var % Favr(Unfav)	YTD Var Favr(Unfav)	YE Var Favr(Unfav)	Gap
								-MAJ PROJ BGR (60JW2S)							
								-NUC PROJ CTLS (60LU9S)							
								NUC PROJS & CONSTRUCTION (60LU2D)							
								-NUC PROJ SPT (60LU8S)							
								T-MAJOR PROJECTS BOP (60MM5S)							
								T-MAJ PROJ PLU (60LM5S)							
								T-MAJ PROJ SMPL PLU (60LT8S)							
								-MAJ PROJ PLU (60LT9D)	0						
								V-PROJ CTL SPT (60LV1S)							
								V-FACILITIES (60MM6S)							
								Non-Fuel Production (Incl O&M Real Projects) Less Burdens							
								Other Burdens							
								PBAs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - MST INCLUDED ABOVE - NBG Client Driven							

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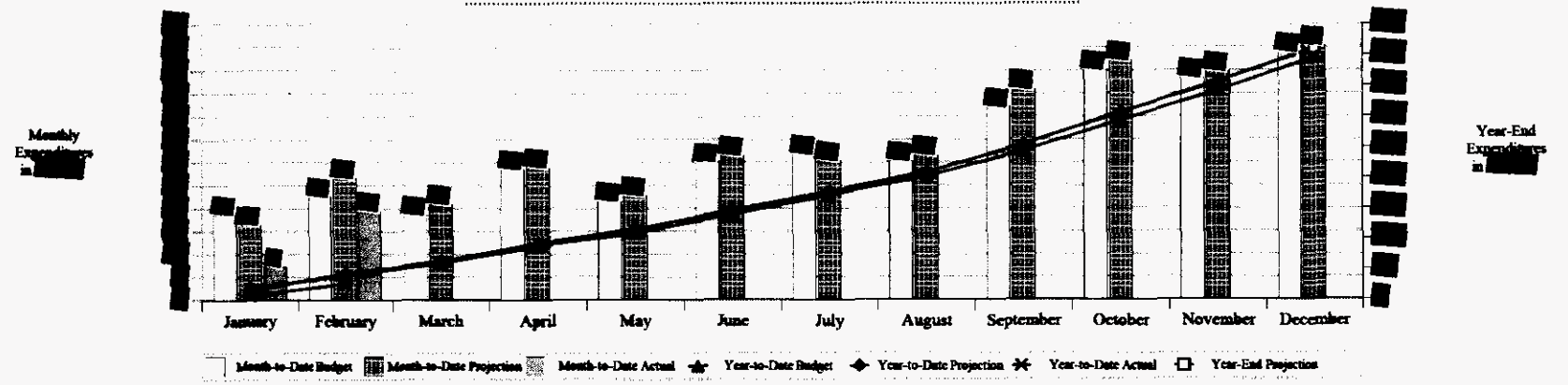
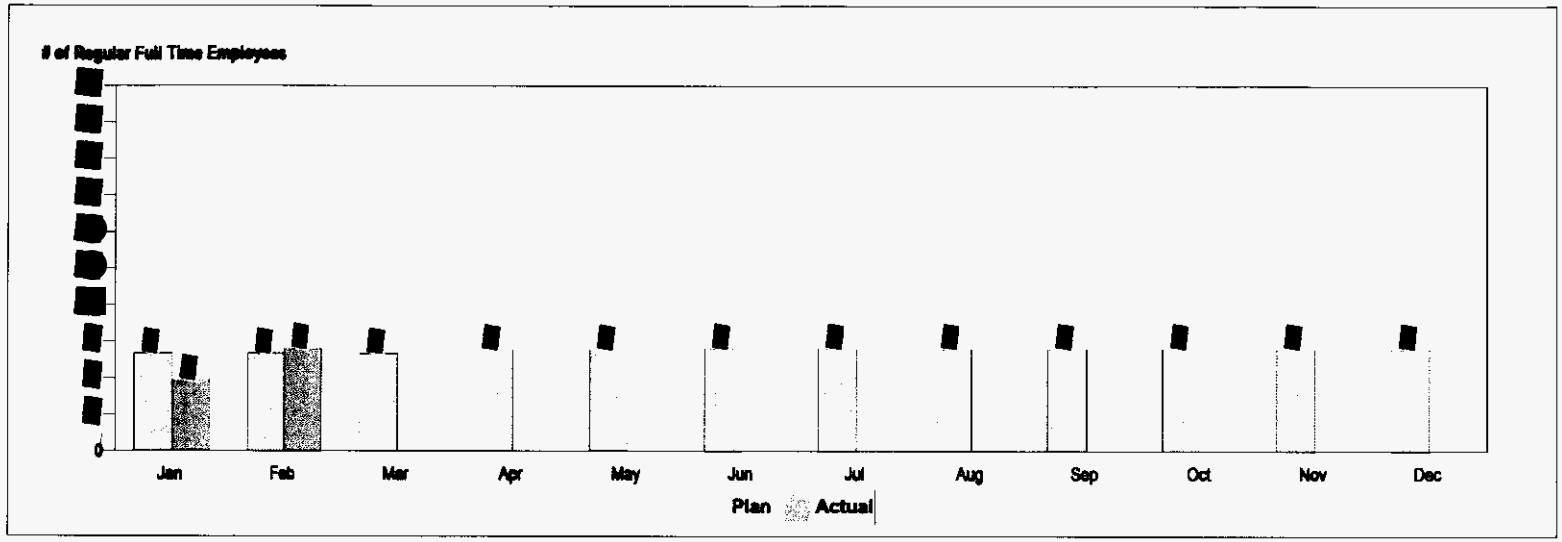
All-in-Costs Summary - Capital
Crystal River 3 Nuclear Projects
Through February 2009



PROJECT GROUP			Year End	
	Budget	Projection	Budget	Projection
CR3 POWER UPRATE				
CR3 STEAM GENERATOR				
CR3 SPENT FUEL DRY CASK				
CR3 POINT OF DISCHARGE				
CR3 NUCLEAR PROJECTS INDIRECTS				
Financial/CMR Total Costs				
Client Driven / Service Co				
Pension				
AFUDC				
Joint Owner				
All-In Costs				

Nuclear Projects Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

February			Plant Hierarchy	Year-End		
Budget	Actual	Var Favl(Unfav)	Plant Hierarchy	Budget	Projection	Var Favl(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			NP&C			
			Total NPC			

Nuclear Projects
Contractor Staffing Levels

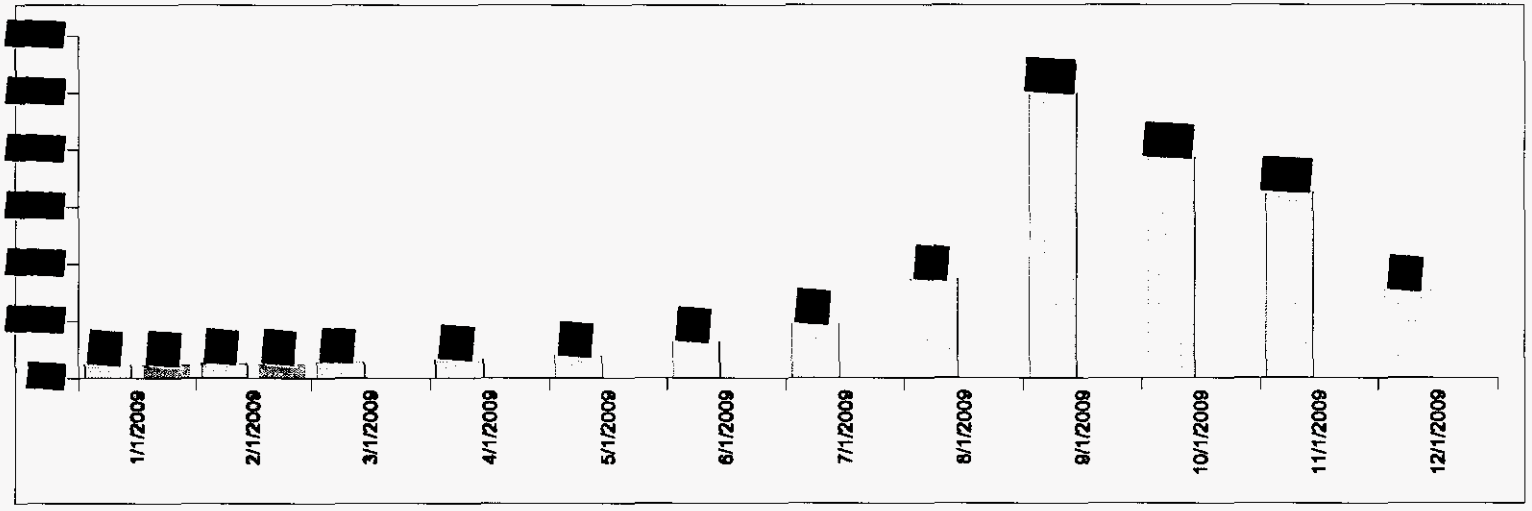


Table Hierarchy	February	Plan	Actual	Var Fav/(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

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memo

Date: February 6, 2009

To: S. Huntington
J. Terry

From: Terry Hobbs, Manager Project Controls
Subject: Nuclear Projects **January 2009** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M [redacted]

January				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

O&M is $[redacted] under budget MTD/YTD.

Capital [redacted]

January				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

NP&C Capital is $[redacted] favorable to budget January MTD/YTD:

EPU is $[redacted] favorable MTD/YTD. The budget items for January that did not cash flow are: Areva Milestones of approximately $[redacted] that are being reviewed for re-projection; Facilities budget for Temporary Trailers of $[redacted] rescheduled for March; POD was estimated at $[redacted] and is being re-projected now that study is complete; TEI MSR tube payment of $[redacted] moved to February; Company & Contract Labor positions including indirect support were favorable $[redacted] Payroll burdens were favorable by $[redacted] and Miscellaneous materials per bottoms up estimate of $[redacted] being re-projected.

SGR is $[redacted] favorable MTD/YTD. This variance is due to a BWC milestone payment of $[redacted] being reforecast to February. In addition the following payments originally budgeted for January have been forecast to future months, Facilities $[redacted] HL Elbows $[redacted] Safety Equipment $[redacted] and $[redacted] in additional multiple smaller payments. Company labor and contract labor under run $[redacted] indirects and burdens $[redacted]

Alloy is $[redacted] favorable MTD/YTD. This variance is due to an under run of $[redacted] in Materials and Contract Labor, and an unfavorable variance of $[redacted] in Company Labor and Other costs.

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:

P. Brewer	D. Penny
J. Finland	R. Camp
C. Guthrie	D. Taylor
K. Holmes	J. Porac
B. Walsh	NP&C Superintendant's & Supervisors
P. Lucas	NP&C Financial Analysts

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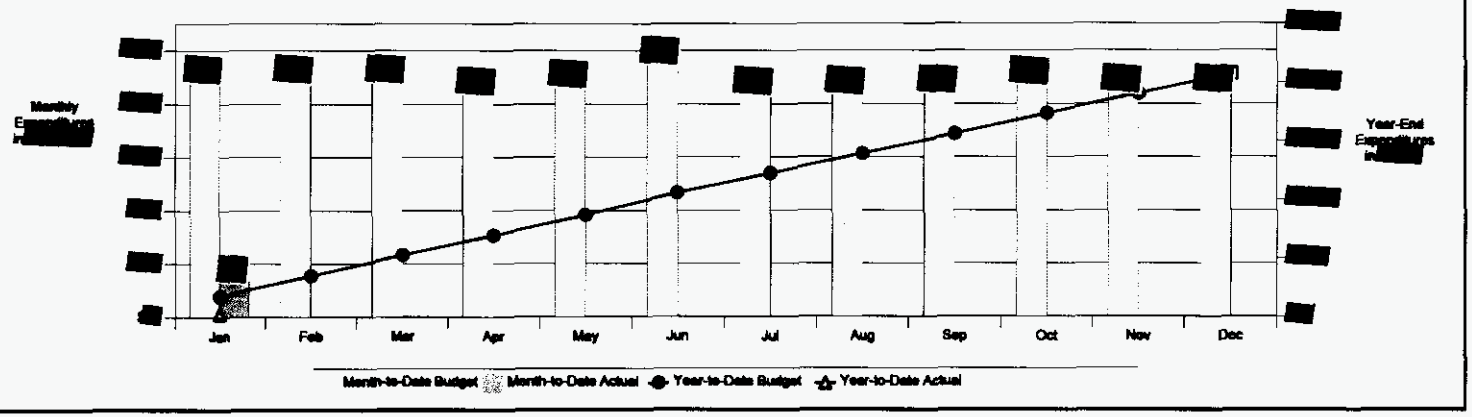
NPC (60LU1S)
Through January 2009
Total Non-Fuel O&M Cost



January				Year-To-Date					Year-End				Variance Gap		
Budget	Actual	Var Favl(Unfav)	Var % Favl(Unfav)	Budget	Actual	YTD Var Favl(Unfav)	Var % Favl(Unfav)	Charge By	Budget	Projection	YE Var Favl(Unfav)	Var % Favl(Unfav)	YTD Var Favl(Unfav)	YE Var Favl(Unfav)	Gap
								-MAJ PROJ SGR (60JW2S)							
								-NUC PROJ CTLS (60LU9S)							
								NUC PROJS & CONSTRUCTION (60LU2D)							
								-NUC PROJ SPT (60LU9S)							
								T-MAJOR PROJECTS BOP (60MM5S)							
								T-MAJ PROJ PLU (60LM9S)							
								T-MAJ PROJ IMPL PLU (60LT9S)							
								-MAJ PROJ PLU (60LT9D)							
								V-PROJ CTL SPT (60LV1S)							
								V-FACILITIES (60MM9S)							
								Non-Fuel Production (Incl O&M Real Projects) Less Burdens							
								Other Burdens							
								P&Ms, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Driven							

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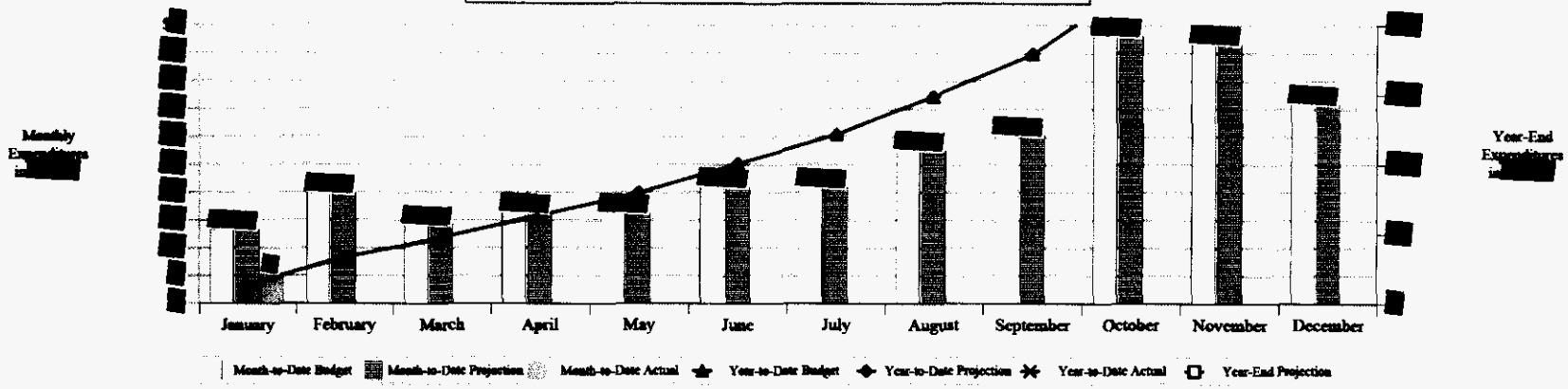
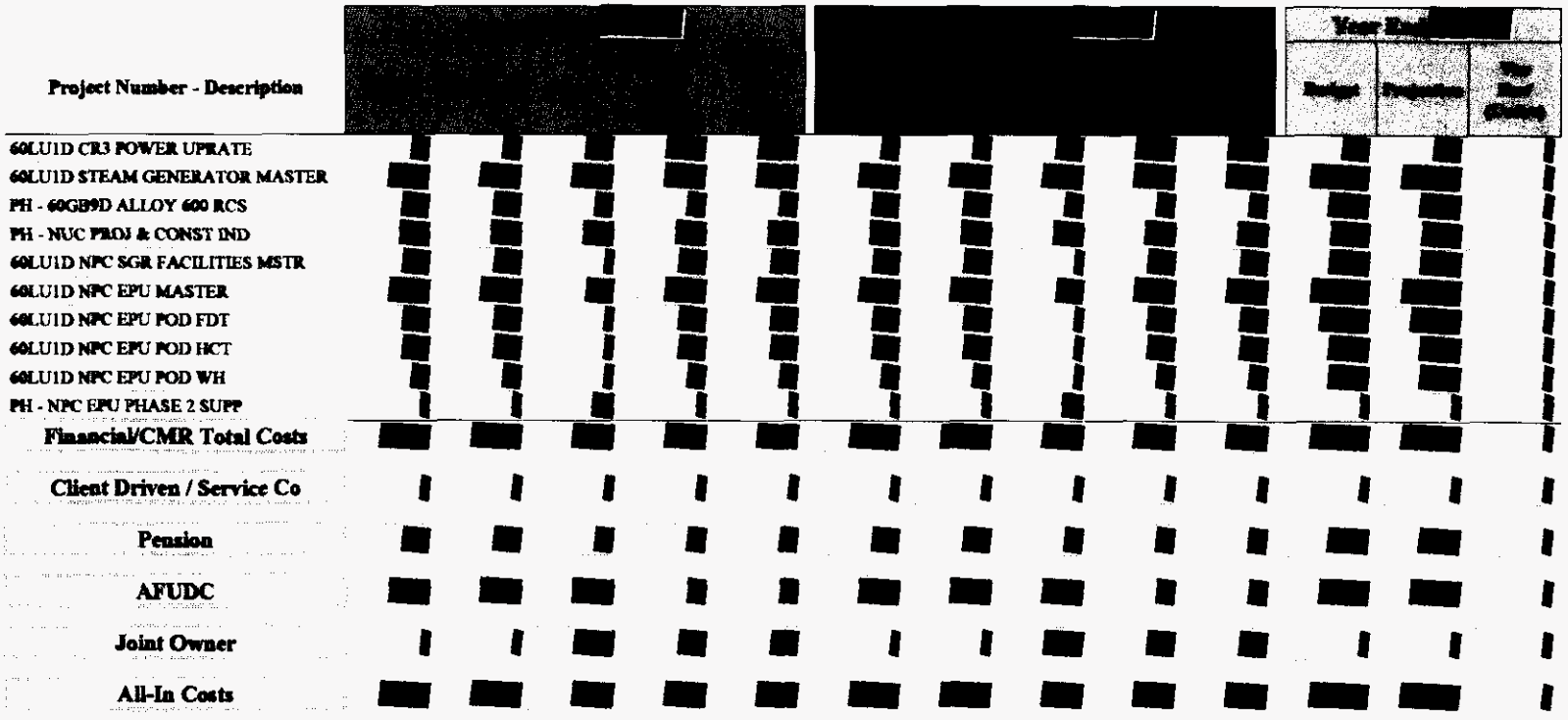
All-in-Costs Summary - Capital
Nuclear Projects & Construction
Through January 2009





J:\Major Projects\CR3 Projects Financial\NP&C CMR Reports\2009 Monthly CMR\01 January 2009

09NC-OPCPOD1-5-000042
09PMA-DR5CR3-4-000082

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memo

Date: July 7, 2008

To: D. Roderick, T. Hobbs, D. Varner, S. Huntington, J. Terry, G. Miller

From: Terry Hobbs, Manager Project Controls
Subject: NP&C **June 2008** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M [redacted]

June				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

June O&M is currently over budget due to training expenses for new employees being budgeted between O&M and Capital and expensed to O&M after clarification on the capitalization policy was provided. An O&M challenge is underway to identify O&M expenses remaining through year end.

Capital [redacted]

June				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

NP&C Capital is $[redacted] unfavorable to budget June MTD:
EPU is $[redacted] unfavorable MTD. The budget for June did not plan for a $[redacted] payment to TEI for tube plate material. Also in June an adjustment for January through May was made that added expenses of $[redacted] for support personnel based on an analysis of the NPC Capital Indirect Project 20062208.

SGR is approximately $[redacted] favorable MTD. $[redacted] of support labor for January through May was credited based on an analysis of the NPC Capital Indirect Project 20062208. The NSOC work is currently all being expensed to SGR and is over the SGR budget for the month.

Alloy 600 is approximately $[redacted] unfavorable to budget MTD. The Alloy budget was set up with a lump sum of $[redacted] in 3rd quarter 08 for the month of September. The milestone payments are cash flowed out into 4 payments (June, Aug., Sept. & Oct)

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget and being managed through CR3.

NP&C Capital is estimated to be approximately $[redacted] favorable to budget through June YTD:
EPU is approximately $[redacted] favorable YTD. The major variance continues to be attributed to the material milestone payments for Exciter, MSR, Bellydrains, SCHEs, etc being $[redacted] under budget or favorable to budget through June. The Contract labor costs year-to-date are unfavorable to budget by approximately $[redacted] due to the need for additional engineering analysis. These additions were approved through ICFs and contract amendments. The labor and associated other costs are slightly favorable or under budget year-to-date due to filling open EPU and support group positions later than budgeted.

SGR is approximately $[redacted] favorable YTD. PE labor is approximately $[redacted] under budget for support personnel. CAF materials of approximately $[redacted] were budgeted earlier in the year. Other materials of approximately $[redacted] were budgeted earlier this year and are projected to cashflow later in 2008.

Alloy 600 is approximately $[redacted] unfavorable to budget YTD. The Alloy budget was set up with a lump sum of $[redacted] in 3rd quarter 08 for the month of September. The milestone payments are cash flowed out into 4 payments (June, Aug., Sept. & Oct)

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget YTD and being managed through CR3.

NP&C EPU, SGR and Alloy 600 projects are currently estimated to be on budget at year end.

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:
P. Brewer
J. Finland
C. Guthrie
K. Holmes
B. Walsh
P. Lucas
D. Penny
M. Iacono
D. Taylor
NP&C Superintendant's & Supervisors
NP&C Financial Analysts

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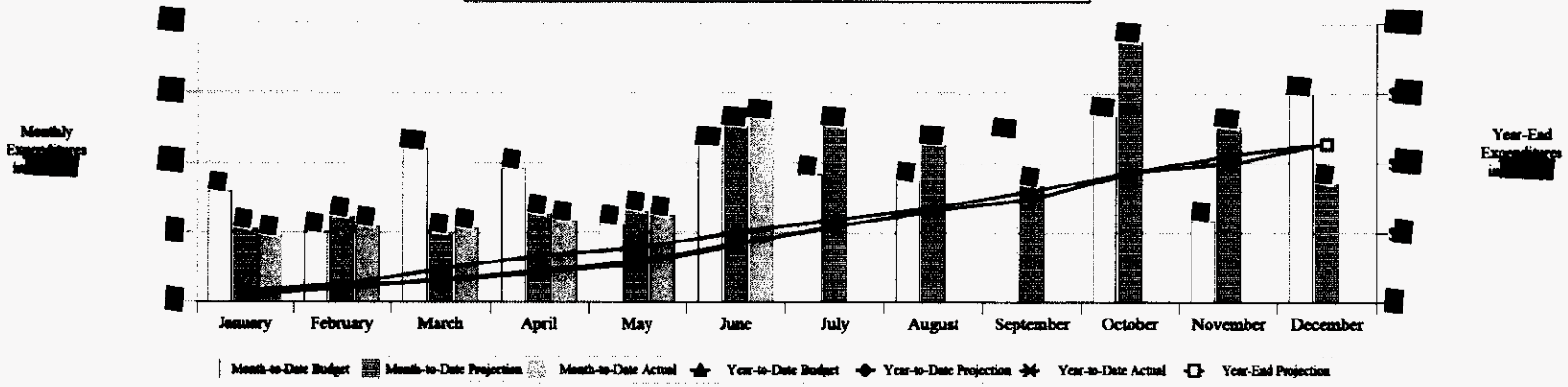
All-in-Costs Summary - Capital
Nuclear Projects & Construction
Through June 2008



Project Number - Description
60LU1D CR3 POWER UPRATE
60LU1D NEW PLANT CONSTRUCTION
60LU1D SPENT FUEL DRY CASK
60LU1D STEAM GENERATOR MASTER
PH - 60GB9D ALLOY 600 RCS
PH - 60GB9D RCA ACCESS BU
PH - NUC PROJ & CONST IND
Financial/CMR Total Costs
Client Driven / Service Co
Pension
AFUDC
Joint Owner*
All-In Costs

*Joint Owner actuals are not available on the 5th business day of the month for the distribution of this CMR report.

J:\Major Projects\CR3 Projects Financial\2008 Monthly Reports_Tina and Kris\Cairn's\NPC All-In

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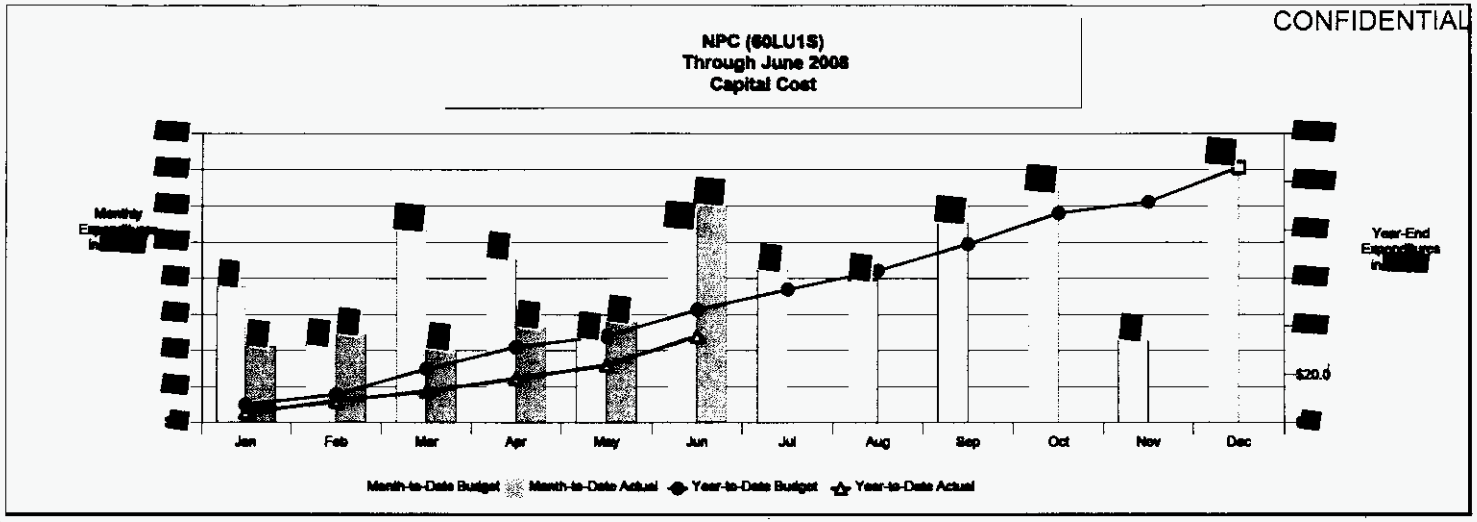
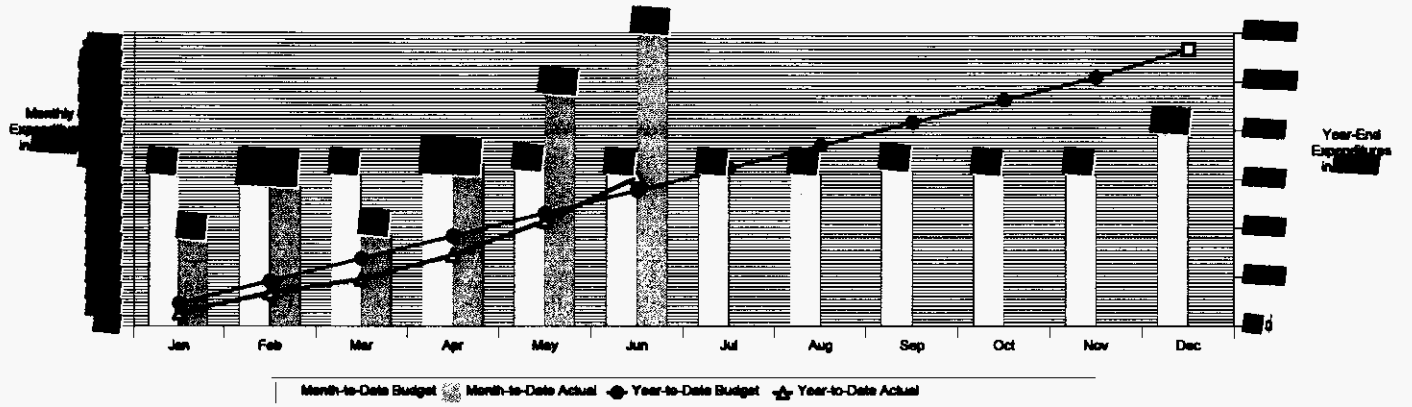


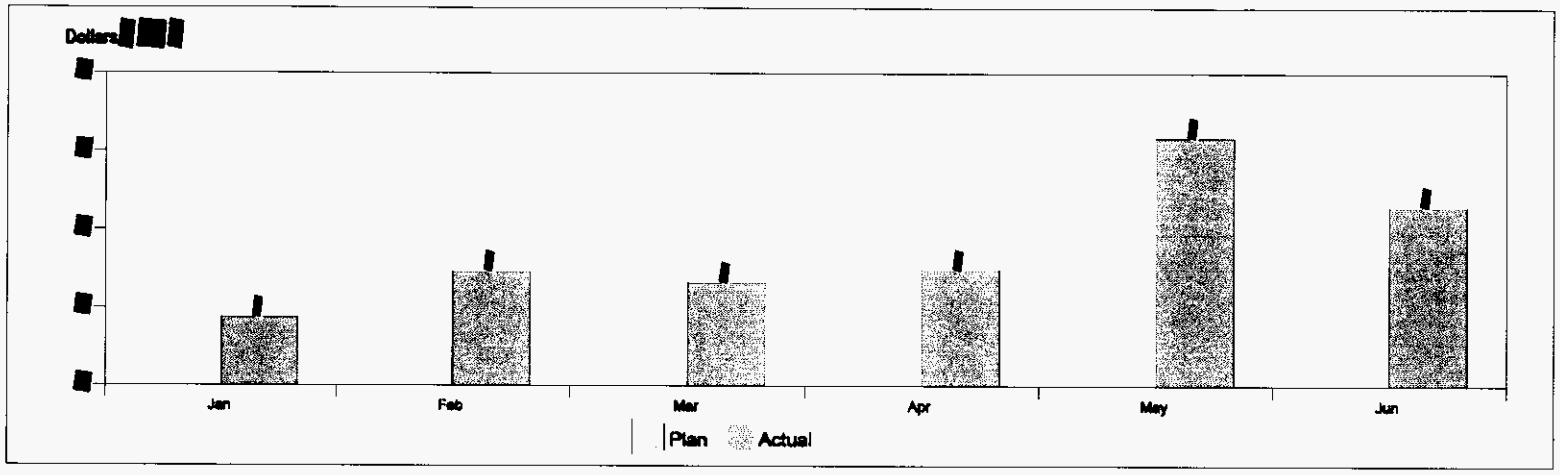
June				Year-To-Date					Year-End				Variance Gap		
Budget	Actual	Var Favr(Unfav)	Var % Favr(Unfav)	Budget	Actual	YTD Var Favr(Unfav)	Var % Favr(Unfav)	Charge By	Budget	Projection	YE Var Favr(Unfav)	Var % Favr(Unfav)	YTD Var Favr(Unfav)	YE Var Favr(Unfav)	Gap
								Extended Power Uprate (60LT9S)							
								Nuclear Projects & Construction (60LU2D)							
								Project Controls (60LU9S)							
								Steam Generator Replacement (60JW2S)							
								Support Services (60LU9S)							
								Nuclear Projects & Construction Capital Loss Burdens							
								By Others							
								Other Burdens							
								PSRs, Payroll Taxes, and Incentives							
								Total Cost Management Capital							
								For Info Only - NOT INCLUDED ABOVE - NSG Client Driven							

NPC (60LU1S)
Through June 2008
Total Non-Fuel O&M Cost



June				Year-To-Date					Year-End				Variance Gap		
Budget	Actual	Var Favr(Unfav)	Var % Favr(Unfav)	Budget	Actual	YTD Var Favr(Unfav)	Var % Favr(Unfav)	Charge By	Budget	Projection	YE Var Favr(Unfav)	Var % Favr(Unfav)	YTD Var Favr(Unfav)	YE Var Favr(Unfav)	Gap
								PRG PROJECTS	0						
								-MAJ PROJ PLU (60LT9S)							
								-MAJ PROJ SGR (60JM2S)							
								-NUC PROJ CTLS (60LU9S)							
								NUC PROJS & CONSTRUCTION (60LU2D)							
								-NUC PROJ SPT (60LU8S)							
								NUC PROJS & CONST (60LU1D)							
								Non-Fuel Production (excl O&M Real Projects) Less Burdens							
								By Others							
								Other Burdens							
								PSRs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Driven							

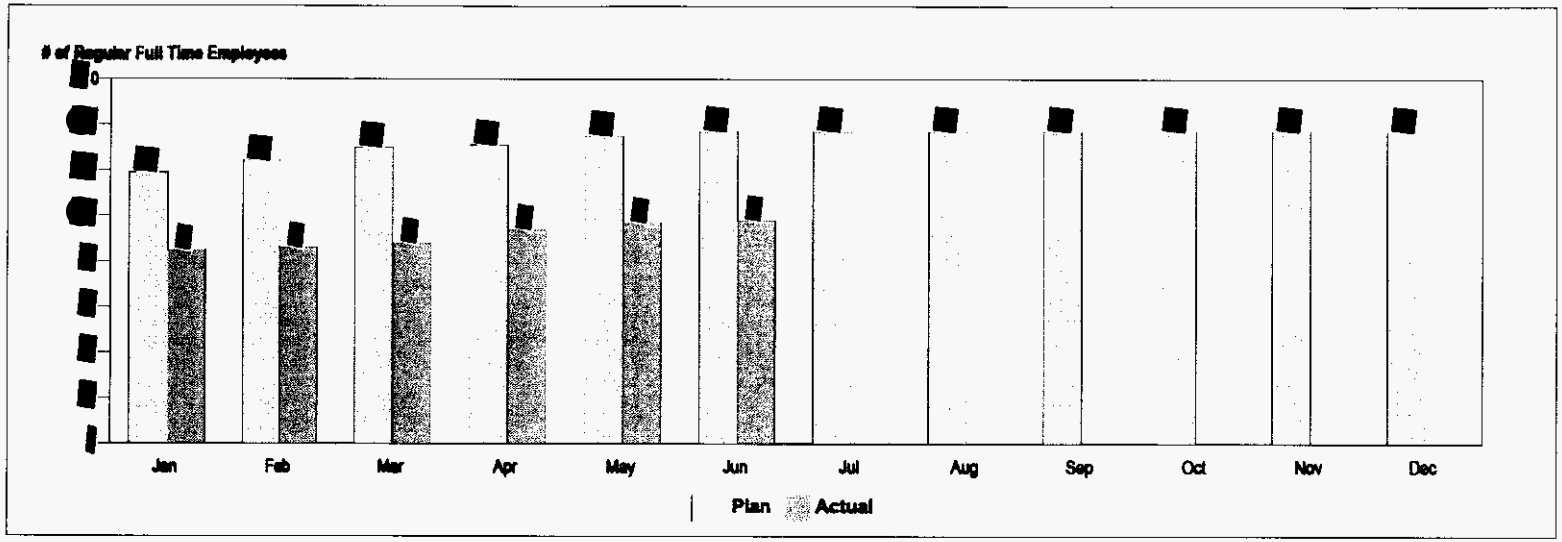
NPC
Overtime Dollars (Excluding Materials, NIT, Access Authorization & Security)



* Overtime %		June			Year-To-Date		

* Overtime % is based on total overtime hours worked (paid and unpaid).

NPC Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

June			Plant Hierarchy	Year-End		
Plan	Actual	Var Fav/(Unfav)	Plant Hierarchy	Plan	Projection	Var Fav/(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			New Plant Dev			
			Support Services			
			NP&C			
			Total NPC			

Nuclear Projects & Construction
Contractor Staffing Levels

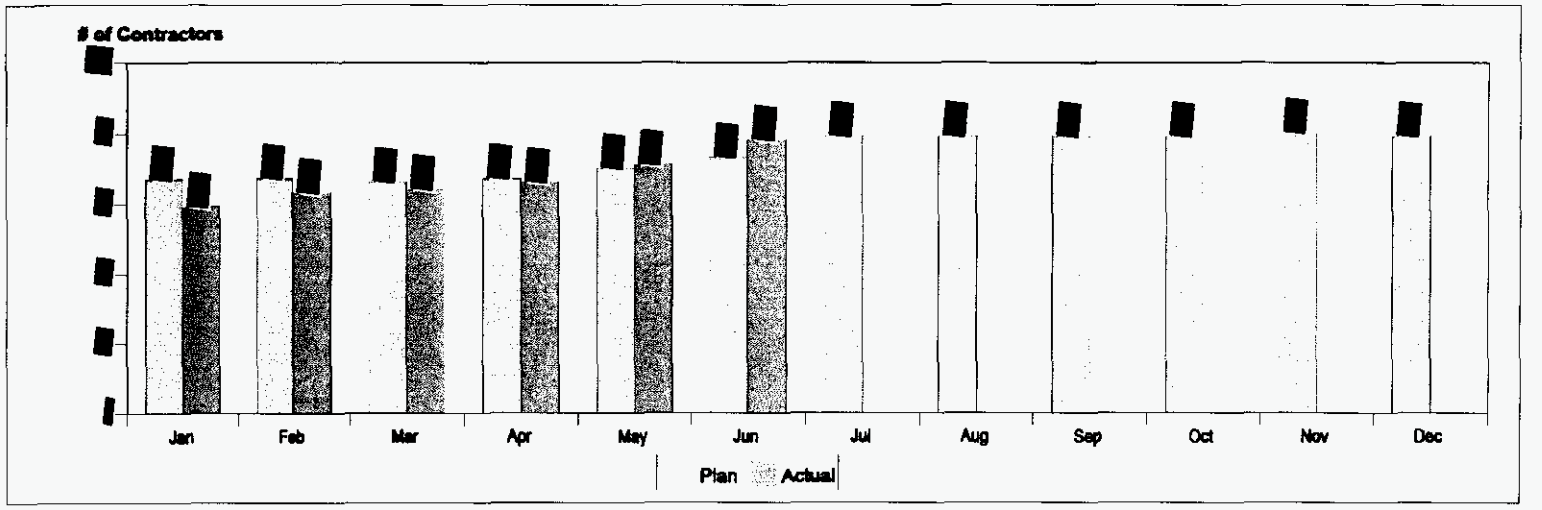


Table Hierarchy	June	Plan	Actual	Var Fav(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
New Plant Dev	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

Progress Energy

CONFIDENTIAL

memo

Date: April 8, 2009

To: J. Donahue, E. Avella, S. Huntington, J. Terry, M. Luhrs

From: Terry Hobbs, Manager Project Controls
Subject: Nuclear Projects **March 2009** Cost Management Report

Attached is the Nuclear Projects Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M [redacted]

March				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

2009 O&M is budgeted at $[redacted] YTD, O&M is $[redacted] under budget to meet the NGG/O&M mitigation plan for 2009. Major Projects is committed to various cost saving strategies.

Nuclear Projects Capital is $[redacted] favorable to budget March MTD:

Capital [redacted]

March				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

EPU is $[redacted] favorable MTD. The major budget variances for March are: POD/Cooling Tower work is approximately $[redacted] under budget and currently is being reforecast. Company and Indirect labor were approximately $[redacted] under budget. Facilities is approximately $[redacted] over budget for the month. Engineering contracts were over budget for March $[redacted] Time and Material Guidant & Atlantic contracts were approximately $[redacted] over budget.

SGR March MTD budget is $[redacted] with actual of $[redacted] for a favorable variance of $[redacted] Several large items originally budgeted in March were re-projected for the 2nd quarter these items include Mammoet Heavy Lift $[redacted] Misc Aux Crane Purchase Orders $[redacted] and Dosemitry PO $[redacted] Contract labor was approximately ($[redacted] over budget for the month due to craft labor and a Bechtel Re-org, and an invoice was received for trailer 29 for ($[redacted] not originally budgeted in March.

Alloy March MTD budget is $[redacted] with an actual of $[redacted] for a favorable variance of $[redacted] This variance is due to a under run of $[redacted] in burdens.

Dry Fuel Storage work for March MTD is $[redacted] with actual of $[redacted] for a favorable variance of $[redacted] The major budget items that did not cash flow for March are: Transnuclear contract has not been rewarded as planned; Enercon contract has been delayed until May-June; and the Morris Material Handling contract for crane replacement is still under final negotiations.

Nuclear Projects Capital is $[redacted] favorable to budget March YTD:

EPU is $[redacted] favorable YTD. POD YTD is under budget by approximately $[redacted] After POD contracts are in place and re-projected, some or all of this portion of the POD budget will be added to the contingency fund. The insulation contract was budgeted at $[redacted] for February. No payment is due until pre-outage activities begin. Facilities is under budget by approximately $[redacted] The two story EPU trailer was budgeted in the first quarter and will cash-flow in April. Direct and Indirect company labor is approximately $[redacted] under budget and being reforecast. Areva performed approximately $[redacted] of unbudgeted engineering work during the first quarter.

SGR YTD budget is $[redacted] with actuals of $[redacted] for a favorable variance of $[redacted] The major items that make up this variance are $[redacted] budgeted in January for BWC that was paid in 2008. Other favorable items are burdens $[redacted] Indirects $[redacted] Mammoet Heavy Lift $[redacted] Misc Aux Crane Purchase Orders $[redacted] and Dosemitry purchase order $[redacted] The following are unfavorable YTD: contract labor ($[redacted] due to craft labor and Bechtel Re-Org, HL Elbows ($[redacted] and small tools ($[redacted]

Alloy March YTD budget is $[redacted] with an actual of $[redacted] for an unfavorable variance of ($[redacted] This variance is due to the rescheduling of the 2008 Energy Steel milestone payment and associated burdens (ICF 314463).

Dry Fuel Storage YTD budget is $[redacted] with actual of $[redacted] for a favorable balance of $[redacted] Milestone payments for Transnuclear scheduled for 2009 is approximately $[redacted] but the contractor has not fully executed the contract.

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:

P. Brewer	D. Penny	A. Tym
J. Finland	R. Camp	H. Bradsher
C. Guthrie	D. Taylor	S. Skora
K. Holmes	J. Porac	L. Costantino
B. Walsh	P. Lucas	W. Britt

CR 3Nuclear Projects Financial Analysts

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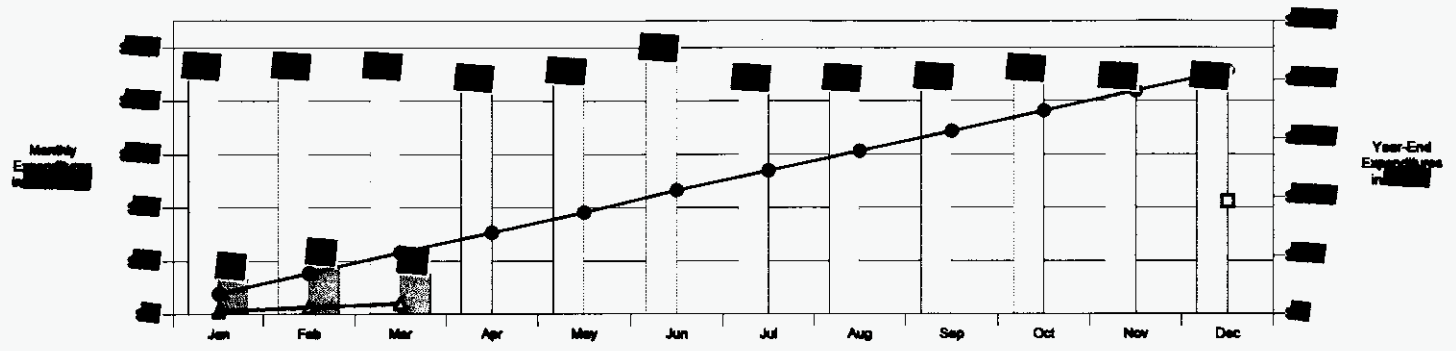
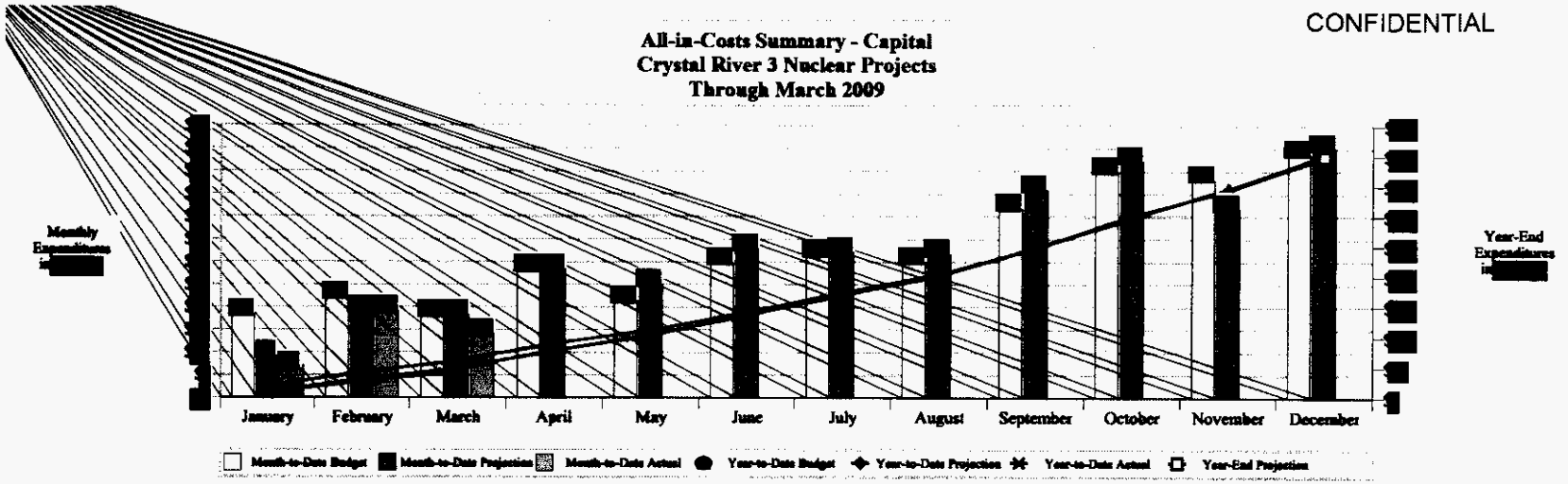
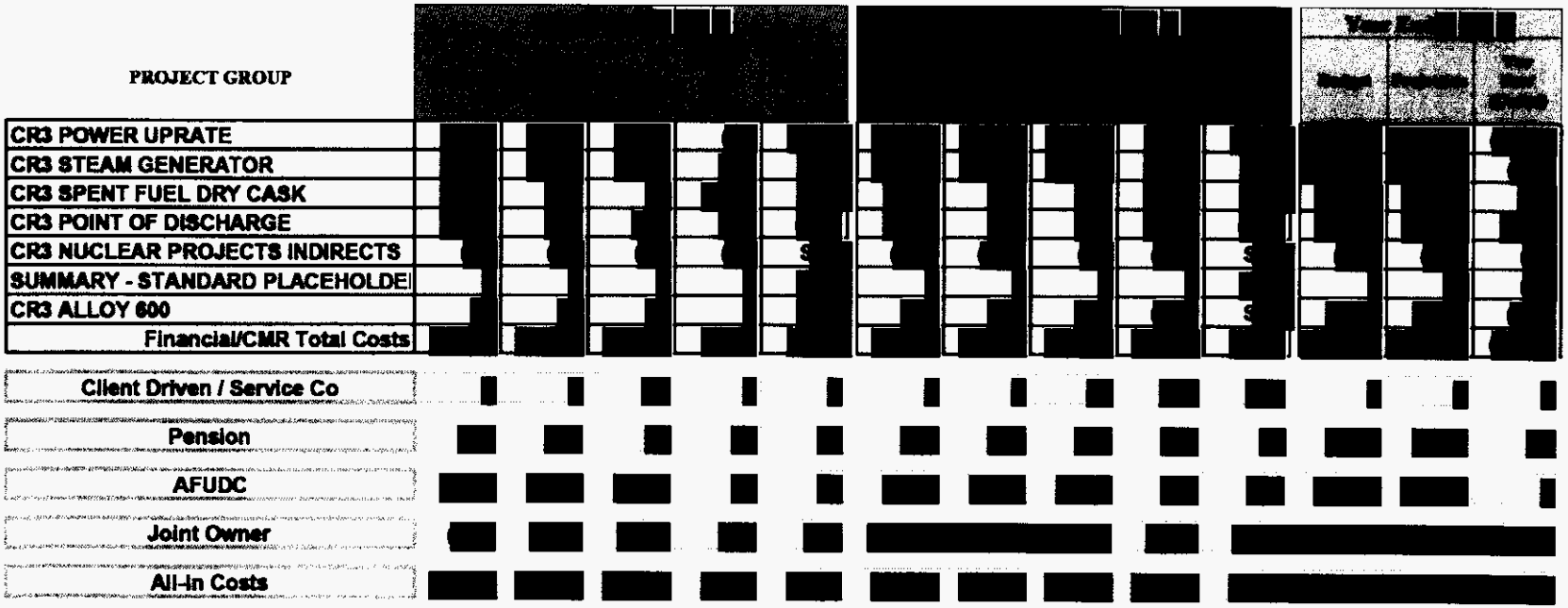
Crystal River 3 Nuclear Projects
Through March 2009
Total Non-Fuel O&M Cost



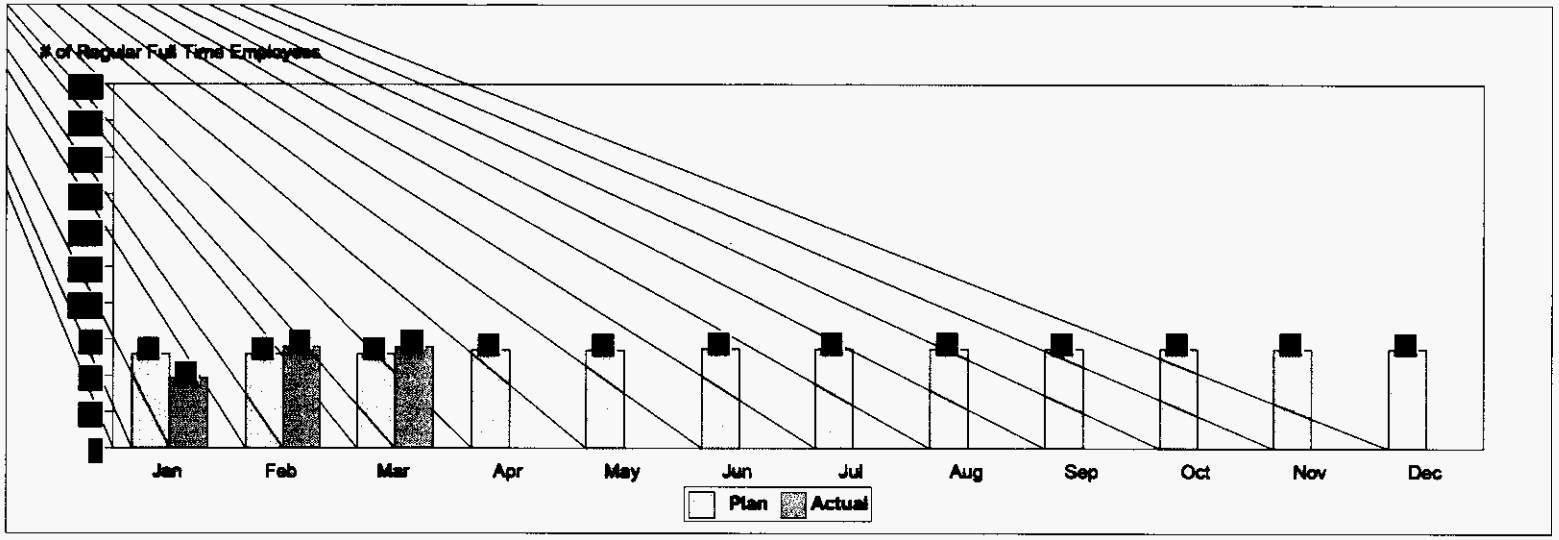
March				Year-To-Date					Year-End				Variance Gap		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
								-MAJ PROJ SGR (69JW28)							
								-NUC PROJ CTLS (69LU88)							6
								NUC PROJS & CONSTRUCTION (69LU2D)							
								-NUC PROJ SPT (69LU88)							
								NUC PROJS & CONST (69LU1D)							
								T-MAJOR PROJECTS SGP (69M856)							
								T-MAJ PROJ PLU (69LM56)							
								T-MAJ PROJ SPT. PLU (69LT88)							
								-MAJ PROJ PLU (69LT9D)							
								V-PROJ CTL SPT (69LV18)							
								V-FACILITIES (69M888)							
								Non-Fuel Production (post O&M Real Projects) Less Burdens							
								Other Burdens							
								Pilots, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Driven							

All-in-Costs Summary - Capital
Crystal River 3 Nuclear Projects
Through March 2009





Crystal River 3 Nuclear Projects Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

March			Plant Hierarchy	Year-End		
Budget	Actual	Var Fav/(Unfav)	Plant Hierarchy	Budget	Projection	Var Fav/(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			Total NPC			

Crystal River 3 Nuclear Projects
Contractor Staffing Levels

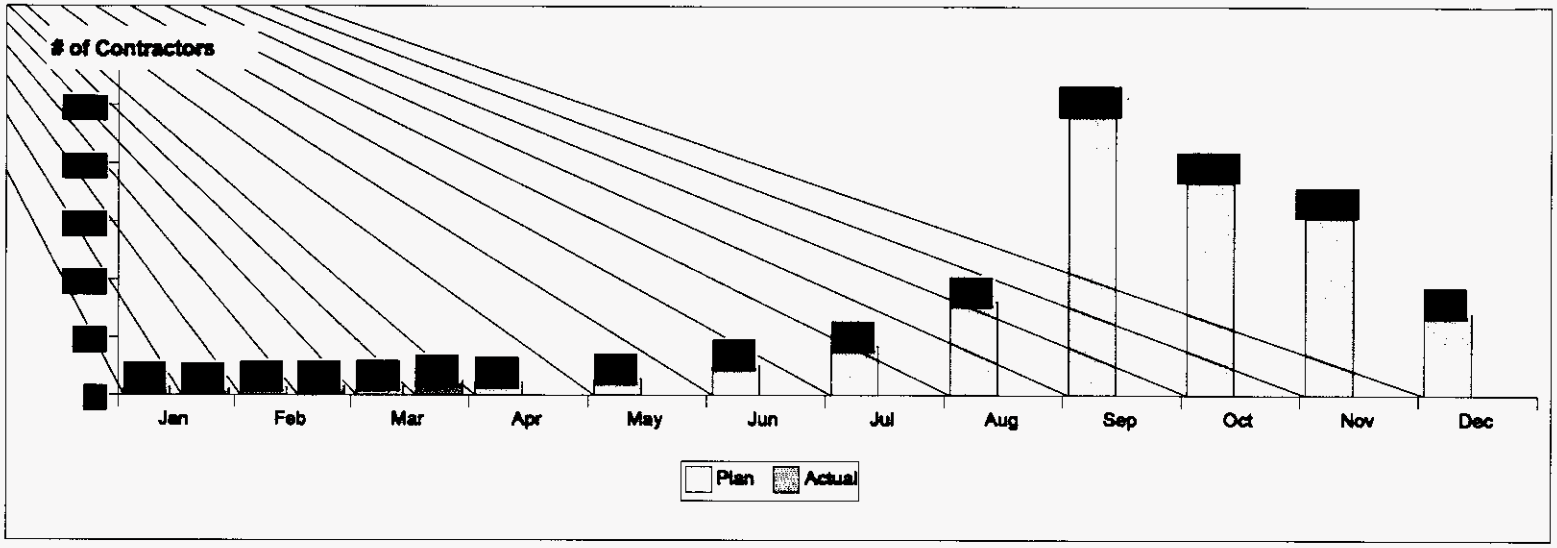


Table Hierarchy	March	Plan	Actual	Var Fav/(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

Progress Energy

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memo

Date: December 8, 2008

To: D. Roderick, D. Varner, S. Huntington, J. Terry, G. Miller

From: Terry Hobbs, Manager Project Controls
Subject: NP&C **November 2008** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M [redacted]

November				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

November O&M is currently at budget due to MICP expenses of $[redacted] being adjusted from O&M to Capital. This was an NGG effort to align NGG policies for expensing MICP with all other PE departments. After an evaluation of the O&M expenses for the remainder of the year, including the MICP adjustment, NPC is anticipated to be $[redacted] favorable to budget at year end.

Capital [redacted]

November				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

NP&C Capital is ($8.8M) unfavorable to budget November MTD:

EPU is ($[redacted] unfavorable MTD. The original budget for November did not include large component payments of $[redacted] or Areva BOP engineering work of approximately $[redacted] Support labor was approximately $[redacted] under budget due to some PE positions not being filled.

SGR is approximately ($[redacted] unfavorable MTD. This variance is due to large Milestone payments being made to Townsend ($[redacted] Energy Steel ($[redacted] and Allied ($[redacted] as well as Gamma Monitors ($[redacted] and small tools ($[redacted] that were reforecast for November.

Alloy 600 is approximately $[redacted] favorable to budget MTD. This variance is mainly due to a credit of $[redacted] received for tax paid on Energy Steel payments earlier in the year. The remaining variance of approximately [redacted] is due to an under-run in contract labor.

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget. All expenses now cash-flow to CR3 Plant Financials and the project is being managed through CR3.

NP&C Capital is approximately $[redacted] favorable to budget through November YTD:

EPU is approximately $[redacted] favorable YTD. The major variance continues to be attributed to the major component milestone payments budgeted early in the year with payments contracted through the last two months of the year.

SGR is approximately $[redacted] favorable YTD. This variance is attributed to the rescheduling of milestone payments for Mammoet ($[redacted] BWC ($[redacted] and Leseiga ($[redacted] to be paid in December.

Alloy 600 is approximately $[redacted] favorable to budget YTD. This variance can be attributed to the final Energy Steel payment due in December ($[redacted] Also during the last budget review a RTD payment of $[redacted] was moved to Dec 08. The remaining variance is due to an under-run in contract labor and other costs.

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget YTD and being managed through CR3. All actual cash-flow is now seen on CR3 Financial reports. Approximately $[redacted] of actuals has cash-flowed through the NP&C Department Budget.

NPC is estimated to be approximately $[redacted] favorable to budget at YE:

At year end EPU is currently forecast to be approximately $[redacted] favorable to budget. The major variables are: 1) Major component material commitments of $[redacted] scheduled during December; and 2) Charges of $[redacted] for NSOC cost are currently forecast for December. The adjustment of these cost are being reviewed.

The SGR project is currently forecast to be on budget at year end. $[redacted] of NSOC cost was planned to be charged to the EPU project but, is being reviewed to possibly remain in SGR. If this occurs, SGR is forecast to be $[redacted] over budget while EPU would be $[redacted] under budget.

The Alloy 600 project is currently projected to be on budget.

The Spent Fuel Dry Cask Storage project is projected to be $[redacted] favorable to NP&C Budget at YE because this project is being managed through CR3 with actuals being realized through the CR3 organization. This information is reflected as a favorable variance on the NP&C report and an unfavorable variance on the CR3 report for a net $[redacted] variance to NGG for this project. Approximately $[redacted] of actuals has cash-flowed through the NP&C Department Budget. The remaining $[redacted] will cash-flow through CR.

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:

P. Brewer	D. Penny
J. Finland	R. Camp
C. Guthrie	D. Taylor
K. Holmes	J. Porac
B. Walsh	NP&C Superintendant's & Supervisors
P. Lucas	NP&C Financial Analysts

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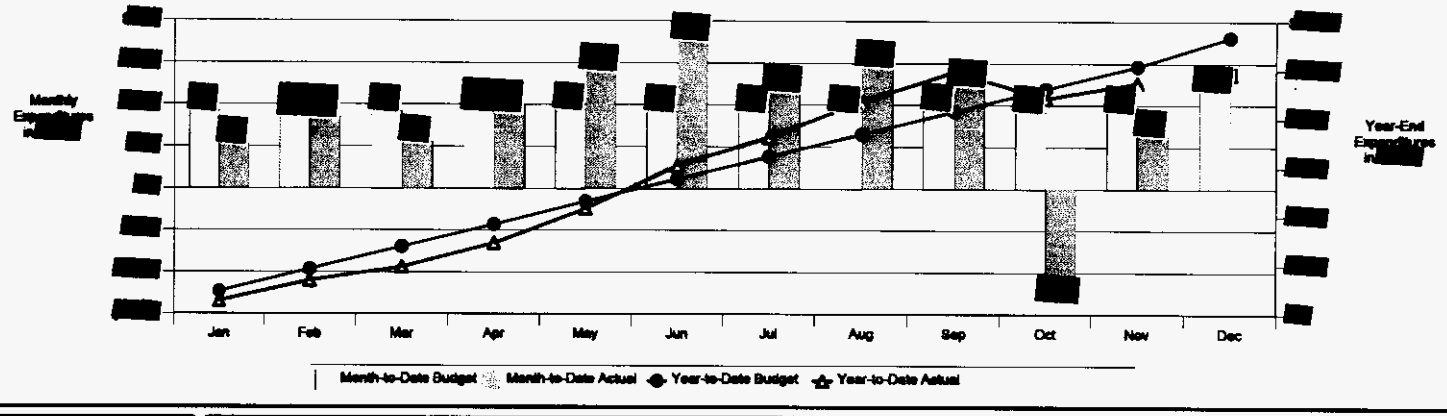
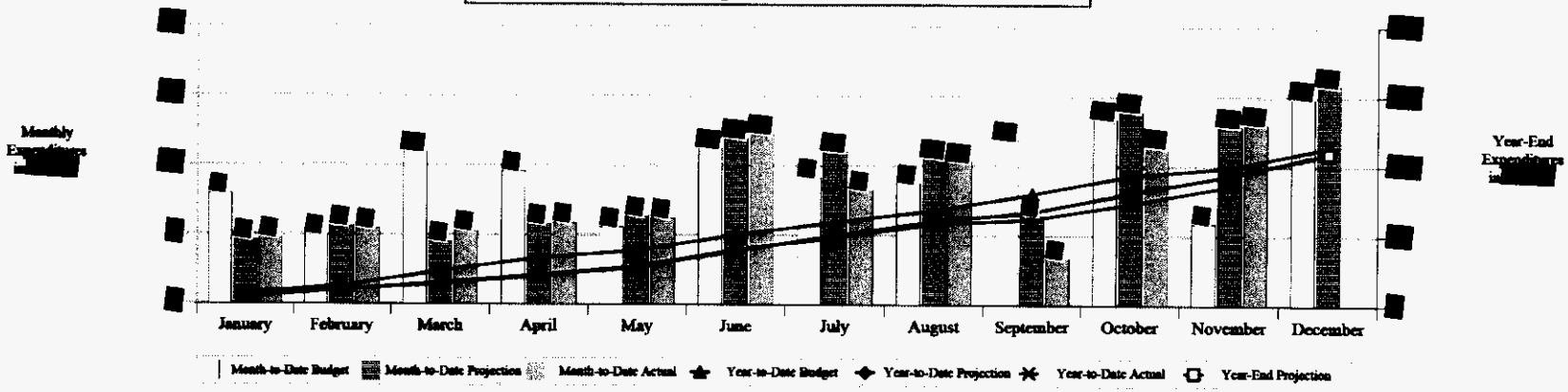
NPC (60LU1S)
Through November 2008
Total Non-Fuel O&M Cost



November [redacted]				Year-To-Date [redacted]					Year-End [redacted]				Variance Gap [redacted]		
Budget	Actual	Var Favl(Unfav)	Var % Favl(Unfav)	Budget	Actual	YTD Var Favl(Unfav)	Var % Favl(Unfav)	Charge By	Budget	Projection	YE Var Favl(Unfav)	Var % Favl(Unfav)	YTD Var Favl(Unfav)	YE Var Favl(Unfav)	Gap
[redacted]								PRG PROJECTS							
								-MAJ PROJ PLU (60LT95)							
								-MAJ PROJ SGR (60JW26)							
								-NUC PROJ CTLS (60LU95)							
								NUC PROJS & CONSTRUCTION (60LU2D)							
								-NUC PROJ SPT (60LU95)							
								NUC PROJS & CONST (60LU1D)							
								Non-Fuel Production (excl G&M Real Projects) Less Burdens							
								By Others							
								Other Burdens							
								PSBs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Driven							

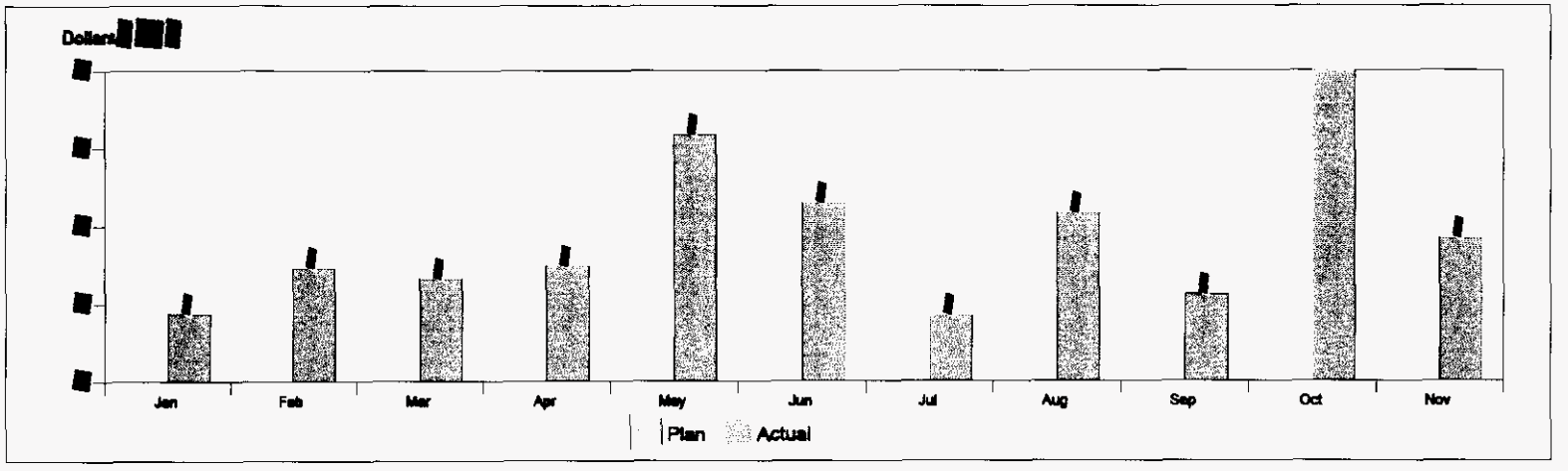
All-in-Costs Summary - Capital
Nuclear Projects & Construction
Through November 2008



Project Number - Description	[redacted]	[redacted]	[redacted]
60LU1D CR3 POWER UPRATE			
60LU1D STEAM GENERATOR MASTER			
PH - 60GB9D ALLOY 600 RCS			
PH - 60GB9D RCA ACCESS BU			
PH - NUC PROJ & CONST IND			
60GB9D SPENT FUEL DRY CASK			
60LU1D NPC SGR FACILITIES MSTR			
60LU1D NPC EPU MASTER			
Financial/CMR Total Costs			
Client Driven / Service Co			
Pension			
AFUDC			
Joint Owner*			
All-In Costs			

J:\Major Projects\CR3 Projects Financial\2008 Monthly Reports_Tina and Kris\Cairn's\NPC All-In

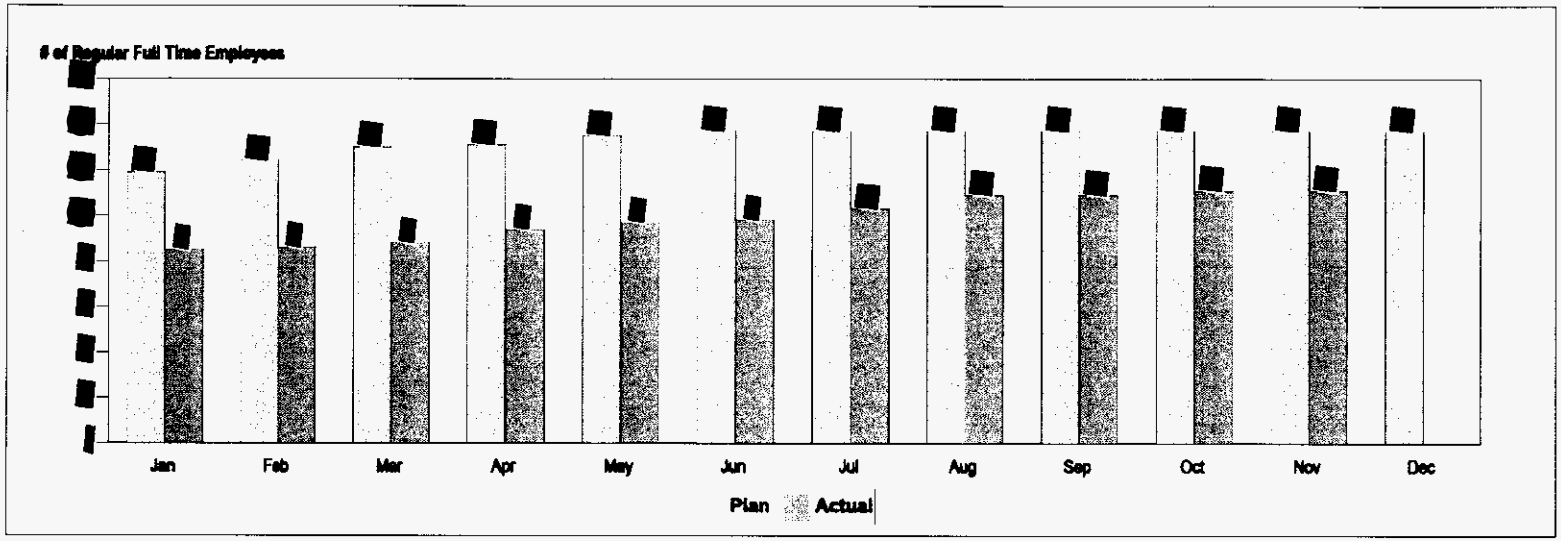
NPC
Overtime Dollars (Excluding Materials, NIT, Access Authorization & Security)



* Overtime %		November			Year-To-Date		

* Overtime % is based on total overtime hours worked (paid and unpaid).

NPC Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

November			Plant Hierarchy	Year-End		
Budget	Actual	Var Fav/(Unfav)	Plant Hierarchy	Budget	Projection	Var Fav/(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			New Plant Dev			
			Support Services			
			NP&C			
			Total NPC			

Nuclear Projects & Construction
Contractor Staffing Levels

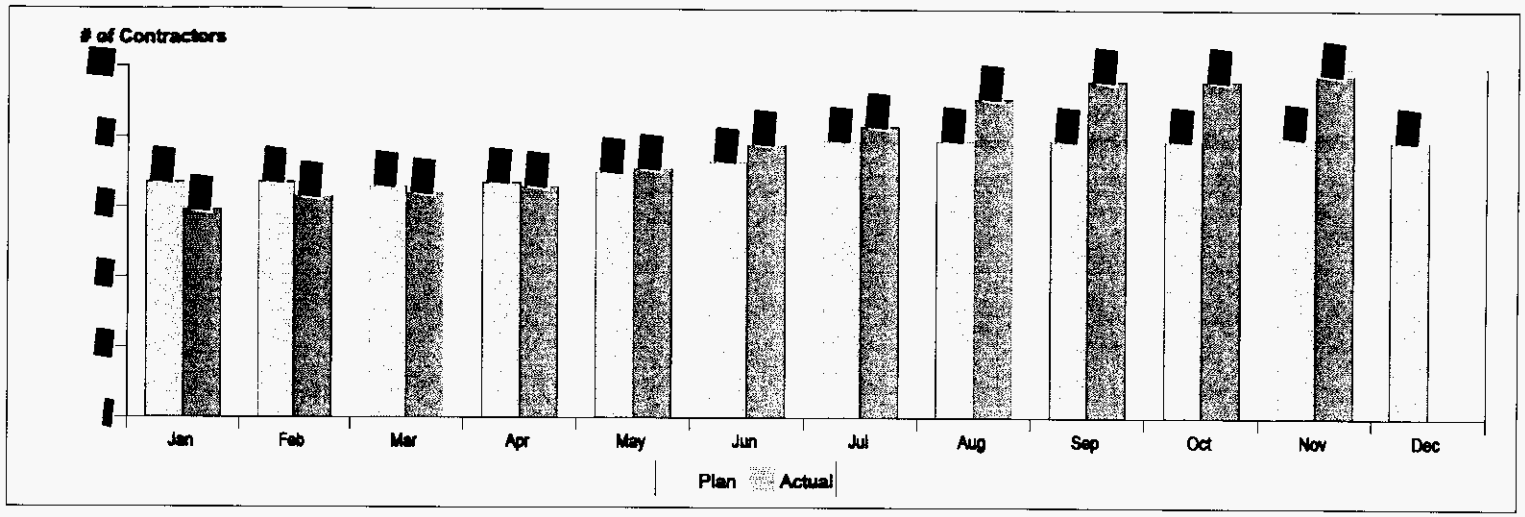


Table Hierarchy	November	Plan	Actual	Var Favl(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
New Plant Dev	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

Progress Energy

CONFIDENTIAL

memo

Date: November 7, 2008

To: D. Roderick, D. Varner, S. Huntington, J. Terry, G. Miller

From: Terry Hobbs, Manager Project Controls
Subject: NP&C **October 2008** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M [redacted]

October				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

October O&M is currently at budget due to MICP expenses of $[redacted] being adjusted from O&M to Capital. This was an NGG effort to align NGG policies for expensing MICP with all other PE departments. After an evaluation of the O&M expenses for the remainder of the year, including the MICP adjustment, NPC is anticipated to be $[redacted] favorable to budget at year end.

Capital [redacted]

October				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

NP&C Capital is $[redacted] favorable to budget October MTD:

EPU is $[redacted] favorable MTD. The original budget for October included $[redacted] for large component payments that were unrealized, there were Areva payments of $[redacted] over the original budget and contract positions payments were approximately $[redacted] over original budget. All of these variances are a result of more defined work scope since the creation of the original budget. Support labor was approximately $[redacted] under budget due to some PE positions not being filled.

SGR is approximately ($.5M) un-favorable MTD. This variance is due to a payment to Mammoet ($[redacted] that had originally been [redacted] to pay in June.

Alloy 600 is approximately $[redacted] favorable to budget MTD.

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget. All expenses now cash-flow to CR3 Plant Financials and the project is being managed through CR3.

NP&C Capital is estimated to be approximately $[redacted] favorable to budget through October YTD:

EPU is approximately $[redacted] favorable YTD. The major variance continues to be attributed to the major component milestone payments budgeted early in the year with payments contracted through the last two months of the year. Major component payments for November and December are scheduled for approximately $[redacted]

SGR is approximately $[redacted] favorable YTD. This variance is attributed to the rescheduling of milestone payments Mammoet (1m), BWC (3m).

Alloy 600 is approximately $[redacted] favorable to budget YTD. This variance can be attributed to the final Energy Steel payment due in December ($[redacted] Also during the last budget review a RTD payment of $[redacted] was moved to Dec 08.

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget YTD and being managed through CR3. All actual cash-flow is now seen on CR3 Financial reports. This project per the Project Manager will be on target at year end.

At year end EPU is currently forecast to be approximately $[redacted] favorable to budget. The major variables are: 1)Major component material commitments of $[redacted] scheduled during the last two months of 2008; 2)Areva Engineering commitments of $[redacted] scheduled during the last quarter of 2008; 3)Charges of $[redacted] for NSOC cost is currently forecast for November. The adjustment of these cost is going to PRG for discussion and decision to possibly leave cost in the SGR project; and 4) $[redacted] of support that has cash-flowed to the Levy projects are being reviewed.

The SGR project is currently forecast to be on budget at year end. $[redacted] of NSOC cost being reviewed to possibly remain in SGR. If this occurs, SGR is forecast to be $1.1M over budget while EPU would be $[redacted] under budget.

The Alloy 600 project is currently projected to be on budget.

Dry Cask budget remains under NPC with all actuals now cash-flowing to CR3. At year end it is anticipated that the NPC budget for Dry Cask will be approximately favorable by $[redacted] For NGG to be on target, NPC would need to remain $[redacted] favorable to budget while CR3 would be expected to be $[redacted] unfavorable to budget.

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:	P. Brewer	D. Penny
	J. Finland	R. Camp
	C. Guthrie	D. Taylor
	K. Holmes	J. Porac
	B. Walsh	NP&C Superintendant's & Supervisors
	P. Lucas	NP&C Financial Analysts

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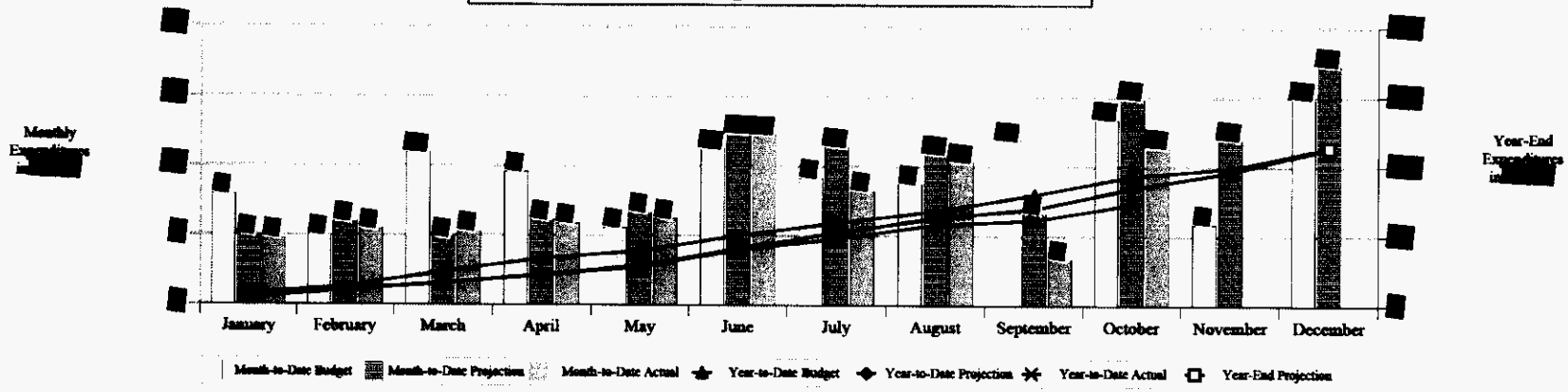
All-in-Costs Summary - Capital
Nuclear Projects & Construction
Through October 2008



Project Number - Description
60LU1D CR3 POWER UPRATE
60LU1D STEAM GENERATOR MASTER
PH - 60GB9D ALLOY 600 RCS
PH - 60GB9D RCA ACCESS BU
PH - NUC PROJ & CONST IND
60GB9D SPENT FUEL DRY CASK
60LU1D NPC SGR FACILITIES MSTR
60LU1D NPC EPU MASTER
Financial/CMR Total Costs
Client Driven / Service Co
Pension
AFUDC
Joint Owner*
All-In Costs

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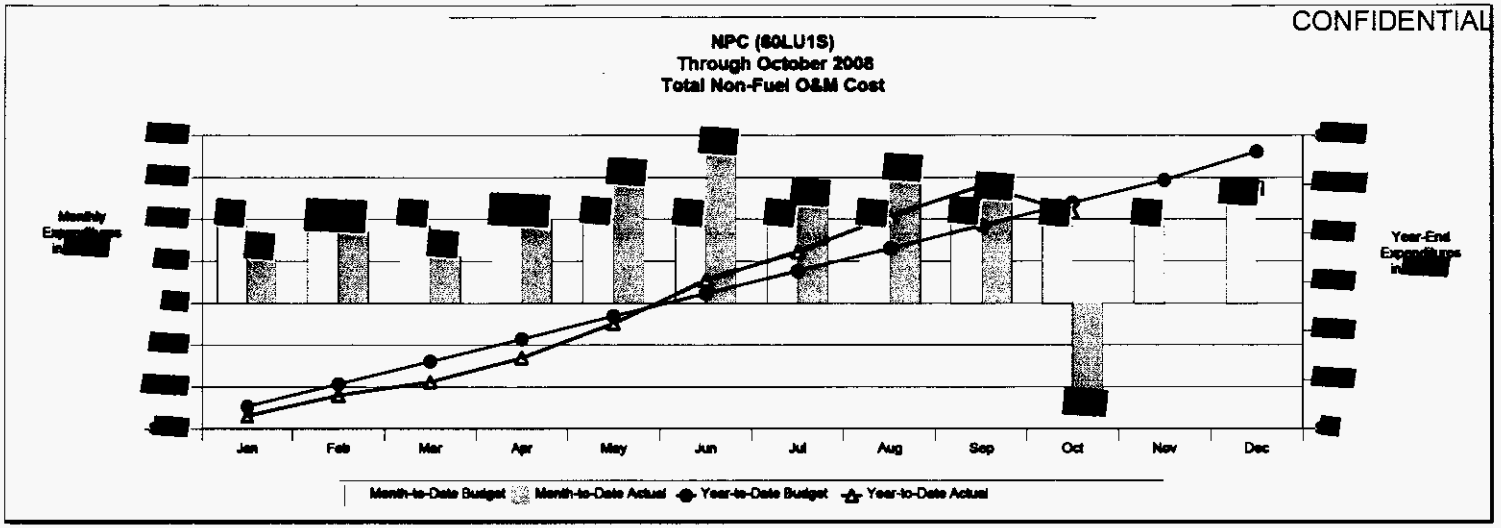
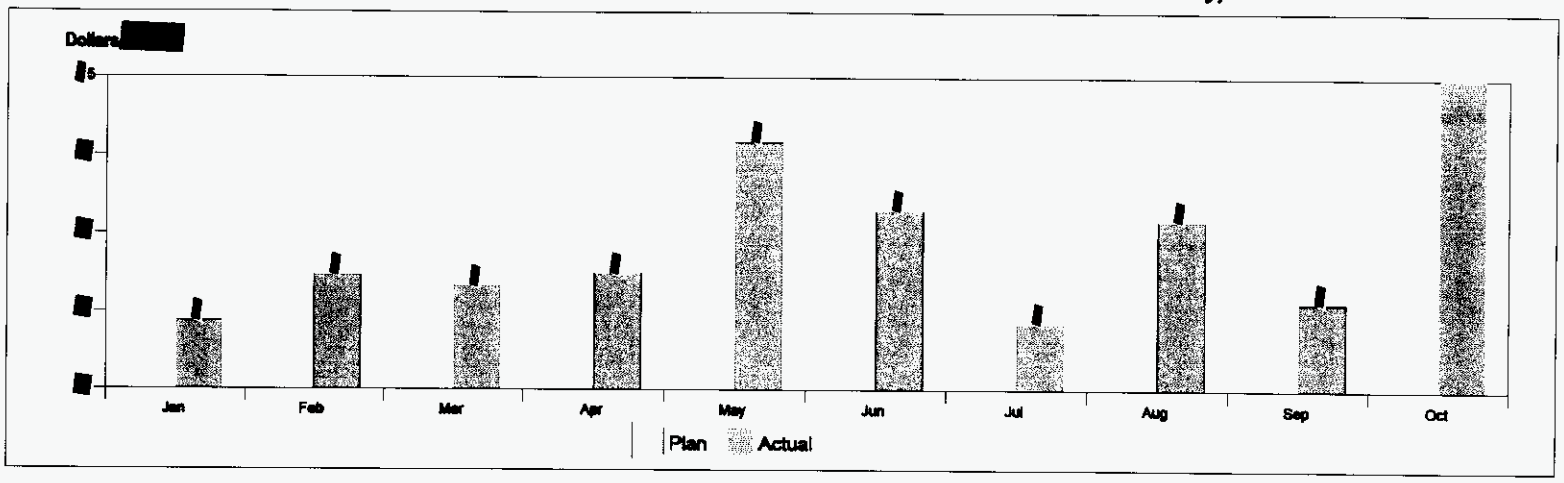


October [redacted]				Year-To-Date [redacted]					Year-End [redacted]				Variance Gap ($ [redacted]		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
[redacted]								PRG PROJECTS							
								-MAJ PROJ PLU (80LT9S)							
								-MAJ PROJ SGR (80JW2S)							
								-NUC PROJ CTLS (80LU9S)							
								NUC PROJS & CONSTRUCTION (80LU2D)							
								-NUC PROJ SPT (80LU8S)	0						
								NUC PROJS & CONST (80LU1D)							
								Non-Fuel Production (excl O&M Real Projects) Less Burdens							
								By Others							
								Other Burdens							
								PSBs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NGG Client Drives							

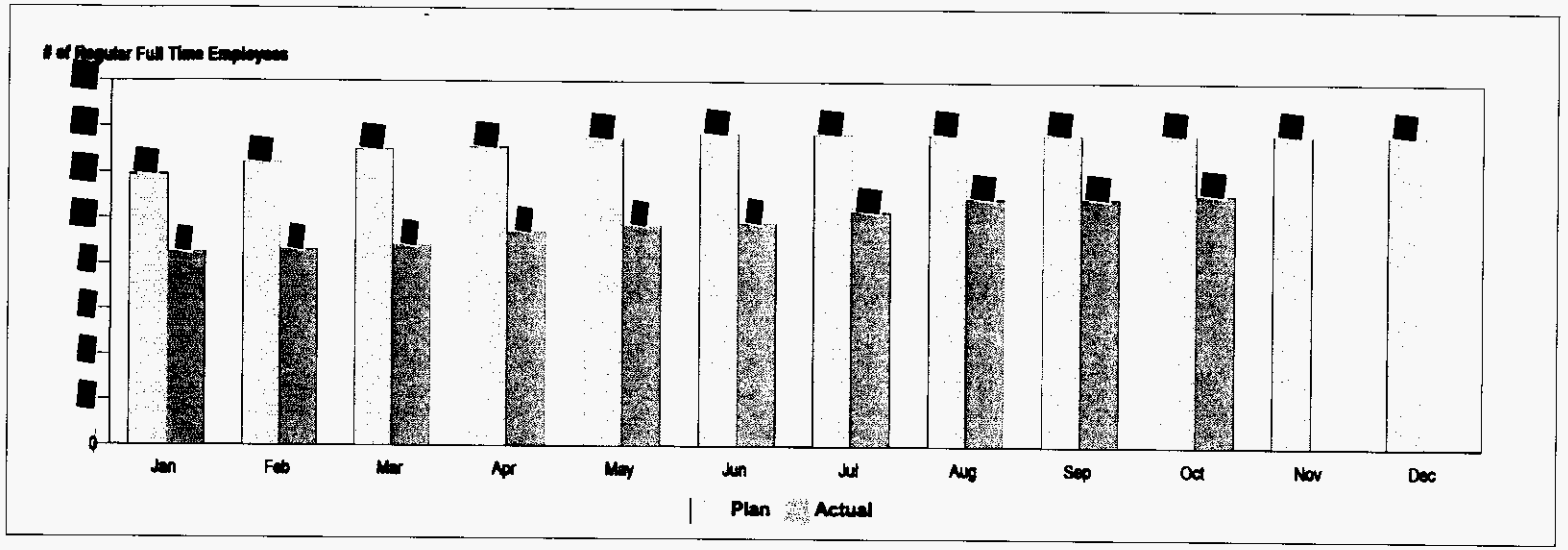
NPC
Overtime Dollars (Excluding Materials, NIT, Access Authorization & Security)



* Overtime %			October			Year-To-Date		

*** Overtime % is based on total overtime hours worked (paid and unpaid).**

NPC Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

October			Plant Hierarchy	Year-End		
Plan	Actual	Var Favl(Unfav)	Plant Hierarchy	Plan	Projection	Var Favl(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			New Plant Dev			
			Support Services			
			NP&C			
			Total NPC			

Nuclear Projects & Construction
Contractor Staffing Levels

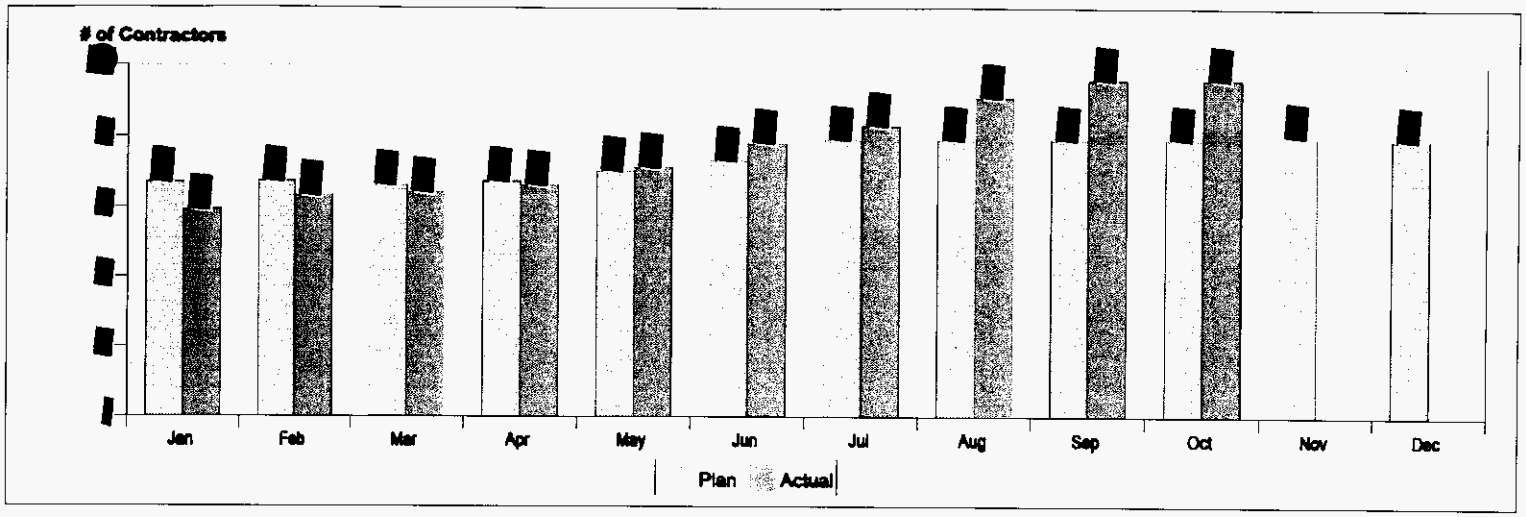


Table Hierarchy	October	Plan	Actual	Var Fav/(Unfav)
PWR Uprate	Baseload	0		
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
New Plant Dev	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			

Progress Energy

CONFIDENTIAL

memo

Date: October 9, 2008

To: D. Roderick, T. Hobbs, D. Varner, S. Huntington, J. Terry, G. Miller

From: Terry Hobbs, Manager Project Controls
Subject: NP&C **September 2008** Cost Management Report

Attached is the Nuclear Projects & Construction Cost Management Report.

A review of our financial data is as follows:

Non-Fuel O&M [redacted]

September				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav(Unfav)
[redacted]											

September O&M is currently over budget due to training expenses for new employees being budgeted between O&M and Capital and expensed to O&M after clarification on the capitalization policy was provided. An O&M challenge is underway to identify O&M expenses remaining through year end. The capitalization policy is being reviewed once again to determine if Engineering qualifications should be capitalized thereby providing O&M relief.

Capital [redacted]

September				Year-To-Date				Year-End			
Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Actual	Var Fav(Unfav)	Var% Fav(Unfav)	Budget	Projection	Var Fav(Unfav)	Var% Fav[redacted]
[redacted]											

NP&C Capital is $[redacted] favorable to budget September MTD:

EPU is $[redacted] favorable MTD. The original budget for September included $[redacted] for a large component payments that were unrealized, $[redacted] for Areva NSSS and BOP engineering work that did not cashflow and $[redacted] in company support labor due to hiring positions later than budgeted.

SGR is approximately [redacted] 9M favorable MTD. The budget originally planned for payments to be made to Lisega [redacted] $420k), B&W Loop Analysis ([redacted] HL Elbows ([redacted] and Construction Equipment ([redacted] Lisega has been re-scheduled for December and the HL Elbows have been moved to 2009. B&W Loop Analysis and Construction Equipment Rentals/Leases are not rescheduled for 2008 and will be used to cover overage in other areas such as facilities.

Alloy 600 is approximately $[redacted] favorable to budget MTD. A single milestone payment of $[redacted] was originally budgeted in Sept to Energy Steel. This milestone payment has been split into 3 separate payments. First payment made

June 08 ($[redacted] second August 08 ($[redacted] and the final payment due in December ($[redacted] Also during the last budget review a RTD payment of $[redacted] was moved to Dec 08.

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget and being managed through CR3.

NP&C Capital is estimated to be approximately $[redacted] favorable to budget through September YTD:

EPU is approximately $[redacted] favorable YTD. The major variance continues to be attributed to the major component milestone payments budgeted early in the year with payments contracted through the last six months of the year.

SGR is approximately $[redacted] favorable YTD. This variance is attributed to the rescheduling of milestone payments Mammoet (1m), BWC (3m).

Alloy 600 is approximately $[redacted] favorable to budget YTD. This variance can be attributed to the final Energy Steel payment due in December ($[redacted] Also during the last budget review a RTD payment of $[redacted] was moved to Dec 08.

Spent Fuel Dry Cask is approximately $[redacted] favorable to budget YTD and being managed through CR3. This project per the Project Manager will be on target at year end, however, there is currently no contract in Passport for work for 2008.

At year end EPU is currently forecast to be at budget. The major variables are: 1)Major component material commitments of $[redacted] scheduled during the last quarter of 2008 and 2) Areva Engineering commitments of $[redacted] scheduled during the last quarter of 2008. These major commitments are being reviewed by the EPU group to determine which payments may be in jeopardy of slipping to 2009. Also being reviewed is the 2009 budget for possible commitments that could be moved forward to 2008.

The SGR project is currently forecast to be on budget at year end.

The Alloy 600 and RCA Access Building projects are also currently projected to be on budget.

There was an unintended change in Oracle that resulted in no AFUDC being charged to the EPU and SGR projects for September. The estimated value is less than $[redacted] The error will be corrected with the October actuals. (AFUDC is not considered for the purposes of this CMR report.)

If you have any questions, please call me at V-Net 240-4746 or contact your Financial Analyst.

Attachment

cc:	P. Brewer	D. Penny
	J. Finland	R. Camp
	C. Guthrie	D. Taylor
	K. Holmes	J. Porac
	B. Walsh	NP&C Superintendant's & Supervisors
	P. Lucas	NP&C Financial Analysts

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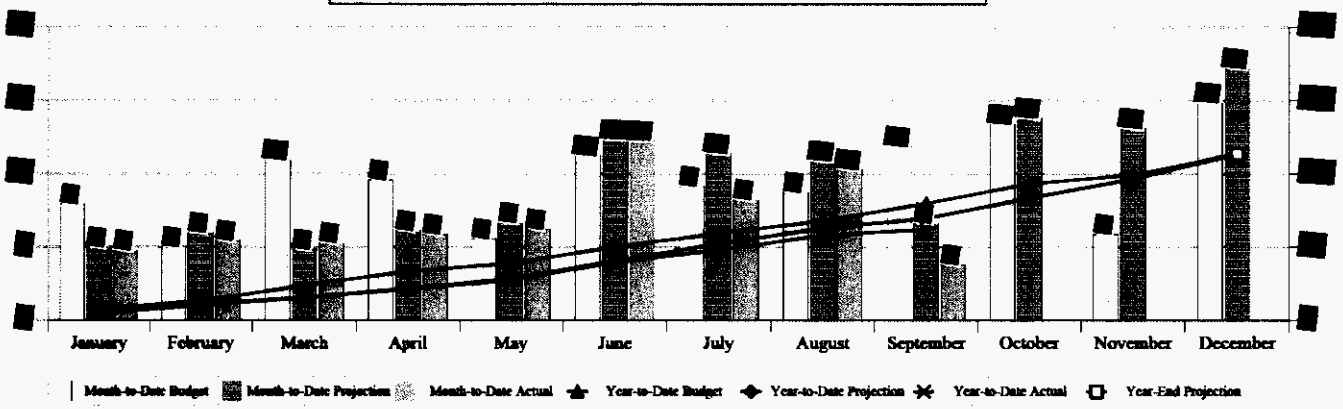
All-in-Costs Summary - Capital
Nuclear Projects & Construction
Through September 2008



Project Number - Description
60LU1D CR3 POWER UPRATE
60LU1D STEAM GENERATOR MASTER
PH - 60GB9D ALLOY 600 RCS
PH - 60GB9D RCA ACCESS BU
PH - NUC PROJ & CONST IND
60GB9D SPENT FUEL DRY CASK
60LU1D NPC SGR FACILITIES MSTR
Financial/CMR Total Costs
Client Driven / Service Co
Pension
AFUDC
Joint Owner*
All-In Costs

J:\Major Projects\CR3 Projects Financial\2008 Monthly Reports_Tina and Kris\Cairn's\NPC All-In

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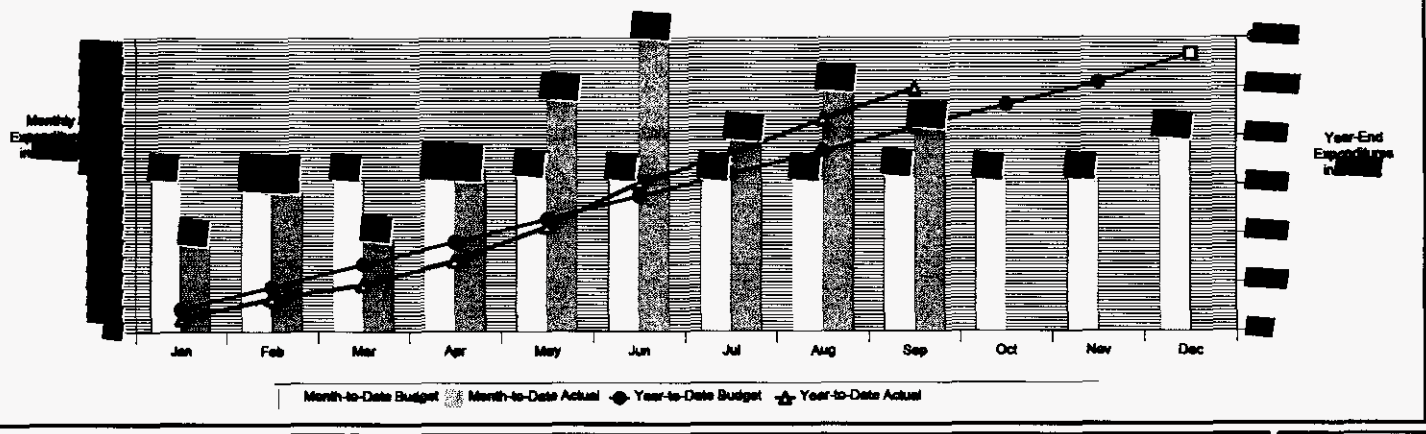
NPC (60LU1S)
Through September 2005
Total Non-Fuel O&M Cost



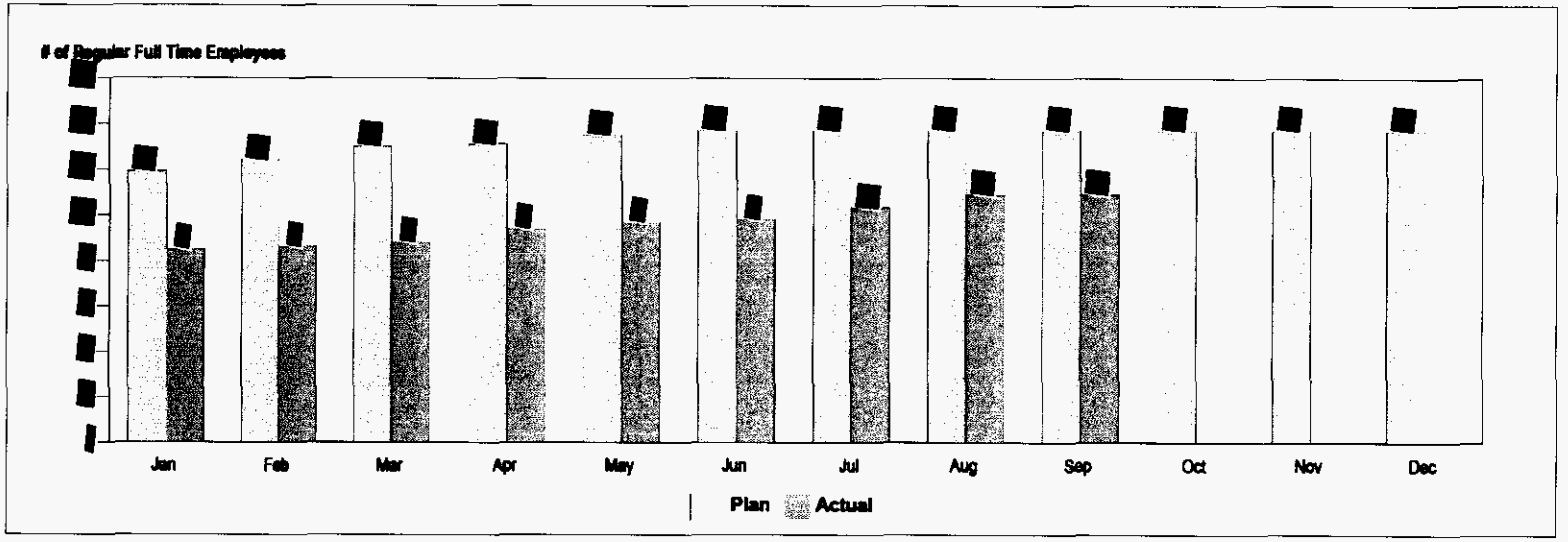
September				Year-To-Date					Year-End				Variance Gap		
Budget	Actual	Var Fav/(Unfav)	Var % Fav/(Unfav)	Budget	Actual	YTD Var Fav/(Unfav)	Var % Fav/(Unfav)	Charge By	Budget	Projection	YE Var Fav/(Unfav)	Var % Fav/(Unfav)	YTD Var Fav/(Unfav)	YE Var Fav/(Unfav)	Gap
								PRG PROJECTS							
								-MAJ PROJ PLU (60LT9S)							
								-MAJ PROJ SGR (60JW2S)							
								-NUC PROJ CTLS (60LU6S)							
								NUC PROJS & CONSTRUCTION (60LU2D)							
								-NUC PROJ SPT (60LU6S)							
								NUC PROJS & CONST (60LU1D)							
								Non-Fuel Production (excl 60SI Real Projects) Less Burdens							
								By Others							
								Other Burdens							
								P&Bs, Payroll Taxes, and Incentives							
								Total Cost Management O&M							
								For Info Only - NOT INCLUDED ABOVE - NSG Client Driven							

NPC
Overtime Dollars (Excluding Materials, NIT, Access Authorization & Security)

* Overtime %		September			Year-To-Date ($ 000's)		

* Overtime % is based on total overtime hours worked (paid and unpaid).

NPC Florida Employee Staffing Levels



Temporary Full & Part Time	Regular Part Time

September			Plant Hierarchy	Year-End		
Plan	Actual	Var Fav/(Unfav)	Plant Hierarchy	Plan	Projection	Var Fav/(Unfav)
			Power Uprate			
			Stm Gen Replacement			
			Project Controls			
			New Plant Dev			
			Support Services			
			NP&C			
			Total NPC			

Nuclear Projects & Construction
Contractor Staffing Levels

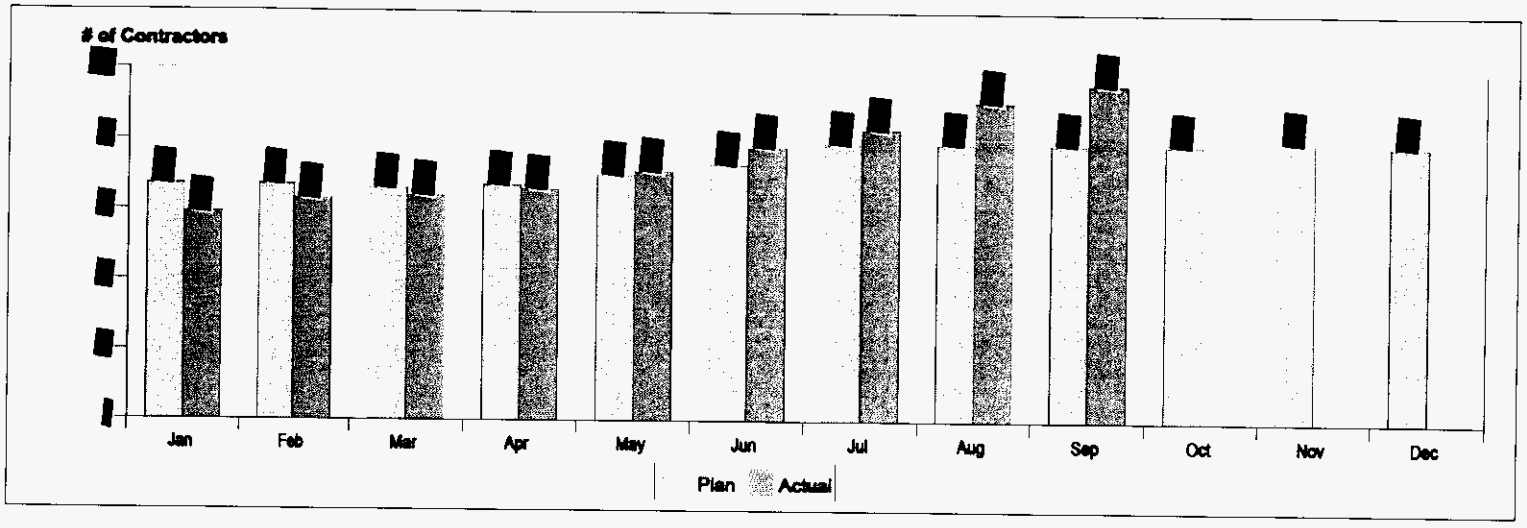


Table Hierarchy	September	Plan	Actual	Var Fav(Unfav)
PWR Uprate	Baseload			
	Project			
	Outage			
	Total			
Stm Gen Replacement	Baseload			
	Project			
	Outage			
	Total			
Project Controls	Baseload			
	Project			
	Outage			
	Total			
New Plant Dev	Baseload			
	Project			
	Outage			
	Total			
Support Services	Baseload			
	Project			
	Outage			
	Total			
Total	Baseload			
	Project			
	Outage			
	Total			