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March 1, 2011

Ann Cole, Director
Office of the Commission Clerk
PSC Recording & Filing
2540 Shumard Oak Blvd
Tallahassee, FL 32399

Re: In re: Nuclear Cost Recovery Clause
Docket No. 110009

Dear Ms. Cole

Enclosed for filing on behalf of Progress Energy Florida, Inc. are the following:

1. Progress Energy Florida, Inc.'s Petition to Recover Costs of the Crystal River Unit 3 Uprate and The Levy Units 1 and 2 Nuclear Power Plants as Provided in Section 366.93, Florida Statutes, and Rule 25-6.0423, F.A.C. (original and 7 copies); 01351-11
2. Direct Testimony of Sue Hardison in Support of Actual Costs (original and 15 copies); 01352-11
3. Direct Testimony of John Elnitsky (original and 15 copies); 01353-11
4. Direct Testimony of Jon Franke (original and 15 copies); 01354-11
5. Direct Testimony of Will Garrett in Support of Actual Costs (original and 15 copies); 01355-11
6. Progress Energy Florida's First Request for Confidential Classification Regarding Portions of The Testimonies and Exhibits and Petition Filed as Part of the Company's March 1, 2011 True-Up Filing; and

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Ann Cole, Director
March 1, 2011
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7. Notice of Filing Affidavits in Support of Progress Energy Florida, Inc.'s Request for Confidential Classification.

Sincerely,

A handwritten signature in black ink, appearing to read "Blaise N. Huhta". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Blaise N. Huhta

Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Nuclear Power Plant Cost
Recovery Clause

Docket No. 110009-EI
Submitted for Filing: March 1, 2011

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**PROGRESS ENERGY FLORIDA, INC.'S PETITION TO RECOVER
COSTS OF THE CRYSTAL RIVER UNIT 3 UPRATE PROJECT AND THE
LEVY UNITS 1 AND 2 NUCLEAR POWER PLANTS AS PROVIDED IN
SECTION 366.93, FLORIDA STATUTES, AND RULE 25-6.0423, F.A.C.**

Pursuant to Section 366.93(3), Florida Statutes, and Rule 25-6.0423, F.A.C., Progress Energy Florida, Inc. ("PEF" or the "Company") respectfully petitions the Florida Public Service Commission ("FPSC" or the "Commission") to approve and find prudent the actual Crystal River Unit 3 ("CR3") Power Uprate Project ("CR3 Uprate") costs incurred in 2009 and 2010 and approve and find prudent the actual Levy Nuclear Project ("LNP") costs incurred in 2010, as provided in Section 366.93, Florida Statutes, and Rule 25-6.0423, F.A.C. PEF further petitions the Commission to approve and find prudent the 2009 and 2010 CR3 Uprate project management, contracting, and oversight controls; the 2010 CR3 Uprate project accounting and cost oversight controls; the 2010 LNP project management, contracting, and oversight controls; and the 2010 LNP accounting and cost oversight controls. PEF also petitions the Commission to approve the true-up of revenue requirements as presented in the contemporaneously filed testimony and exhibits for both the CR3 Uprate and LNP. These revenue requirements include preconstruction costs inclusive of carrying costs on the unrecovered balance, carrying costs on the construction cost balance, carrying costs on the deferred tax balance, and Capacity Cost Recovery Clause ("CCRC") recoverable Operations and Maintenance ("O&M") costs. PEF's petition is supported by the testimony and exhibits of John Elnitsky, Will Garrett, Sue Hardison,

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and Jon Franke and the Nuclear Filing Requirement (“NFR”) schedules filed herewith and incorporated by reference.

BACKGROUND

CR3 Uprate Project.

The Commission granted PEF’s petition for a determination of need for the expansion of the CR3 nuclear power plant through the CR3 Uprate project on February 7, 2007 in Order No. PSC-07-0119-FOF-EI. The CR3 Uprate will increase the power output at CR3 by approximately 180 megawatts electric (“MWe”).

The CR3 Uprate will be accomplished in three phases. PEF completed Phase 1, the Measurement Uncertainty Recapture (“MUR”), during the 2007 CR3 refueling outage. Phase 2 of this project involved a series of improvements to the efficiency of the secondary plant also known as the Balance of Plant (“BOP”). PEF completed work on the BOP phase during the 2009 CR3 refueling outage. The third and final phase, called the Extended Power Uprate (“EPU”), is presently scheduled to be performed during the next CR3 refueling outage. The joint owners of CR3 have indicated that they are electing to take their share of the additional uprate MWe, and their share of the costs incurred to obtain these additional MWe.

PEF requests a determination of prudence for PEF’s CR3 Uprate 2009 costs and 2009 project management, contracting, and oversight controls pursuant to Commission Order No. PSC-11-0095-FOF-EI, issued on February 2, 2011. Based on this Order, the Company’s 2009 actual CR3 Uprate costs were determined to be reasonable and PEF was permitted to recover them. The Commission deferred, however, the determination of the prudence of PEF’s 2009 actual CR3 Uprate project costs to the 2011 Nuclear Cost Recovery Clause (“NCRC”) proceeding to address issues that were raised with respect to PEF’s management of the License

Amendment Request (“LAR”) development process in 2009. Mr. Franke and Mr. Garrett provide testimony and exhibits supporting the prudence of these 2009 costs and the 2009 CR3 Uprate project management, contracting, and oversight controls.

The EPU LAR development process costs in 2009 were prudent. These costs relate to the management of the draft EPU LAR document by PEF’s contractor. Any quality and completeness issues were corrected at no additional cost to PEF and its customers, and any additional engineering work to meet evolving Nuclear Regulatory Commission (“NRC”) expectations for EPU LAR submittals or that was otherwise needed for the EPU LAR document was necessary and prudently incurred. PEF and its customers paid no more than they should have paid to obtain an EPU LAR document consistent with then-current NRC expectations for EPU LAR submittals.

The LAR development costs represent a small fraction of the total CR3 Uprate project costs in 2009. The bulk of the 2009 CR3 Uprate project costs were incurred for the BOP phase work that was performed during the CR3 refueling outage in 2009 and for engineering analyses that supported the LAR and the EPU work to be performed during the next CR3 refueling outage. These costs were necessary for CR3 Uprate project work that was performed in 2009 and that will be performed during the next CR3 refueling outage. PEF requests that the Commission find that the balance of PEF’s costs for the CR3 Uprate project in 2009 was prudently incurred.

PEF prudently incurred construction costs during 2010 for its CR3 Uprate project and seeks to recover its carrying costs on these 2010 construction expenditures, pursuant to Section 366.93, Fla. Stat., and Rule 25-6.0423, F.A.C., in this proceeding. PEF incurred construction costs for preparation for Phase 3, the EPU phase, during the Company’s next re-fueling outage

for CR3. The majority of these costs were incurred for necessary engineering analyses for the engineering change packages for the Phase 3 work, for long lead item payments, and for related licensing and project management work. The direct testimony and exhibits of Mr. Franke and Mr. Garrett filed contemporaneously with this petition supports the Company's request for cost recovery pursuant to the nuclear cost recovery rule for costs incurred in 2010 for the CR3 Uprate project and the Company's request for a prudence determination of the costs incurred for the project in 2010. Mr. Franke also provides testimony regarding PEF's 2010 CR3 Uprate project management, contracting, and oversight controls policies and procedures. Mr. Franke explains that these policies and procedures are designed to manage the project, project costs, and maintain the project schedule and they are reasonable and prudent. Mr. Garrett provides testimony regarding the 2010 CR3 Uprate project accounting and cost oversight controls and explains why they are prudent.

PEF requests that the Commission find that PEF's costs for the CR3 Uprate project were prudently incurred, and allow recovery, through the CCRC, of the carrying costs associated with the construction costs, carrying cost on the deferred tax balance, and CCRC recoverable O&M expenditures as provided in Section 366.93, Florida Statutes and consistent with the nuclear cost recovery rule, Rule 25-6.0423, F.A.C.

Levy Nuclear Power Plant Units 1 & 2.

On August 12, 2008, the Commission issued Order No. PSC-08-0518-FOF-EI, granting PEF's petition for a determination of need for the construction of Levy Nuclear Units 1 and 2 and related facilities, including transmission facilities. The LNP will consist of two Westinghouse AP1000 nuclear-fueled generating units. In the 2010 NCRC proceeding, the Commission determined that PEF's decision to amend the Engineering, Procurement, and

Construction (“EPC”) agreement for the LNP to focus work on obtaining the LNP Combined Operating License Application (“COLA”) and defer most other LNP work until the Combined Operating License (“COL”) for the LNP is obtained was reasonable. Actual 2010 site selection costs, preconstruction costs, and construction costs for the LNP were incurred in connection with the implementation of this Company decision.

In 2010, PEF incurred costs for licensing application activities to support the LNP COLA, engineering and procurement activities in support of the COLA, the EPC agreement, and the disposition of Long Lead Equipment (“LLE”) Purchase Orders (“PO”). The testimony and exhibits of John Elnitsky, Sue Hardison, and Will Garrett provide further details relating to the prudence of these costs incurred for the LNP in 2010. Ms. Hardison also provides testimony regarding the prudence of PEF’s 2010 LNP project management, contracting, and oversight controls policies and procedures. Mr. Garrett provides testimony regarding the prudence of the 2010 LNP accounting and cost oversight controls. PEF requests that the Commission find that PEF’s costs for the LNP, incurred in 2010, were prudently incurred, and allow recovery, through the CCRC, of the preconstruction costs inclusive of the carrying cost on the unrecovered balance, carrying costs on construction costs, carrying cost on the deferred tax balance, and CCRC recoverable O&M expenditures, as provided in Section 366.93, Florida Statutes and consistent with the nuclear cost recovery rule, Rule 25-6.0423, F.A.C.

I. PRELIMINARY INFORMATION.

1. The Petitioner’s name and address are:

Progress Energy Florida, Inc.
299 1st Ave. N.
St. Petersburg, Florida 33701

2. Any pleading, motion, notice, order, or other document required to be served upon PEF or filed by any party to this proceeding should be served upon the following individuals:

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II. PRIMARILY AFFECTED UTILITY.

3. PEF is the utility primarily affected by the proposed request for cost recovery. PEF is an investor-owned electric utility, regulated by the Commission pursuant to Chapter 366, Florida Statutes, and is a wholly owned subsidiary of Progress Energy, Inc. The Company's principal place of business is located at 299 1st Ave. N., St. Petersburg, Florida 33701.

4. PEF serves approximately 1.6 million retail customers in Florida. Its service area comprises approximately 20,000 square miles in 35 of the state's 67 counties, encompassing the densely populated areas of Pinellas and western Pasco Counties and the greater Orlando area in Orange, Osceola, and Seminole Counties. PEF supplies electricity at retail to approximately 350 communities and at wholesale to about 21 Florida municipalities, utilities, and power agencies in the State of Florida.

5. In 2006, the Florida Legislature enacted Section 366.93, Florida Statutes, to encourage utility investment in nuclear electric generation through alternative cost recovery mechanisms established by the Commission. The Legislature required the design of cost recovery mechanisms that promoted utility investment in nuclear power plants and allowed for the recovery in rates of all prudently incurred costs.¹ Pursuant to this Legislative directive, the Commission adopted Rule 25-6.0423, F.A.C., in Order No. PSC-07-0240-FOF-EI, to establish the cost recovery mechanisms required by Section 366.93. PEF seeks cost recovery pursuant to Section 366.93 and Rule 25-6.0423 for the CR3 Uprate project and the LNP.

III. PEF REQUESTS COST RECOVERY FOR THE CR3 UPRATE AS PROVIDED IN SECTION 366.93, FLORIDA STATUTES, AND THE NUCLEAR COST RECOVERY RULE, RULE 25-6.0423, F.A.C.

6. The Commission approved PEF's need for the power uprate project in Order No. PSC-07-0119-FOF-EI in 2007. PEF proceeded with the CR3 Uprate project by dividing the power uprate work into three phases to be performed during separate CR3 refueling outages. The first phase of work was completed during the CR3 2007 refueling outage and the second phase of work was installed during the CR3 2009 refueling outage. The third and final phase of the power uprate project work will be performed during the next CR3 refueling outage.

¹ The Florida Legislature amended and re-affirmed its support of Section 366.93 twice, in 2007 and 2008, to include integrated gasification combined cycle plants and new, expanded, or relocated transmission lines and facilities necessary for the new power plants, respectively.

7. PEF was permitted to recover its 2009 CR3 Uprate project costs when the Commission determined that they were reasonably incurred in the Commission's Order in the 2010 NCRC proceeding. The Commission deferred, however, the determination of the prudence of PEF's 2009 actual CR3 Uprate project costs and its 2009 project management, contracting, and oversight controls to the 2011 NCRC proceeding. PEF requests that the Commission determine the costs PEF incurred during 2009 for the CR3 Uprate project were prudent. PEF further requests that the Commission determine that its 2009 CR3 Uprate project management, contracting, and oversight policies and procedures were prudent.

8. PEF also requests that, pursuant to the nuclear cost recovery rule, the Commission: (1) determine the costs PEF incurred during 2010 for the CR3 Uprate project were reasonable and prudent; (2) determine that PEF's 2010 CR3 Uprate project management, contracting, and oversight controls were reasonable and prudent; (3) determine that PEF's 2010 accounting and cost oversight controls were reasonable and prudent; and (4) approve, pursuant to Rule 25-6.0423(5)(c), PEF's final true-up of the carrying costs on its actual construction expenditures, carrying cost on deferred tax balance, and CCRC recoverable O&M for the CR3 Uprate for 2010. Detailed descriptions of the construction expenditures, the contracts executed, the carrying costs, the over/under-recoveries, and the other information required by Rule 25-6.0423(8), are provided in PEF's filed testimony of Jon Franke and Will Garrett, exhibits, and NFR schedules, which are incorporated herein by reference.

9. In 2009, PEF incurred construction costs with respect to each of the final two phases of the CR3 Uprate. For Phase 2, PEF incurred reasonable and prudent costs to plan for and carry out work for the second phase of the project, which occurred during the 2009 CR3 refueling outage. For Phases 2 and 3, PEF incurred costs for certain necessary equipment and

contracts for long-lead time material and work. This work included (i) fuels analysis, safety analysis and system and program reviews for the license application; (ii) project management activities, including project plans, governance and oversight to ensure costs were necessary for the CR3 Uprate project and reasonably and prudently incurred; (iii) permitting activities to obtain environmental permits for facilities and other construction activities; (iv) labor costs associated with mobilizing and maintaining temporary facilities to house the extra personnel needed; and (v) outage work including, among other things, the installation of four moisture separator reheaters; two secondary cooling heat exchangers; four turbine bypass valves and mufflers; modification of the turbine generator electrical output bus duct cooling system; replacement of the turbine generator exciter; rescaled integrated control system; and installation of a fiber optic “backbone” to interface with the new turbine monitoring equipment. Payments to secure such equipment and contract work were necessary to ensure installation of Phase 2 work during the refueling outage in 2009, and the planned installation of Phase 3 work during next CR3 refueling outage.

10. For 2010, PEF incurred license application, project management, permitting, on-site construction, and power block and non-power block engineering costs. These costs included (i) continued work on the EPU LAR submittal document; (ii) preparation of engineering change packages for the Phase 3 scope; (iii) payments for the procurement of long lead time equipment for the EPU Phase 3 work; (iv) labor costs associated with demobilizing and maintaining temporary facilities to house the extra personnel needed to implement Phase 3 of the CR3 Uprate project; and (v) project management activities, including project plans, governance and oversight to ensure costs were necessary for the CR3 Uprate project and that they were reasonably and prudently incurred.

11. These 2009 and 2010 CR3 Uprate project costs are explained in greater detail in the testimony and exhibits of Mr. Franke filed in this Docket in support of the Company's 2009 and 2010 CR3 Uprate costs. This testimony demonstrates that these costs were necessary for the CR3 Uprate project and that they were prudently incurred. PEF is therefore requesting a prudence determination on these costs.

12. During 2009 and 2010, PEF also incurred O&M costs associated with the CR3 Uprate for activities related to legal, corporate planning, accounting, project assurance, and nuclear generation. These costs are explained in greater detail in the testimony of Mr. Franke. This testimony demonstrates that these costs were prudently incurred as necessary for the CR3 Uprate. PEF is therefore requesting a prudence determination on these costs.

13. Pursuant to Rule 25-6.0423, F.A.C., PEF is therefore entitled to recover through the CCRC the revenue requirements associated with these prudently incurred costs. For the time period January 2009 through December 2009, PEF is requesting a total of \$15,510,142 in revenue requirements, adjusted for the contributions to construction expenditures made by the joint owners of CR3. These costs are made up of \$14,089,876 in carrying cost on construction cost balance, \$762,529 in CCRC recoverable O&M, \$261,719 in deferred tax asset carrying costs associated with the CR3 Uprate project, and \$396,018 in revenue requirements associated with items placed in service in 2009. For the time period January 2010 through December 2010, PEF is requesting a total of \$8,028,381 in revenue requirements, adjusted for the contributions to construction expenditures made by the joint owners of CR3. These costs are made up of \$9,854,218 in carrying cost on construction cost balance, \$823,467 in CCRC recoverable O&M, \$252,232 in deferred tax asset carrying costs associated with the CR3 Uprate project, and (\$2,901,536) in other adjustments associated with the CR3 Uprate project. These amounts were

calculated in accordance with Rule 25-6.0423 and consistent with the methodology approved in Docket No. 090009 and are set forth in greater detail in the testimony and exhibits of Mr. Franke and Mr. Garrett.

IV. PEF REQUESTS COST RECOVERY FOR THE LEVY NUCLEAR PROJECT AS PROVIDED IN SECTION 366.93, FLORIDA STATUTES, AND THE NUCLEAR COST RECOVERY RULE, RULE 25-6.0423, F.A.C.

14. The Commission approved the need for Levy Units 1 and 2 in Order No. PSC-08-0518-FOF-EI. Further, in Docket No. 080009, pursuant to a stipulation reached between the parties, the Commission approved the reasonableness of the costs PEF incurred for the LNP during 2006 and 2007, and thereafter approved those costs and the 2008 LNP costs as prudent in Docket No. 090009. In Docket No. 100009 the Commission approved 2009 LNP costs as prudent.

15. PEF requests that, pursuant to the nuclear cost recovery rule, Rule 25-6.0423, F.A.C., the Commission: (1) determine the preconstruction and construction costs, carrying cost on deferred tax balance, and CCRC recoverable O&M PEF incurred during 2010 for the LNP were prudently incurred; (2) determine that PEF's 2010 LNP project management, contracting, and oversight controls were reasonable and prudent; (3) determine that PEF's LNP accounting and cost oversight controls were reasonable and prudent; and (4) approve pursuant to Rule 25-6.0423 the final true-up of revenue requirements for 2010. Detailed descriptions of the expenditures, the contracts executed, the carrying costs, the over/under-recoveries, and the other information required by Rule 25-6.0423(8), are provided in PEF's testimony and exhibits of John Elnitksy, Sue Hardison, and Will Garrett, and NFR schedules, filed contemporaneously with this petition and incorporated herein by reference.

16. The 2010 LNP costs were incurred for licensing; engineering, design and procurement; project management; real estate acquisition; and power block engineering. Costs were incurred in connection with licensing application activities to support the Levy COLA to the NRC including responding to NRC Requests for Additional Information (“RAIs”). As a result of this work, the Draft of the Environmental Impact Statement, which is part of the COLA process, was issued by the NRC on August 13, 2010, and public hearings were held to discuss this document on September 23, 2010. PEF further worked on Revision 2 to the Levy COLA, which was submitted to the NRC on October 6, 2010.

17. In 2010, PEF also provided information needed by the U.S. Army Corps of Engineers (“USACE”) to complete the Jurisdictional Determination of wetlands by USACE and responded to the USACE comments regarding the Least Environmentally Damaging Practicable Alternative (“LEDPA”) analysis. PEF further initiated detailed environmental engineering studies required to support the Wetland Mitigation Plan implementation for the Florida Department of Environmental Protection (“FDEP”). The Wetland Mitigation Plan was submitted on April 29, 2010, and FDEP questions regarding this plan were subsequently addressed in 2010. The Wetland Mitigation Plan was then administratively approved by FDEP on November 8, 2010. PEF also completed the following additional, required Conditions of Certification Reports for FDEP: (a) Barge Canal & Withlacochee River Monitoring Plan; (b) Crystal Bay Surface Water Monitoring; (c) Discharge Monitoring Plan; and (d) Floodplain Compensation Plan. PEF also procured land for the LNP Barge Slip easement and Inglis Island Bike Trail.

18. PEF further conducted engineering activities in support of its COLA for the LNP. This included continual engineering support to assist the licensing activities in response to NRC

RAIs. In 2010, PEF completed all engineering, reporting activities, and RAIs related to the Offset Boring Program. PEF also completed a site specific Soil-Structure Interaction Analysis (“SSI”) for the proposed AP1000 Nuclear Island in response to NRC RAIs. PEF further developed the Roller Compacted Concrete (“RCC”) Mix Design and Specialty Testing Programs in response to NRC RAIs and began the laboratory portion of the RCC Mix Design Program. Finally, PEF engineers developed the conceptual drilled shaft foundation design concept for the non-safety related structures (Turbine Building, Radwaste Building and Annex Building).

19. PEF incurred preconstruction and construction costs from January 2010 to December 2010 for transmission related LNP activities. Primary activities for 2010 included review and closeout of transmission activity contracts, project management reviews related to adjusting entries for the Levy portion of the road widening construction project along Sunshine Grove Road completed by Transmission Operations in 2010, and minimal strategic right-of-way (“ROW”) acquisition work in the 500kV common corridor. The work focus was on strategic acquisitions and planning for the new Transmission Study scheduled to start in the fourth quarter of 2011. Further transmission activities were suspended due to the partial work suspension for the LNP and the schedule for the revised in-service dates for the Levy nuclear units.

20. These 2010 costs are explained in greater detail in the testimony of Ms. Hardison and Mr. Elnitsky filed in this Docket in support of the Company’s 2010 LNP costs. This testimony demonstrates that these costs were prudently incurred as necessary for the LNP. PEF is therefore requesting a prudence determination on these costs. The testimony of Ms. Hardison and Mr. Garrett also supports PEF’s request for the determination that PEF’s 2010 LNP project management, contracting, and oversight controls, and PEF’s 2010 LNP accounting and cost oversight controls were prudent, respectively.

21. During 2010, PEF also incurred O&M costs associated with the LNP for activities related primarily to corporate planning, corporate communications, accounting, legal, project assurance, and nuclear generation. These costs are explained in greater detail in the testimony of Ms. Hardison. This testimony demonstrates that these costs were prudently incurred as necessary for the LNP. PEF is therefore requesting a prudence determination on these costs.

22. Pursuant to Rule 25-6.0423, F.A.C., PEF requests that the Commission approve the final true-up of revenue requirements for 2010 as presented in the contemporaneously filed testimony and exhibits. For 2010, PEF has calculated total revenue requirements of \$111,554,540. This consists of \$0 in site selection costs (inclusive of carrying costs on any unrecovered balance), \$92,234,366 in preconstruction costs (inclusive of carrying costs on any unrecovered balance), \$6,676,995 in carrying cost on construction cost balance, \$2,496,726 in CCRC recoverable O&M, \$10,151,755 in deferred tax asset carrying costs, and (\$5,302) in other adjustments. These amounts were calculated in accordance with Rule 25-6.0423 and consistent with the methodology approved by the Commission in Docket No. 090009-EI

V. DISPUTED ISSUES OF MATERIAL FACT.

23. PEF is not aware at this time that there will be any disputed issues of material fact in this proceeding. Through its testimony and exhibits, PEF expects to demonstrate the prudence of the costs it has incurred thus far in both the CR3 Uprate project and the LNP, and to show why recovery of the capacity costs through the CCRC, as provided in Section 366.93, Florida Statutes, and Rule 25-6.0423, F.A.C., is appropriate and warranted.

VI. CONCLUSION.

24. PEF seeks an affirmative determination that PEF can recover the revenue requirements associated with the CR3 Uprate for 2009 and 2010 necessary to achieve the

benefits of the CR3 Uprate project as presented in the contemporaneously filed testimony and exhibits. PEF also seeks a determination that the costs incurred in 2009 and 2010 associated with the CR3 Uprate project were prudently incurred. Finally, PEF seeks a determination that its 2009 and 2010 CR3 Uprate project management, contracting, and oversight controls, and its 2010 CR3 Uprate project accounting and cost oversight controls were reasonable and prudent.

25. With regard to the LNP, PEF seeks an affirmative determination that PEF can recover the revenue requirements associated with the LNP for 2010 presented in the contemporaneously filed testimony and exhibits. PEF also seeks a determination that the costs incurred in 2010 associated with the LNP were prudently incurred. Finally, PEF seeks a determination that the Company's 2010 LNP project management, contracting, and oversight controls, and PEF's 2010 LNP accounting and cost oversight controls were reasonable and prudent.

26. Approval of PEF's petition for cost recovery as provided for in the statute and rule is warranted for both the CR3 Uprate project and the LNP.


WHEREFORE, for all the reasons provided in this Petition, as developed more fully in PEF's contemporaneously filed testimony and exhibits, PEF respectfully requests that the PSC:

- 1) determine that the costs PEF incurred during 2009 for the CR3 Uprate project were prudent;
- 2) determine that PEF's 2009 project management, contracting, and oversight controls for the CR3 Uprate were prudent;
- 3) determine that the costs PEF incurred during 2010 for the CR3 Uprate project were reasonable and prudent;

- 4) determine that PEF's 2010 CR3 Uprate project management, contracting, and oversight controls for the CR3 Uprate project were reasonable and prudent;
- 5) determine that PEF's 2010 accounting and cost oversight controls for the CR3 Uprate were reasonable and prudent;
- 6) approve, pursuant to Rule 25-6.0423(5)(c), PEF's final true-up of the actual expenditures and revenue requirements for the CR3 Uprate project for 2010, and allow recovery, through the CCRC, of the carrying costs associated with the construction costs, carrying cost on the deferred tax balance, and CCRC recoverable O&M expenditures.
- 7) determine that the costs PEF incurred during 2010 for the LNP were reasonable and prudent;
- 8) determine that PEF's 2010 LNP project management, contracting, and oversight controls were reasonable and prudent;
- 9) determine that PEF's 2010 LNP accounting and cost oversight controls were reasonable and prudent; and
- 10) approve, pursuant to Rule 25-6.0423(5)(c), PEF's final true-up of the actual expenditures and revenue requirements for the LNP for 2010, and allow recovery, through the CCRC, of the preconstruction costs inclusive of carrying costs on any unrecovered balance, carrying costs on construction costs, carrying cost on the deferred tax balance, and CCRC recoverable O&M expenditures.

Respectfully submitted this 1st day of March, 2011.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY a true and correct copy of the foregoing has been furnished to counsel and parties of record as indicated below via electronic and U.S. Mail this 1st day of March, 2011.


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Lisa Bennett
Keino Young
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