

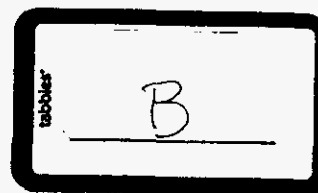
the options considered by the Company and the evaluation of those options is provided at pages 59-61 and 67-70 of Mr. Franke's May 2, 2011 testimony and Exhibit No. ___ (JF-4) to Mr. Franke's testimony. Please also see documents produced in response to OPC Request for Production of Documents Question # 12.

- 13 Please provide a chart, in hard copy and electronic (Excel) format, with projections of residential rate impact over the 40-year period from 2011 to 2050 if the Levy Units 1 & 2 project (LNP) is completed, compared to the residential rate impact if the project is terminated December 31, 2011. Please include such considerations as fuel costs, recovery of existing LNP-related costs, and the cost of gas plants equivalent to the capacity of LNP if the project is terminated in 2011.

RESPONSE:

Please see confidential documents attached in Bates Range 11NC-FPSCINT3-13-000001 through 11NC-FPSCINT3-13-000006 subject to Progress Energy Florida's First Notice of Intent to Request Confidential Classification filed and served contemporaneously with this response.

- 14 Please state whether Progress Energy Florida, Inc., (PEF) submitted an application to the U.S. Department of Energy (DOE) Loan Guarantee Program for loan guarantees under Title XVII of the Energy Policy Act of 2005 for the purpose of financing the nuclear generation project at the Levy County Site?
- a. If PEF's response is no, please explain the reason(s) for not applying.
- b. If PEF's response to Interrogatory No. 14 is yes, please explain the following:
- 1) What is the current status of the application?
 - 2) Does PEF expect to receive any funds?
 - 3) If PEF expects to receive any funds, when will the funds be available?



- 4) If PEF does not receive funds under the DOE Loan Guarantee Program, what impact will this have on the project?

REDACTED

RESPONSE:

Yes, PEF submitted Part I of the Application for Federal Loan Guarantees for Nuclear Power Facilities on September 29, 2008, for Levy. The application of Part 1 was accepted by the DOE.

a. N/A.

b. Please see responses below:

1. Based on concerns related to the amount of authorized funding for the program, costs and the structure of the program [REDACTED]

[REDACTED] PEF did not Submit Part II of the application, which was due on December 19, 2008.

2. PEF has not determined if or when it may proceed with the DOE loan guarantee application process. In addition, funds available under the program are limited and will be awarded based on the DOE's selection criteria in a competitive process. As such, PEF cannot determine if it will receive any funds under the DOE Loan Guarantee Program at this time.

3. PEF cannot determine when funds would be received under the program, if at all, at this time.

4. While the financing plan of the project would change depending on the receipt of funds under the DOE Loan Guarantee Program, PEF does not believe that the Levy project is contingent on receiving funds under the DOE Loan Guarantee Program.

15. Please explain what PEF views as thresholds, beyond which the Company would chose to terminate the LNP and EPU activities.

RESPONSE:

As discussed in the pre-filed April 30, 2010 and August 3, 2010 testimony of Mr. Jeff Lyash and Mr. John Elnitsky filed in the 2010 NCRC proceedings, and specifically responded to by Mr. Lyash in his August 12, 2010 deposition, at pages 78-86 and 93-94, introduced in evidence in the 2010 NCRC evidentiary proceeding, the Company does not establish arbitrary, pre-determined thresholds upon which it would base a decision to cancel or

move forward with a major capital project, including the LNP and CR3 EPU. Instead, when the particular circumstances facing the project require the Company to consider cancelling the project or continuing with it, the Company takes a holistic view, evaluating the particular project in light of the estimated costs to continue or cancel the project, the estimated quantitative and qualitative benefits to the Company and its customers if the project is continued, the project and aggregate enterprise risks, and any other factor that the Company, in its management judgment, determines should be evaluated. As a result of this evaluation, the Company will decide if the project should be continued or cancelled, based on the particular circumstances facing the project. There are, therefore, no pre-determined thresholds beyond which the Company would decide to terminate any major capital project, including the LNP and EPU activities.

16. Please provide a chronological list, beginning January 1, 2010, that summarizes PEF's efforts to secure joint owners and other participants in the LNP

REDACTED

RESPONSE:

PEF met with potential joint owners on April 27-28, 2011. The meetings included the [REDACTED] At those meetings, PEF provided an update on the Levy Project. All potential owners expressed a continued interest in participating in the Levy Project.

PEF did not have any formal meetings with potential joint owners in 2010. The LNP project schedule shift in 2010 and the pending decision from the Commission regarding the reasonableness of the Company's decision to go forward with the LNP project impacted discussions with joint owners. PEF continues to agree that joint ownership can be beneficial to PEF's customers to spread the price impact of the LNP project. PEF will continue to engage joint owners in 2011 and early 2012 in joint ownership commitment discussions.