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August 27, 2008

Mike Halpin, Siting Coordinator
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Subject: Progress Energy Florida, Inc.
Levy County Nuclear Power Plant
Transmission Line Facilities
Power Plant Siting Application No. PA 08-51
SWFWMD OGC Case No. 2008048

Dear Mr. Halpin:

On August 26, 2008, the Governing Board approved the Southwest Florida Water Management District's Agency Report on the transmission line corridor portion of Progress Energy Florida's Levy County Nuclear Power Plant Units 1 and 2 certification application. A copy of the District's Agency Report with recommended conditions for certification is enclosed with this letter.

If you have any questions concerning this matter, you may contact me at the District's Brooksville headquarters at extension 4660.

Sincerely,

Martha A. Moore
Senior Attorney

Enclosure

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**Progress Energy Florida, Inc. Levy County Nuclear Power Plant
Units 1 & 2 Transmission Line Facilities
Siting Application No. PA08-51
DOAH Case No. 08-2727
SWFWMD OGC Case No. 2008048**

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT – AGENCY REPORT

STAFF RECOMMENDATION – APPROVAL WITH CONDITIONS

Procedural Overview

Effective July 1, 2008, the Florida Electrical Power Plant Siting Act, 403.501-518, Florida Statutes (F.S.), and the Florida Electric Transmission Line Siting Act, 403.52 - 5365, F.S., were amended as part of the comprehensive package of "Energy Bill" amendments intended to improve energy efficiency and reliability, promote cleaner energy production and reduce carbon emissions that may cause climate change. The amendments streamline the certification process for electrical power plants. Amendments also allow for alternate electric transmission line corridors to be considered as part of this process in lieu of a separate transmission line certification process. The process for agency review of certification applications accordingly has been revised.

Progress Energy Florida, Inc. seeks site certification for its proposed Levy Nuclear Power Plant, Units 1 & 2 (LNP) to be located on a 3,100-acre site in southern Levy County. The proposed LNP will generate 2,200 megawatts of power that will be transmitted through power lines spanning Levy, Citrus, Marion, Sumter, Hernando, Hillsborough, Pinellas and Polk Counties. Approximately 178 miles of proposed transmission line corridors necessary for distributing electricity generated from the LNP are included in this site certification application. Approval of the transmission line portion of the application is proceeding under a more compressed schedule than the main power plant and associated facilities component of the application.

On July 2, 2008, District staff submitted its comments on the completeness of the transmission line portions of the application to the Department of Environmental Protection (DEP). District staff found the application incomplete regarding the potential impacts to District land resources included within the proposed corridors. On July 9, 2008, DEP issued its determination that the application was incomplete. Progress Energy responded sufficiently to all reviewing agency comments by the deadline of July 23, 2008. On August 6, 2008, the District filed its Preliminary Statement of Issues on the specified transmission lines. On August 13, 2008, DEP issued its determination that the application was complete for purposes of review and issuance of the required agency reports on the transmission line corridors. Agency reports and recommended conditions must be submitted to DEP by September 2, 2008; however, agencies with collegial

bodies as heads are allowed until September 17, 2008 to file their agency reports. DEP must file its project analysis on the transmission line corridors by September 25, 2008.

The site certification process allows interested persons to propose alternate corridors for the planned transmission lines. Alternate corridors must be filed by September 11, 2008, and be accepted or rejected for consideration by DEP and Progress Energy by September 18, 2008. If alternate corridors are accepted for consideration, the District will have until October 24, 2008 to advise DEP of the completeness of the alternate proposals. If incomplete, proponents of alternate corridors have until November 14, 2008 to submit additional information. Reviewing agencies must issue a completeness determination by November 24, 2008 and if complete, agency reports will be due December 26, 2008.

The District's agency report on the main site and associated facilities other than specified transmission lines is also due to DEP by December 26, 2008. Staff anticipates seeking approval of this agency report at the December Governing Board meeting. The Division of Administrative Hearings certification hearing is currently scheduled to occur February 23 – March 20, 2009 in Levy County. The anticipated date for Siting Board approval of the LNP is July 14, 2009.

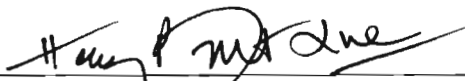
Proposed Transmission Line Corridors

Progress Energy's proposed transmission line corridors are co-located with existing transmission line rights of way where possible and generally follow road rights of way or similar disturbed areas. The proposed transmission line corridors cross and thus potentially impact seven District land resources: Halpata Tastanaki Preserve, Two Mile Prairie, Lake Panasoffkee, Annutteliga Hammock, Upper Hillsborough FDA, Lower Hillsborough FDA and Brooker Creek Preserve. District staff has met with representatives for Progress Energy to resolve concerns. If there remain any unavoidable impacts to District land resources, and rights-of-way or access routes are necessary through District lands, it is proposed that the District will be compensated for fair-market value in addition to the loss of intended use of lands. Rights-of-way will not be determined until after the transmission line corridors, which can be a mile wide, are certified. Progress Energy will consult with the District on the location of the rights of way and design of the transmission lines, to maximize compatibility of the transmission lines with District land uses as needed. District staff has proposed conditions of certification that require post-certification information submittals necessary to assure impacts to District land resources are minimized and that any environmental or construction-related impacts to surface water management features are appropriately addressed.

Staff Recommendation

This report contains the District's recommendations to DEP regarding conditions for certification of the proposed transmission line corridors for Progress Energy's proposed

Levy County Nuclear Power Plant. Under the current operating agreement between the District and DEP, DEP is responsible for conducting the Environmental Resource Permitting-related review of the project area, employing District substantive ERP rules as adopted by DEP. Due to the fact that the actual right-of-way locations for the proposed transmission lines will not be determined until after the corridors are certified, additional detailed information and review procedures are proposed as post-certification submittals once the acquired rights-of-way are determined. This allows for District verification of compliance with the substantive conditions set forth in Chapter 40D-4, F.A.C., Part B, Basis of Review of the District's ERP Information Manual. Staff recommends approval of the proposed transmission line corridors portion of this power plant certification application, subject to the recommended conditions of certification attached hereto and incorporated herein as Exhibit "A," and recommends forwarding of this Agency Report to DEP for inclusion in its project analysis and proposed conditions of certification for the transmission line component of this power plant certification.



Bobby Lue, Director
Brooksville Regulation Department

Date: 8/27/08



Fritz Musselmann, Director
Land Resources Department

Date: 8/27/08

EXHIBIT A

**SWFWMD PROPOSED CONDITIONS OF CERTIFICATION
PROGRESS ENERGY FLORIDA, INC.
LEVY NUCLEAR POWER PLANT UNITS 1 & 2
Siting Application No. PA08-51
DOAH Case No. 08-2727
SWFWMD OGC Case No. 2008048**

Transmission Line Facilities

1. The proposed transmission lines will be co-located within existing rights-of-way (ROWs) and other impacted areas wherever feasible.
2. Progress Energy Florida (PEF) shall provide to SWFWMD a copy of all post-certification filings for finalization of the ROW locations and the construction and operation of the transmission line facilities, including any access roads or surface water management system facilities, for those portions located within the SWFWMD.
3. A copy of the aerial photographs provided to DEP to show the boundaries of the acquired ROW within the SWFWMD will also be provided to SWFWMD. SWFWMD shall have an opportunity to review the photographs and notify DEP of any apparent conflicts with the requirements of the Conditions of Certification.
4. PEF shall provide reasonable assurance that the construction, operation and maintenance of non-exempt surface water management system structures and access roads in support of the proposed transmission line facilities will satisfy the criteria set forth in Rules 40D-4.301 and 40D-4.302, F.A.C., and applicable provisions of Part B, Basis of Review of SWFWMD's Environmental Resource Permitting Information Manual. PEF shall provide sufficient information on a post-certification basis to demonstrate that there is reasonable assurance of compliance with SWFWMD substantive permitting requirements, including avoidance of secondary wetland dredging and/or filling impacts and avoidance of floodplain impacts. Where necessary, equivalent floodplain compensation to achieve no net loss in floodplain storage will be provided.
5. To the extent practicable, access roads, culverts and structures shall be located to avoid conflict with existing or permitted surface water management systems, permitted water withdrawal facilities or agricultural ground and surface water management projects as documented in SWFWMD records.
6. During location of the ROW and design of the transmission line in areas where the transmission line will cross over, on, under, or otherwise use SWFWMD-owned lands, PEF will consult with the SWFWMD with respect to the location of the ROW and the design of the transmission line in such areas with a view to maximizing the

compatibility of the transmission line with the purposes for which the land was acquired by SWFWMD to the extent practicable and in compliance with the National Electrical Safety Code and good engineering practices.

7. For transmission line easements that will cross over, on, under, or otherwise use SWFWMD lands, PEF will provide independent appraisals of the land to be included in the transmission line ROW and will provide compensation to SWFWMD in an amount agreed upon by SWFWMD and PEF. For lands acquired for conservation purposes, such amount shall be sufficient to compensate SWFWMD for the fair-market value of the land in addition to the loss of intended use of the land within the transmission line ROW. For lands acquired for other purposes, compensation shall be based upon the highest and best use of the property.

Citation: Sections 373.085, 373.089, 373.093, 373.099, 373.414 and 373.416, F.S.; Rules 40D-4.301 and 40D-4.302, F.A.C., District Environmental Resource Permit Manual Part B, Basis of Review Chapter 4; Chapter 40D-9, F.A.C.