



Department of Environmental Protection

Jeb Bush
Governor

Twin Towers Office Building
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Colleen M. Castille
Secretary

July 7, 2006

Mr. David A. Williams, C.F.E.
Tax Roll Administrator
Desoto County Property Appraiser's Office
Post Office Box 311
Arcadia, Florida 34265

Re: Desoto County Generating Company, LLC

Dear Mr. Williams:

I have reviewed the material attached to your letter of May 16, 2006, concerning Desoto County Generating Company's Return of Pollution Control Devices. In my opinion all but one of the items of equipment listed on Exhibit 1 to "Return of Pollution Control Devices" are "primarily for the purpose of pollution control" and are eligible for assessment as pollution control devices pursuant to §193.621, Florida Statutes. In my opinion, Item A-3 - Combustion Turbine Generator Stacks do not control or reduce pollution and are not primarily for the purpose of pollution control.

If there are any questions on this determination, please contact me at (850) 245-8002.

Sincerely,

Hamilton S. Owen
Hamilton S. Owen, P.E.

Oven, Hamilton

From: Linero, Alvaro
Sent: Sunday, May 21, 2006 11:56 AM
To: Oven, Hamilton
Cc: Halpin, Mike
Subject: RE: Desoto County Generating Company
Attachments: Construction Page 25.doc

Buck:

According to the Technical Evaluation, the original developer of the DeSoto project proposed to construct three nominal 170 MW General Electric PG7241FA simple cycle, intermittent duty combustion turbine-electrical-generators with 60-foot stacks and one 1.5-million gallon fuel oil storage tank.

Attached are pictures of stacks under construction for the virtually identical Vandolah project by the same original developer (IPS) again with 60-foot stacks.

They are about the minimum stack stack you could have for the tremendous flow of a 170MW GE7FA.

You can see where the expansion duct meets the stack. There is nothing like catalyst in the duct.

There is no control equipment following the DLN combustors.

The stack do comply with GEP according to our writeup, but that is not a very stringent requirement at simple cycle facilities. There are no tall buildings nearby that would require taller stacks or local building codes in that county that require more, etc.

You can imagine why a coal-fired plant might want to claim their GEP stack of 250-600 feet and heavy duty materials qualifies standing next to multi-story building, scrubber, etc.

I don't proffer an opinion, but at least such a minimal 60-foot stack would be needed whether or not there are pollution control regulations. Maybe the scaffolding to conduct stack tests might be worth talking about.

I could have a different opinion if the duct was loaded up with catalyst and came as a combo with a taller stack.

Thanks.

Al.

From: Oven, Hamilton
Sent: Friday, May 19, 2006 3:37 PM
To: Linero, Alvaro; Waters, Jason
Cc: Halpin, Mike
Subject: Desoto County Generating Company

5/22/2006

Desoto County Generating Co, LLC has asked the Desoto Property Appraiser for tax relief pursuant to 193.621, F.S. and 62-8, F.A.C. Does the facility have a GEP stack? If it doesn't, I can't see allowing a stack as a pollution control device.



DEPARTMENT OF
ENVIRONMENTAL PROTECTION

MAY 17 2006

NEWT KEEN, C.F.A.
PROPERTY APPRAISER

DESOTO COUNTY SITING COORDINATION

P.O. BOX 311

ARCADIA, FLORIDA 34265

PHONE (863) 993-4866
FAX (863) 993-4869

May 16, 2006

Florida Pollution Control Board
Florida Department of Environmental Protection
Attn: Mr. Buck Oven
2600 Blair Stone Road, MS 48
Tallahassee, FL 32399-2400

RE: DeSoto County Generating Company, LLC--Return of Pollution Control
Devices for Ad Valorem Tax Purposes

Dear Mr. Oven:

Please find attached a copy of the DR-492 Return of Pollution Control Devices
for Ad Valorem Tax Purposes for the DeSoto County Generating Company, LLC.

Pursuant to Florida Administrative Code Chapter 62 Section 8.040(2), we are
requesting the Florida Pollution Control Board to determine the applicable use of
the above-referenced facility with respect to subsection 193.621(1), Florida
Statutes.

If you have any questions, please feel free to call me at (863) 993-4866

Sincerely,

David A. Williams, CFE
Tax Roll Administrator for
Newt Keen, CFA
DeSoto County Property Appraiser



Return of Pollution Control Devices For Ad Valorem Tax Purposes

DR-492
R. 08/83

Desoto Co
MAR 28 2006
Ha

Florida Statutes Chapter 193.621

To the Property Appraiser Desoto
County, Florida, Honorable Newt Keen

Return is hereby made for the assessment of the following described property under Florida Statutes as pollution control devices.

Description of Property

Pollution Control Equipment installed to reduce emission of air pollution in the form of nitrogen oxides. Also included are pollution control devices which are facilities installed to reduce or eliminate water pollution from the Desoto County Power Project

Description of Facility

Power Plant

Total Original Cost \$17,715,959 (see attached list)

Name and address of owner:

The undersigned taxpayer hereby agrees to furnish such other reasonable information as the Appraiser may request in regard to the assessment requested herein.

Penny K. Donnell 3/17/06
Taxpayer's Signature

This form must be filed with the County Property Appraiser before April 1st.

ORIGINAL TO BE RETAINED BY PROPERTY APPRAISER

COPY TO BE GIVEN TO TAXPAYER



November 28, 2005

CERTIFIED MAIL

Mr. Newt Keen, C.F.A.
Property Assessor
DeSoto County
201 E. Oak St. #102
Arcadia, Florida 34266

Subject: Request for Additional Information for Pollution Control Equipment at DeSoto County Generating Company, LLC's Power Generation Facility -- Account Number 07045-000

Dear Mr. Keen:

On October 6, 2005, Marcia Shippey, Tax Manager, Deloitte Tax LLP ("Deloitte Tax"), received your letter regarding the 2005 assessment of DeSoto County Generating Company, LLC. Progress Energy Service Company LLC's ("Progress Energy's") affiliate, DeSoto County Generating Company, LLC owns and operates the DeSoto County Energy Park (the "Plant") located in Arcadia, DeSoto County, Florida.

In this letter you stated, "The 2005 assessment did not reflect a deduction for pollution control equipment for several issues. To begin with, the Return of Pollution Control Devices was not received by April 1, 2005 as required by Section 193.062(4) Florida Statutes (2005)."

Progress Energy was aware that the April 1, 2005 submission date would be missed. Although we had anticipated that the Pollution Control Devices might still be considered in the 2005 assessment, we understand the statutory basis for their exclusion. We fully expect them to be included in the 2006 assessment.

Your letter also stated "In addition, the return was incomplete, because it failed to include the following information.

CHAPTER 62-8 AD VALOREM TAX ASSESSMENT RULES - GUIDELINES FOR TAX ASSESSORS

62-8.020 Definitions.

In construing this chapter, the words, phrases or terms shall have the following meaning:

- (1) "used primarily" -- that the use of a facility in the control or abatement of pollution or contaminants which outweighs its use for any other purpose;
- (2) "salvage value" -- the estimated fair market value, if any, which may be realized upon the sale or other disposition of a pollution control facility when it can no longer be used for the purpose for which it was designed;
- (3) "pollution control facilities" -- devices, fixtures or machinery which are used to remove, decrease, stop or mitigate, by physical or chemical action, pollutants or contaminants which are a part or entirety of liquid, solid or gases released to the ambient air and water.

Specific Authority 193.621(8) FS. Law Implemented 403.021(7), 193.621 FS. History--Formerly 28-8.02, 17-8.02, 17-8.020.

Progress Energy Tax Services Dept., CX1G: • P.O. Box 14042 • St. Petersburg • Florida 33733 • (727) 820-5375
Street Address: 100 Central Avenue • St. Petersburg • Florida 33701
Progress Energy Services Company, LLC: A Progress Energy Company

62-8.030 Request for Assistance.

(1) The several tax assessors may, prior to assessing pollution control facilities or devices for ad valorem taxes, request the Florida Pollution Control Board to evaluate applications and advise the assessor as to the validity of the request for an assessment under the provisions of Section 403.241, F.S.

(2) Prior to approving an assessment for ad valorem taxes under the provisions of Section 403.241, F.S., a tax assessor should require the applicant to submit with his applications a detailed list of pollution control devices being utilized by a facility; the cost of these devices; the function of the facility as it relates to pollution control and production. This information should be certified as being correct by a professional engineer registered in the State of Florida.

Specific Authority 193.621(8) FS. Law Implemented 403.021(7), 193.621 FS. History—Formerly 28-8.03, 17-8.03, 17-8.030.

62-8.040 Procedures.

In considering an assessment for ad valorem taxes under Section 193.621, Florida Statutes, the tax assessor may utilize the following guidelines in determining whether the facilities claimed are used primarily for pollution control purposes and subject to assessment under Chapter 193, Florida Statutes:

(1) If the person owning or responsible for operation of the facility secured approval of such equipment prior to its installation, in accordance with the rules and regulations of the Board.

(2) Upon written request by a tax assessor, the Florida Pollution Control Board will determine the applicable use of a facility with respect to subsection 193.621(1), Florida Statutes. For this purpose the applicant must submit to the assessor, for submission to the Department, the following information prepared by a professional engineer registered in the State of Florida:

(a) Plans and specifications and related documents describing the equipment alleged to be used for pollution control. Plans or other information relative to the process which is controlled, adequate in scope to validate the claim for the proposed control equipment.

(b) A list of pollution control equipment which the applicant declares subject to assessment under Chapter 193, Florida Statutes, certified as to its true primary use by the engineer. The assessor may require on the equipment list the salvage value of each item.

(3) Prior to demolition and reconstruction of a plant or installation the owner should have such demolition and reconstruction approved by the Department as necessary for the control of industrial contaminants in order to comply with phrase "in the necessary control of industrial contaminants." Such approval will be given by the Department only after review of information relative to the specific plant submitted by a professional engineer registered in the State of Florida. Such information shall be adequate in scope to determine the necessity for demolition in the control of contaminants, and shall include plans and specifications for the reconstruction. The Florida Pollution Control Board will provide advice and consultation to the several tax assessors upon request concerning the phrases "increase the capacity of efficiency" and "decrease the unit cost of production."

Specific Authority 193.621(8) FS. Law Implemented 403.021(7), 193.621 FS. History—Formerly 28-8.04, 17-8.04, 17-8.040.

Based upon the above cited reference information, we have prepared and enclosed Exhibit I, which includes the following:

- Pollution Control Facility System Description,
- Applicable Regulation or Permit Reference,
- Certification line for certification by a Progress Energy professional engineer registered in the State of Florida,

*Progress Energy Tax Services Dept., CX1G: • P.O. Box 14042 • St. Petersburg • Florida 33733 • (727) 820-5375
Street Address: 100 Central Avenue • St. Petersburg • Florida 33701
Progress Energy Services Company, LLC: A Progress Energy Company*

- Salvage value (at 10 percent) of the Pollution Control Facility, and
- Pollution Control Facility Exemption (difference between estimated cost and salvage value at 10 percent).

In anticipation of its review, we have had this documentation stamped by Jennifer Stenger, a licensed professional engineer in the state of Florida.

We anticipate that upon review of Exhibit I and consultation with the Florida Pollution Control Board, you will have sufficient technical detail for review and approval of the outlined pollution control deduction submitted earlier this year.

If you have any questions regarding this request for tax exemption certification, please contact me at (727) 820-5375 or Ms. Kathryn Tronsberg of Deloitte Tax LLP at (412) 338-7822.

Sincerely,



Penney DeVelle
Manager, Corporate Tax
Progress Energy Service Company, LLC

Attachments

cc: Jeffery Binkley (Deloitte Tax LLP – Atlanta)
 Kathryn Tronsberg (Deloitte Tax LLP – Pittsburgh)
 Patty Tuite (Deloitte Financial Advisory Services LLP – Pittsburgh)

EXHIBIT I: INFORMATION REQUIRED FOR POLLUTION CONTROL DEVICES CLAIM

OWNER: DESOTO COUNTY GENERATING COMPANY, LLC
PLANT NAME: DESOTO COUNTY ENERGY PARK
LOCATION: ARCADIA, DESOTO COUNTY, FLORIDA

Item Number	Pollution Control Facility System Name	Pollution Control Facility System Description	Applicable Regulation or Permit Reference	Estimated Cost	Estimated Salvage Value @ 10%	Pollution Control Exemption
AIR POLLUTION CONTROL FACILITY						
✓ A-1	GE Dry Low-NOx Combustion System	Used primarily to decrease NOx formation and thereby mitigate NOx emissions to the ambient air from the Combustion Turbines.	Code of Federal Regulations ("CFR") Title 40 Part 60, Subpart GG ("40CFR60"), 60.332, Standards of Performance for Stationary Gas Turbines; Florida Administrative Code ("FAC") 62-212.400, Prevention of Significant Deterioration ("PSD"); Florida Department of Environmental Protection ("FDEP") Title V Permit Number 0270016-005-AV, Section III, Control Technology, A.8, "Dry Low NOx combustors shall be used ..." (page 7).	\$ 11,581,038	\$ 1,158,104	\$ 10,422,935
✓ A-2	Water Injection System for NOx Control When Using Liquid Fuel	Used exclusively to decrease NOx formation and thereby mitigate NOx emissions to the ambient air from the Combustion Turbines.	40CFR60, Subpart GG, 60.332; FAC 62-212.400, PSD; FDEP Title V Permit Number 0270016-005-AV, Section III, Control Technology, A.9, "Water Injection shall be used ..." (page 7).	1,581,342	158,134	1,423,207
X A-3	Combustion Turbine Generator Stacks	Used primarily to decrease the level of pollutants in the ambient air and ground level from the Combustion Turbines exhaust gas.	FAC Section 62-210.550 defines the stack height policy.	2,132,785	213,278	1,919,506
✓ A-4	Continuous Emissions Monitoring Systems ("CEMS")	Used exclusively to monitor pollutant emissions from the Combustion Turbine Stacks to ensure operability of Dry Low-NOx and water injection to mitigate the release of NOx to the ambient air.	40 CFR 60, Subpart GG (60.332); FDEP Title V Permit Number 0270016-005-AV, Section III, Test Methods and Procedures, A23, "All CEMS shall be in continuous operation..." (page 11) and Continuous Monitoring Requirements, A.34, "The permittee shall calibrate, maintain, and operate a continuous emission monitor in the stack to measure and record the nitrogen oxides emissions from these units" (page 16).	459,939	45,994	413,945
✓ A-5	Combustion Turbine Generator Inlet Air Silencers	Used exclusively to decrease noise emissions from the Combustion Turbine Generators.	Florida Statutes Section 403.031 defines pollution to include "any substances, contaminants, noise...at levels which are or may be potentially harmful or injurious to human health or welfare...or which unreasonably interfere with the enjoyment of life or property..."	306,544	30,654	275,889
✓ A-6	Combustion Turbine Generator Acoustical Enclosures	Used exclusively to decrease noise emissions from the Combustion Turbine Generators.	Florida Statutes Section 403.031 defines pollution to include "any substances, contaminants, noise...at levels which are or may be potentially harmful or injurious to human health or welfare...or which unreasonably interfere with the enjoyment of life or property..."	338,761	33,876	304,885
✓ A-7	Environmental Paving	Used primarily to stop unconfined particulate matter from becoming airborne in the ambient air.	FAC Section 62-296.320; FDEP Title V Permit Number 0270016-005-AV, Section II, 9, "Reasonable precautions to prevent emissions of unconfined particulate matter at this facility include: Paving and maintaining roads, parking areas and yards" (page 4).	121,929	12,193	109,736
Subtotal - Air Pollution Control Facilities				\$ 16,522,338	\$ 1,652,234	\$ 14,870,104

EXHIBIT I: INFORMATION REQUIRED FOR POLLUTION CONTROL DEVICES CLAIM

OWNER: DESOTO COUNTY GENERATING COMPANY, LLC

PLANT NAME: DESOTO COUNTY ENERGY PARK

LOCATION: ARCADIA, DESOTO COUNTY, FLORIDA

Item Number	Pollution Control Facility System Name	Pollution Control Facility System Description	Applicable Regulation or Permit Reference	Estimated Cost	Estimated Salvage Value @ 10%	Pollution Control System
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W-1	Storm Water Segregation and Collection System	Used primarily to stop unauthorized discharges to the groundwater and surface waters of the state.	FDDEP Environmental Resource Permit, No. 14-0178082-001, Surface Water Management System (SWMS), Section A, Part 5, "The site development involves the construction and operation of a storm water management system to reduce the impact to storm water quality and quantity generated from site development and improvement" (page 3 of 5); Spill Prevention Control and Countermeasure Plan (SPCC) Plan, pages 5 through 7; FAC Chapter 62-25, Regulations of Stormwater Discharge.	\$ 382,739	\$ 38,274	\$ 344,465
W-2	Cathodic Protection	Used primarily to stop leakage of process fluids, effluents, and discharges into the groundwater of the state.	FDDEP Environmental Resource Permit, No. 14-0178082-001, SWMS, Specific Conditions, 10, "The permittee shall not use the permitted surface water management system for the purposes of storing or discharging any process water or wastewater used or generated by the facility" (page 3); Florida Statutes 376.041, "Pollution of waters and lands of the state prohibited. The discharge of pollutants into or upon any coastal waters, estuaries, tidal flats, beaches, and lands adjoining the seacoast of the state in the manner defined by ss. 376.011-376.21 (NPDES) is prohibited"; FAC 62-302, Surface Water Quality Standards.	34,750	3,475	31,275
W-3	Wastewater Collection & Treatment	Used primarily to stop unauthorized discharges to the groundwater and surface waters of the state.	FDDEP Environmental Resource Permit, No. 14-0178082-001, SWMS, Specific Conditions, 10, "The permittee shall not use the permitted surface water management system for the purposes of storing or discharging any process water or wastewater used or generated by the facility" (page 3); Florida Statutes 376.041, "Pollution of waters and lands of the state prohibited. The discharge of pollutants into or upon any coastal waters, estuaries, tidal flats, beaches, and lands adjoining the seacoast of the state in the manner defined by ss. 376.011-376.21 (NPDES) is prohibited"; FAC 62-302, Surface Water Quality Standards.	109,477	10,948	98,529
W-4	Secondary Containment - (Oil and Chemical Spill Control Containment)	Used primarily to stop the accidental discharge of oils and hazardous materials to the groundwaters and surface waters of the state by the use of concrete containment structures, a secondary wall for the fuel oil storage tank, and a secondary pipe wall for fuel oil piping.	CFR Title 40 Parts 112.20, 112.21, and 112.1-7; FDDEP Environmental Resource Permit, No. 14-0178082-001, SWMS, Specific Conditions, 10, "The permittee shall not use the permitted surface water management system for the purposes of storing or discharging any process water or wastewater used or generated by the facility" (page 3); Florida Statutes 376.041, "Pollution of waters and lands of the state prohibited. The discharge of pollutants into or upon any coastal waters, estuaries, tidal flats, beaches, and lands adjoining the seacoast of the state in the manner defined by ss. 376.011-376.21 (NPDES) is prohibited"; FAC 62-302, Surface Water Quality Standards.	666,655	66,666	599,990
Subtotal - Water Pollution Control Facilities						

TOTAL POLLUTION CONTROL FACILITIES \$17,715,959 \$1,771,596 \$15,944,363

This information is certified, to the best of Jennifer Stenger's knowledge, as true and correct.

Jennifer Stenger
FL No. 52125
11/21/05

DR-482
R. 08/03Desoto Co
MAR 28 2006
H**Return of Pollution Control Devices
For Ad Valorem Tax Purposes**

Florida Statutes Chapter 193.621

To the Property Appraiser

DesotoCounty, Florida, Honorable Newt Keen

Return is hereby made for the assessment of the following described property under Florida Statutes as pollution control devices.

Description of Property

Pollution Control Equipment installed to reduce emission of air pollution in the form of nitrogen oxides. Also included are pollution control devices which are facilities installed to reduce or eliminate water pollution from the Desoto County Power Project

Description of FacilityPower PlantTotal Original Cost\$17,758,959 (see attached list)

Name and address of owner:

The undersigned taxpayer hereby agrees to furnish such other reasonable information as the Appraiser may request in regard to the assessment requested herein.

Penny K. Duvall

Taxpayer's Signature

3/17/06This form must be filed with the County Property Appraiser before April 1st.

ORIGINAL TO BE RETAINED BY PROPERTY APPRAISER

COPY TO BE GIVEN TO TAXPAYER

EXHIBIT I: INFORMATION REQUIRED FOR POLLUTION CONTROL DEVICES CLAIM

OWNER: DESOTO COUNTY GENERATING COMPANY, LLC
PLANT NAME: DESOTO COUNTY ENERGY PARK
LOCATION: ARCADIA, DESOTO COUNTY, FLORIDA

Item Number	Pollution Control Facility System Name	Pollution Control Facility System Description	Applicable Regulation or Permit Reference	Estimated Cost	Estimated Salvage Value @ 10%	Pollution Control Duration
AIR POLLUTION CONTROL FACILITY						
A-1	GC Dry Low-NOx Combustion System	Used primarily to decrease NOx formation and thereby mitigate NOx emissions to the ambient air from the Combustion Turbines.	Code of Federal Regulations [CFR] Title 40 Part 60, Subpart GG [40CFR60], 60.332, Standards of Performance for Stationary Gas Turbines; Florida Administrative Code [FAC] 62-212.400, Prevention of Significant Deterioration (PSD); Florida Department of Environmental Protection (FDEP) Title V Permit Number 0270016-005-AV, Section III, Control Technology, A.8, "Dry Low NOx combustors shall be used ..." (page 7)	\$ 11,581,035	\$ 1,158,104	\$ 10,422,935
A-2	Water Injection System for NOx Control When Using Liquid Fuel	Used exclusively to decrease NOx formation and thereby mitigate NOx emissions to the ambient air from the Combustion Turbines.	40CFR60, Subpart GG, 60.332; FAC 62-212.400, PSD; FDEP Title V Permit Number 0270016-005-AV, Section III, Control Technology, A.9, "Water Injection shall be used ..." (page 7).	1,581,342	158,134	1,423,207
A-3	Combustion Turbine Generator Stacks	Used primarily to decrease the level of pollutants in the ambient air and ground level from the Combustion Turbine exhaust gas.	FAC Section 62-210.550 defines the stack height policy.	2,132,785	213,278	1,919,506
A-4	Continuous Emissions Monitoring Systems (CEMS)	Used exclusively to monitor pollutant emissions from the Combustion Turbine Stacks to ensure operability of Dry Low-NOx and water injection to mitigate the release of NOx to the ambient air.	40 CFR 60, Subpart GG [60.332]; FDEP Title V Permit Number 0270016-005-AV, Section III, Test Methods and Procedures, A.23, "All CEMS shall be in continuous operation..." (page 11) and Continuous Monitoring Requirements, A.34, "The permittee shall calibrate, maintain, and operate a continuous emission monitor in the stack to measure and record the nitrogen oxides emissions from these units" (page 16).	459,935	45,994	413,945
A-5	Combustion Turbine Generator Inlet Air Silencers	Used exclusively to decrease noise emissions from the Combustion Turbine Generators.	Florida Statutes Section 403.031 defines pollution to include "any substances, contaminants, noise...at levels which are or may be potentially harmful or injurious to human health or welfare...or which unreasonably interfere with the enjoyment of life or property..."	306,564	30,656	275,889
A-6	Combustion Turbine Generator Acoustical Enclosures	Used exclusively to decrease noise emissions from the Combustion Turbine Generators.	Florida Statutes Section 403.031 defines pollution to include "any substances, contaminants, noise...at levels which are or may be potentially harmful or injurious to human health or welfare...or which unreasonably interfere with the enjoyment of life or property..."	838,761	83,876	754,885
A-7	Environmental Paving	Used primarily to stop unconfined particulate matter from becoming airborne in the ambient air.	FAC Section 62-296.320; FDEP Title V Permit Number 0270016-005-AV, Section C, 5, "Reasonable precautions to prevent emissions of unconfined particulate matter at this facility include: Paving and maintaining roads, parking areas and yards" (page 4).	121,929	12,193	109,736
Subtotal - Air Pollution Control Facilities				\$ 16,522,336	\$ 1,652,334	\$ 14,870,002

EXHIBIT E: INFORMATION REQUIRED FOR POLLUTION CONTROL DEVICES CLAIM

OWNER: DESOTO COUNTY GENERATING COMPANY, LLC
PLANT NAME: DESOTO COUNTY ENERGY PARK
LOCATION: ARCADIA, DESOTO COUNTY, FLORIDA

Item Number	Pollution Control Facility System Name	Pollution Control Facility System Description	Applicable Regulation or Permit Reference	Estimated Cost	Estimated Salvage Value @ 10%	Pollution Control Leasing/tenure
WATER POLLUTION CONTROL FACILITY						
W-1	Storm Water Segregation and Collection System	Used primarily to stop unauthorized discharges to the groundwater and surface waters of the state.	FDLP Environmental Resource Permit, No. 14-0178082-001, Surface Water Management System ("SWMS"), Section A, Part 6, "The site development involves the construction and operation of a storm water management system to reduce the impact to storm water quality and quantity generated from site development and improvement" (page 3 of 5); Spill Prevention Control and Countermeasure Plan ("SPCC") Plan, pages 5 through 7; FAC Chapter 62-25, Regulations of Stormwater Discharge.	\$ 382,739	\$ 38,274	\$ 344,465
W-2	Cathodic Protection	Used primarily to stop leakage of process fluids, effluents, and discharges into the groundwater of the state.	FDLP Environmental Resource Permit, No. 14-0178082-001, SWMS, Specific Conditions, 10, "The permittee shall not use the permitted surface water management system for the purposes of storing or discharging any process water or wastewater used or generated by the facility" (page 3); Florida Statutes 376.041, "Pollution of waters and lands of the state prohibited. The discharge of pollutants into or upon any coastal waters, estuaries, tidal flats, beaches, and lands adjoining the seacoast of the state in the manner defined by ss. 376.011-376.21 (NPDES) is prohibited"; FAC 62-302, Surface Water Quality Standards.	34,750	3,475	31,275
W-3	Wastewater Collection & Treatment	Used primarily to stop unauthorized discharges to the groundwater and surface waters of the state.	FDLP Environmental Resource Permit, No. 14-0178082-001, SWMS, Specific Conditions, 10, "The permittee shall not use the permitted surface water management system for the purposes of storing or discharging any process water or wastewater used or generated by the facility" (page 3); Florida Statutes 376.041, "Pollution of waters and lands of the state prohibited. The discharge of pollutants into or upon any coastal waters, estuaries, tidal flats, beaches, and lands adjoining the seacoast of the state in the manner defined by ss. 376.011-376.21 (NPDES) is prohibited"; FAC 62-302, Surface Water Quality Standards.	109,177	10,918	98,259
W-4	Secondary Containment - (Oil and Chemical Spill Control Containment)	Used primarily to stop the accidental discharge of oils and hazardous materials to the groundwaters and surface waters of the state by the use of concrete containment structures, a secondary wall for the fuel oil storage tank, and a secondary pipe wall for fuel oil piping.	CFR Title 40 Parts 112.20, 112.21, and 112.1-7; FDLP Environmental Resource Permit, No. 14-0178082-001, SWMS, Specific Conditions, 10, "The permittee shall not use the permitted surface water management system for the purposes of storing or discharging any process water or wastewater used or generated by the facility" (page 3); Florida Statutes 376.041, "Pollution of waters and lands of the state prohibited. The discharge of pollutants into or upon any coastal waters, estuaries, tidal flats, beaches, and lands adjoining the seacoast of the state in the manner defined by ss. 376.011-376.21 (NPDES) is prohibited"; FAC 62-302, Surface Water Quality Standards.	666,655	66,666	599,990
Subtotal - Water Pollution Control Facilities				\$ 1,193,321	\$ 119,362	\$ 1,074,259
TOTAL POLLUTION CONTROL FACILITIES				\$17,715,989	\$1,771,596	\$15,944,393

This information is certified, to the best of Jennifer Stenger's knowledge, as true and correct.

Jennifer Stenger
FL No. 52125
11/21/05

Desoto County Property Appraiser

P O Box 311

Arcadia FL 34265

Tangible Personal Property Tax Return
Confidential §§193.074 F.S.As Required by §§193.052 & 193.062 F.S. Return to
County Property Appraiser By April 1 to Avoid Penalties

State of Florida, County of Desoto

Business Name (DBA - Doing Business As) and
Mailing Address

3800 NE Roan Street, Arcadia

Desoto County Generating Co., LLC

07045-000

c/o Progress Energy Tax Dept

PO Box 14042 - CX1G, St. Petersburg, FL 33733

Federal Employer Idn. No

56-2260479

Social Security Number

NAICS/SIC 221100

If name and address is incorrect make necessary corrections

This return subject to audit with all records kept by you.

Incomplete entries are subject to penalties.

6. Date you began business in this county: 05/18/2002 Fiscal year: 12/31

5a. Although my fiscal year ended prior to December 31 of the past calendar year, this return reflects property additions and deletions through December 31. Yes ☒ No ☐

6. Describe Type or Nature of Your Business: Generation/Wholesale Electric Power

7. Trade Level (Check as many as apply) Retail ☐ Wholesale ☒ Manufacturing ☐Professional ☐ Service ☐ Agriculture ☐ Leasing/Rental ☐ Other ☐8. Did you file a Tangible Personal Property Return in this county last year? Yes ☒ No ☐
If so, under what name and where?

9. Former owner of the Business:

9a. If Business sold, to whom?

Date Sold

4. Do You File a Tangible Personal Property Tax Return Under Any Other Name?

Yes ☐ No ☒Please Show name exactly as it Appeared on Your most recent Personal Property Tax Bill or
Other Current Tax Return.

Personal Property Summary

THIS IS A SUMMARY SCHEDULE ONLY. The schedules on the REVERSE SIDE must be completed in detail and TOTALS entered below. ATTACH ITEMIZED LIST or DEPRECIATION SCHEDULE showing Original Cost & Date of Acquisition.

Taxpayer's Estimate of
Fair Market ValueOriginal
Installed
CostAppraiser's
Use Only

10. Office Furniture & Office Machines & Library

22,380

30,787

11. EDP Equipment, Computers, Word Processors

7,633

12,850

12. Store, Bar & Lounges, and Restaurant Furniture & Equipment, Etc.

57,976,778

97,067,130

13. Machinery and Manufacturing Equipment

14. Farm, Grove, and Dairy Equipment

15. Professional, Medical, Dental & Laboratory Equipment

16. Hotel, Motel, & Apartment Complex

16a. Rental Units - Store, Refig., Furniture, Drapes & Appliances

17. Mobile Home Attachments (Carport, Utility Bldg., Cabana, Porch, Etc.)

18. Service Station & Bulk Plant Equipment - Underground Tanks, Lifts, Tools

19. Signs - Billboard, Pole, Wall, Portable, Directional, Etc.

20. Leasehold Improvements must be grouped by type, year of installation and description

21. Pollution Control Equipment

1,771,596

17,715,959

22. Equipment owned by you but rented, leased or held by others

1,121,613

1,121,613

23. Supplies - Not Held for Resale

60,900,000.00

115,948,339.00

TOTAL PERSONAL PROPERTY

Under penalties of perjury, I declare that I have read the foregoing tax return and the accompanying schedules and statements and that the facts stated in them are true. If prepared by someone other than the taxpayer, the preparer signing this return certifies that this declaration is based on all information of which he/she has any knowledge.

DATE 3/22/06 TITLE Manager Corporate Tax

SIGNED Pennyk Dargatz (TAXPAYER)

SIGNED Delante Tax LLP - MARIA SHERRY (PREPARER)

ADDRESS 1788 Tyndale Blvd., Ste. 200, Newport, VA 22102

PHONE NO. (703) 251-1306 PREPARER'S I.D. #

Deputy Penalty

Please sign and date your return, send the original to the county appraiser's office by April 1, unsigned returns cannot be accepted by the appraiser's office.

Notice: If you are entitled to a widow's, widower's or disability exemption on personal property (not already claimed on real estate) consult appraiser.

STF-FL12813F.2

Schedules on Reverse Side must be completed in Full.

DR-405
R. 11/01

Page 2

Tangible Personal Property Tax Schedules (Enter Totals on Page 1)

Retired, Sold, Traded, Etc.

ASSETS PHYSICALLY REMOVED DURING LAST YEAR

Property fully depreciated but continuing in service must be reported on the schedules below.

TAXPAYER'S EST OF
FAIR MKT VALUE

ORIGINAL INSTALLED COST

DESCRIPTION

AGE

ACQ.

YEAR

See Attached Listing

Desoto County Generating Co., LLC
 2006 Tangible Business Personal Property Tax Return Schedule
 Account No.: 07045-000

Asset #	Line	Eco. Life	Description	Ass. Yr.	Original Cost
000168	10	8	Facility Monitoring Improvements, Cameras, Cables	2005	13,374
				2005 Total	13,374
000220	10	8	Security Monitoring Equipment	2002	17,413
				2002 Total	17,413
000224	10 Total				30,787
	11				12,850
				2002	12,850
				2002 Total	12,850
000484	13	10	Battery Test Equipment	2005	7,924
000490	13	10	Filter Screen	2005	14,408
000488	13	20	Fuel Nozzles - 1st CI Unit 2	2005	1,326,093
000487	13	20	Transition Phases - 1st CI Unit 2	2005	1,171,205
000468	13	20	Caps - 1st CI Unit 2	2005	488,480
000469	13	20	Combustion Liners - 1st CI Unit 2	2005	814,265
000483	13	20	Calwalk for generator enclosure and turbine compartment	2005	20,849
				2005 Total	3,647,883
000418	13	10	Light Tower Towerble-Magnum 40501MH	2004	9,825
000437	13	10	CT 1 & 2 Root Ladder & Rails	2004	6,538
000442	13	10	Mobile DLN Tuning Kit	2004	163,765
000449	13	10	Stack Insulation	2004	82,460
000447	13	20	Combustion Liners - 1st CI Unit 1	2004	826,032
000448	13	20	Cas Assembly - 1st CI Unit 1	2004	437,018
000449	13	20	Transition Phases - 1st CI Unit 1	2004	1,047,797
000450	13	20	Fuel Nozzles - 1st CI Unit 1	2004	1,484,923
000459	13	20	Storm Drain Improvements	2004	32,700
				2004 Total	3,857,939
000226	13	10	Fuel Oil Transformer	2003	4,400
000230	13	10	Electrical Equipment	2003	2,880
000233	13	10	Lube Oil Purifier	2003	111,140
				2003 Total	118,530
000180	13	10	General Plant	2002	1,884,187
000181	13	10	Substation Equipment	2002	1,201,781
000188	13	10	General Plant	2002	1,684,187
000189	13	10	Substation Equipment	2002	1,201,781
000182	13	20	Turbine Generator	2002	38,984,801
000187	13	20	Stage 1 Nozzles	2002	743,924
000188	13	20	Stage 2 Nozzles	2002	714,167
000189	13	20	Stage 3 Nozzles	2002	880,070
000180	13	20	Stage 1 Shrouds	2002	334,408
000181	13	20	Stage 2 Shrouds	2002	226,181
000182	13	20	Stage 3 Shrouds	2002	183,613
000183	13	20	Stage 1 Bucket	2002	3,808,491
000184	13	20	Stage 2 Bucket	2002	2,219,841
000185	13	20	Stage 3 Bucket	2002	2,527,988
000187	13	20	Fuel Holders	2002	616,968
000200	13	20	Turbine Generator	2002	38,984,801
000206	13	20	Stage 1 Nozzles	2002	743,924
000208	13	20	Stage 2 Nozzles	2002	714,167
000207	13	20	Stage 3 Nozzles	2002	880,070
000208	13	20	Stage 1 Shrouds	2002	334,408
000210	13	20	Stage 2 Shrouds	2002	226,181
000211	13	20	Stage 3 Shrouds	2002	183,613
000212	13	20	Stage 1 Bucket	2002	3,808,491
000213	13	20	Stage 2 Bucket	2002	2,219,841
000216	13	20	Stage 3 Bucket	2002	2,527,988
000228	13	20	Fuel Holders	2002	616,968
				2002	14,557
				2002 Total	107,158,956
Supplies	13 Total				114,783,088
	24		Spare Parts - Supplies	2000	1,121,613
				2000 Total	1,121,613
	24 Total				1,121,613
			Grand Total		116,948,339
			Pollution Control Adjustment	20	17,713,859
			Pollution Control Equipment		17,713,859
			Taxable Total		98,232,380

Dezoto County Generating Co., LLC
2006 Tangible Business Personal Property Tax Return Schedule
Account No.: 07045-000

Asset #	Line	Eco. Life	Description	Ass. Yr.	Original Cost
000186	10	8	Facility Monitoring Improvements. Cameras, Cables	2005	13,374
				2005 Total	43,374
				2002	17,413
				2002 Total	17,413
00022d	10	8	Security Monitoring Equipment		30,787
				2002	12,850
				2002 Total	12,850
000224	11	8	Wireless Network, Alarms		12,850
				2005	7,924
				2005	14,408
				2005	1,326,063
				2005	1,171,205
				2005	466,430
				2005	614,285
				2005	25,849
				2005	3,647,983
				2005 Total	3,825
000418	13	10	Light Tower Torque-Magnum 40801M-H	2004	5,523
000437	13	40	GT 1 & 2 Rod Ladder & Rails	2004	163,765
000442	13	10	Mobile DLN Tuning Kit	2004	82,400
000448	13	10	Stack Insulation	2004	626,032
000447	13	20	Combustion Liners - 1st CI Unit 1	2004	437,019
000448	13	20	Cip Assembly - 1st CI Unit 1	2004	1,047,797
000449	13	20	Transition Pieces - 1st CI Unit 1	2004	1,464,923
000460	13	20	Fuel Nozzles - 1st CI Unit 1	2004	32,700
000468	13	20	Storm Drain Improvements	2004	3,057,859
				2004 Total	4,400
000226	13	10	Fuel Oil Transformer	2003	2,890
000230	13	10	Electrical Equipment	2003	111,140
000233	13	10	Lube Oil Purifier	2003	119,530
				2003 Total	1,204,187
000180	13	10	General Plant	2002	1,201,761
000181	13	10	Substation Equipment	2002	1,064,187
000108	13	10	General Plant	2002	1,201,761
000189	13	10	Substation Equipment	2002	38,964,801
000182	13	20	Turbine Generator	2002	743,924
000184	13	20	Stage 1 Nozzles	2002	714,167
000185	13	20	Stage 2 Nozzles	2002	534,408
000186	13	20	Stage 3 Nozzles	2002	226,161
000187	13	20	Stage 1 Shrouds	2002	183,613
000188	13	20	Stage 2 Shrouds	2002	3,600,491
000189	13	20	Stage 3 Shrouds	2002	2,219,841
000190	13	20	Stage 1 Bucket	2002	2,527,388
000191	13	20	Stage 2 Bucket	2002	818,968
000192	13	20	Stage 3 Bucket	2002	38,924,501
000193	13	20	Fuel Holders	2002	743,924
000200	13	20	Turbine Generator	2002	714,167
000201	13	20	Stage 1 Nozzles	2002	534,408
000202	13	20	Stage 2 Nozzles	2002	226,161
000203	13	20	Stage 3 Nozzles	2002	183,613
000204	13	20	Stage 1 Shrouds	2002	3,600,491
000205	13	20	Stage 2 Shrouds	2002	2,219,841
000206	13	20	Stage 3 Shrouds	2002	2,527,388
000207	13	20	Stage 1 Bucket	2002	818,968
000208	13	20	Stage 2 Bucket	2002	38,924,501
000209	13	20	Stage 3 Bucket	2002	743,924
000210	13	20	Fuel Holders	2002	714,167
000211	13	20	Turbine Generator	2002	534,408
000212	13	20	Stage 1 Nozzles	2002	226,161
000213	13	20	Stage 2 Nozzles	2002	183,613
000214	13	20	Stage 3 Nozzles	2002	3,600,491
000215	13	20	Stage 1 Shrouds	2002	2,219,841
000216	13	20	Stage 2 Shrouds	2002	2,527,388
000217	13	20	Stage 3 Shrouds	2002	818,968
000218	13	20	Stage 1 Bucket	2002	38,924,501
000219	13	20	Stage 2 Bucket	2002	743,924
000220	13	20	Stage 3 Bucket	2002	714,167
				2002 Total	107,156,956
				2006	114,783,068
				2006 Total	1,12

Desoto County Generating Co., LLC						
2006 Tangible Personal Property Listing						
Disposals As of 01/01/2006						
Asset #	Line	Description	Location	Acq. Yr.	2005 Cost	2006 Cost
000182A	13	Pollution Control Equipment		2002	662,500	-662,500 Added to asset #000200
000204	13	Fuel Nozzles		2002	1,501,203	-1,501,203 Disposals
000203	13	Transition Pieces		2002	1,260,318	-1,260,318 Disposals
000200A	13	Pollution Control Equipment		2002	662,500	-662,500 Disposals
000201	13	Combustion Liners		2002	661,024	-661,024 Disposals
000202	13	Caps		2002	525,594	-525,594 Disposals
Total Disposals					-5,273,139	

Desoto County Generating Co., LLC
 2006 Tangible Personal Property Listing
 Transfers in as of 01/01/2006

Asset #	Line	Description	Location	Acq. Yr.	2005 Cost	2006 Cost	Difference	Comment
000158	13	Storm Drain Improvements		2004	28,576	32,700	8,124	Transfers in Addition
000200	13	Turbine Generator		2002	38,924,001	38,924,501	682,500	Transfers in Addition
000182	13	Turbine Generator		2002	38,262,001	38,954,501	692,500	Transfers in Addition
Total Transfers in						1,361,124		

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Desoto County Generating Co., LLC				
2006 Tangible Personal Property Listing				
Transfers in as of 01/01/2006				
Asset #	Line	Description	Location	Acq. Yr.
000459	13	Steam Drain Improvements		2004
000200	13	Turbine Generator		2002
000182	13	Turbine Generator		2002
			2005 Cost	38,262,001
			2006 Cost	38,924,501
			Difference	6,124
			Comment	Transfers in Addition
				662,500
				682,500
				Transfers in Addition
				1,361,124

Desoto County Generating Co., LLC
2006 Exempt PP Cost

Asset #	Line	Description	Acq. Yr.	Original Cost
000214	Exempt	Land Improvements	2002	74,750
000215	Exempt	Land Improvements	2002	74,750
000223	Exempt	OS/PI Software	2002	68,655
000227	Exempt	E-Map Software	2002	54,822
000465	Exempt	Truck	2005	15,898
000491	Exempt	Site Lighting	2005	16,470
Total Exempt Cost				305,346