

**UNITED STATES OF AMERICA  
NUCLEAR REGULATORY COMMISSION**

**BEFORE THE SECRETARY**

In the Matter of	)	
	)	
PROGRESS ENERGY FLORIDA	)	
	)	Docket Nos. 52-029 COL
	)	52-030 COL
(Levy County Nuclear Station	)	
Units 1 & 2)	)	
	)	

**EXPERT DECLARATION BY E. LEON JACOBS, JR., ESQ.,  
IN SUPPORT OF PETITIONERS' STANDING TO INTERVENE  
IN THIS PROCEEDING**

1. I am a principle in the firm of Williams & Jacobs, LLC, 1720 S. Gadsden St. MS 14, Tallahassee, Florida 32301. My education and experience are described in my curriculum vitae, included as an attachment to this declaration.
  
2. I am an expert in the regulatory policy and procedures applicable to the electric utility industry. I have also served as a state regulator of the electric industry. I have extensive public policy experience in evaluating the technical, legal and economic issues surrounding the planning and economic regulation of electric utilities. I specifically served as counsel of record on behalf of intervenors in the determination of need proceedings for coal and nuclear power plants before the Florida Public Service Commission. I have represented regulators and private parties in an assortment of other administrative proceedings dealing with the regulation of electric utilities. I have consulted with the Federal Energy Regulatory Commission on transmission issues.
  
3. I am generally familiar with the engineering, economic and financial issues related to siting and licensing applications for a nuclear energy generating plant. I have reviewed the applications by Progress Energy Florida for a Levy Units 1 and 2, at the Florida Public Service Commission' determination of need, at the Florida Department of Environmental Protection Siting Application, and at the Nuclear Regulatory Commission's COLA application. Further, I have reviewed the arguments regarding the standing of Petitioners to intervene and request a hearing in this proceeding, as well as the judicial decisions on which Petitioners rely.

4. I have reviewed industry data, as well as financial analysis and reports related to the electric industry.

5. While in 10 CFR §§ 50.33 Appendix C, the NRC requires filing of the total construction costs for nuclear generation plants, this requirement is substantially relaxed for existing power companies. The applicant has elected to take advantage of the relaxed oversight at an inopportune moment. This occurs at a time when the regulatory history of the nuclear industry, as well as the financial history of electric power industry, and, actual present-day experience relating to construction of nuclear plants demand higher scrutiny and oversight of the financial qualifications to build and operate nuclear plants. With respect to the case of Levy Units 1 and 2, to remove a close review of the financial qualifications of the applicant ignores the institutional wisdom of the NRC. In the NRC Staff Memorandum of April 27, 1979, pertaining to Financial Qualifications, it was explained that in times of harsh economic conditions, the NRC has conducted close oversight and review of the qualifications of all prospective licensees in order to protect the public's health and safety. Such an approach is clearly in order in this case, where the plan for development assumes that additional financial support will be introduced through as-yet unnamed partners.

6. The severe economic downturn, underway since 2007, requires a return to the close review of the financial qualifications of all potential licensees. In the General Accounting Office Report on Nuclear Decommissioning, and in the report of Synapse Energy Economics, Inc., detailing lapses in financial security of certain ownership structures for nuclear plants, the NRC has the benefit of expert and reasoned input. Even more persuasive are examples from new nuclear construction projects underway in other regions of the world where delayed schedules and dramatic budget overruns are more and more common. All of this evidence leads to one conclusion; development of nuclear plants must be accompanied by careful oversight of the financial qualifications of applicants.

7. This evidence is sufficient for the NRC to revisit and, if necessary amend the former theory that economic issues have little relevance to health and safety of the public.