

Eric Fryson

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Sent: Thursday, December 20, 2012 11:31 AM
To: Filings@psc.state.fl.us
Cc: Cano, Jessica
Subject: Electronic Filing - Docket #110303-OT
Attachments: Dkt #110303-OT Response to Staff's Survey Questions.pdf

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b. Docket No. 110303-OT

c. The document is being filed on behalf of Florida Power & Light Company.

d. There are a total of 12 pages.

e. The document attached for electronic filing is FPL's response to Staff's Rule 25-6.0423,F.A.C. Survey Questions dated November 21, 2012.

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FPSC-COMMISSION CLERK

12/20/2012



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December 20, 2012

VIA HAND DELIVERY

Kathryn Dyal Lewis
c/o Ann Cole
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 110303-OT

Dear Ms. Dyal:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are FPL's responses to Staff's Rule 25-6.0423, F.A.C. Survey Questions dated November 21, 2012.

Please contact me if there are any questions regarding this filing.

Sincerely,

s/ Jessica A. Cano

Jessica A. Cano

Enclosures

Florida Power & Light Company
Docket No. 110303-OT
Staff's Survey Questions - Rule 25-6.0423
Request No. 1
Page 1 of 1

Q. What are the Company's estimated transactional costs (as identified in Subparagraph 120.541(2)(d) resulting from the Company's compliance with Rule 25-6.0423, F.A.C., Subparagraphs 1, 2, 3, 6, and 7, and for the five-year period beginning July 1, 2011?

A.
Please see attached.

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FPL Response to Data Request Nos. 1-3

FPL estimated the readily identifiable total transactional costs for all the activities involved in complying with Rule 25-6.0423, F.A.C. FPL is not able to break out costs by Subsection of the Rule. Additionally, these costs do not represent employees who may spend a de minimis portion of time assisting FPL in compliance with the Rule.

July 1, 2011 - June 30, 2012	Recovered through the NCRC	Recovered through Base Rates	Total
Payroll ⁽¹⁾	\$ 1,634,000	\$ 436,000	\$ 2,070,000
Consultants & Expert Witnesses	\$ 887,000	\$ -	\$ 887,000
Docket Expenses ⁽²⁾		\$ 142,000	\$ 142,000
	\$ 2,521,000	\$ 578,000	\$ 3,099,000

July 1, 2012 - June 30, 2013 ⁽³⁾	\$ 2,521,000	\$ 578,000	\$ 3,099,000
July 1, 2013 - June 30, 2014 ⁽³⁾	\$ 2,521,000	\$ 578,000	\$ 3,099,000
July 1, 2014 - June 30, 2015 ⁽⁴⁾	\$ -	\$ -	\$ -
July 1, 2015 - June 30, 2016 ⁽⁴⁾	\$ -	\$ -	\$ -

NOTES:

(1) All payroll numbers are estimates based upon the estimated percent of time employees spend working on Nuclear Cost Recovery Clause (NCRC) matters, including employees devoted to NCRC-related accounting and filing preparations, plus a 33% payroll adder for benefits.

(2) Docket expenses are items such as:

- UPS (FPSC data requests, discovery, March 1/ May 1/ Rebuttal filings, service copies)
- Airfare, hotel, meals, car rentals (prehearing conference, hearings)
- Duplicating (filings, hearing exhibits, discovery, bates numbering)

(3) Assumes similar level of Extended Power Uprate and Turkey Point 6&7 activity as from June 30, 2011 - July 1, 2012.

(4) FPL does not have sufficient information at this time to estimate costs during these time frames.

Q.

What are the actual or estimated transactional costs for each of the 5 years beginning July 1, 2011, to comply with Rule 25-6.0423, F.A.C., Subparagraphs 4 and 5? Please specify which of these costs are recovered through base rates and/or which cost recovery clause. Include, for example the following items:

- a. The costs of annual filings required to be submitted as part of the Company's capacity cost recovery clause filings.
- b. Legal services or consultants
- c. Other costs associated with the required annual filings – please identify each.

A.

Please see FPL's response to Question No. 1.

Q.

What are the actual or estimated transactional costs for each of the 5 years beginning July 1, 2011, to comply with Rule 25-6.0423, F.A.C., Subparagraph 8? Please specify which of these costs are recovered through base rates and/or which cost recovery clause. Include, for example the following items:

- a. The costs of the Company's detailed statement of project costs required to be submitted as part of the Company's detailed statement of project cost filings as described in Rule 25-6.0423, subparagraphs 8(b)-8(e)
- b. The costs of including the additional information specified in Rule 25-6.0423, Subparagraph 8(f) in the Company's annual report filed pursuant to 25-6.134, F.A.C.

A.

Please see FPL's response to Question No. 1.

Q.

Of the costs provided in answer to questions 1 through 3 above, which, if any, would be incurred by the Company if Rule 25-6.0423, F.A.C., were not in effect?

A.

It is not known which, if any, of the costs provided in FPL's answers to questions 1 through 3 would be incurred. Section 366.93, Florida Statutes, requires the Commission to "establish, by rule, alternative cost recovery mechanisms for the recovery of costs incurred" in the development of nuclear power projects such as FPL's. Accordingly, if Rule 25-6.0423 were not in effect, FPL reasonably assumes another rule governing the same subject matter would be in effect. FPL expects that it would incur similar costs to comply with any such rule.

Q.

What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits on small businesses (as defined in Section 288.703, F.S.) located in the Company's service territory, resulting from the implementation of Rule 25-6.0423, F.A.C., for the five year period beginning July 1, 2011?

A.

Section 366.93, as implemented by Rule 25-6.0423, provides incentives for the development of new nuclear generation. New nuclear generation results in substantial benefits for customers, including small businesses and other entities. FPL's projects have also resulted in the creation of jobs and have positive economic impacts on the communities in which they are located. Please see FPL's responses to Questions 8-10 for a discussion of these benefits. Without the Nuclear Cost Recovery statute (Section 366.93) and Rule (25-6.0423), FPL would not have undertaken these projects.

Each year, the Florida Public Service Commission assesses whether it is appropriate to move forward with FPL's projects, weighing the benefits and costs. Accordingly, FPL believes that the benefits associated with implementation of Rule 25-6.0423 and FPL's nuclear generation projects outweigh the costs.

Q.

What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits on small counties and small cities (as defined in Section 120.52, F.S.) located in the Company's service territory, resulting from the implementation of Rule 25-6.0423, F.A.C., for the five year period beginning July 1, 2011?

A.

Please see FPL's response to Question No. 5.

Q.

What is the Company's estimate of the likely impact, stated in terms of costs and/or benefits on entities located in the Company's service territory other than those specifically identified in questions 3 and 4, resulting from the implementation of Rule 25-6.0423, F.A.C., for the five year period beginning July 1, 2011?

A.

FPL interprets this question as intending to refer to Questions 5 and 6. Please see FPL's response to Question No. 5.

Q.

What does the Company believe is the expected impact of Rule 25-6.0423, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five-year period beginning July 1, 2011?

A.

FPL believes that Section 366.93, Fla. Stat., as implemented by Rule 25-6.0423, has a positive impact on economic growth, private sector job creation and employment, and private sector investment.

Nuclear power plants provide substantial economic benefits during their decades of operation. The jobs, taxes, and direct and secondary spending strengthen the economies of communities with nuclear plants. For example, FPL's Uprate projects at both Turkey Point and St. Lucie have resulted or will result in the creation of a total of approximately 8,000 construction-related jobs, with varying numbers of workers needed during different phases of the projects. The majority of the contractors at both plants are temporary craft workers including welders, carpenters, electricians, painters, and pipe-fitters, and the rest are engineers working on the modification plans. FPL would not have undertaken the EPU project (or the Turkey Point 6 & 7 project) without the Nuclear Cost Recovery statute and Rule.

Below is an excerpt from a letter published in the *TCPalm* newspaper by Tod Mowery, vice chairman of the St. Lucie County Commission, on Nov. 4, 2012.

"I've been to the plant in the past, but this visit was different due to the scope of work being performed and the significant impact it's having on the Treasure Coast. What I learned is that right now, about 4,000 men and women are helping upgrade the plant's pipes, valves and other pieces of equipment. This massive team of workers spends approximately \$8 million per month on things like gas, rent, utilities and entertainment. This spending has helped boost profits for local businesses at a time when extra income is desperately needed."

Q.

What does the Company believe is the expected impact of Rule 25-6.0423, F.A.C., on business competitiveness, productivity, and innovation, including the ability of persons doing business in the Company's service territory to compete with persons doing business in states other than Florida or other domestic markets for the five-year period beginning July 1, 2011?

A.

Please see FPL's response to Question No. 8. Additionally, Section 366.93, Fla. Stat., as implemented by Rule 25-6.0423, will have a positive impact on business competitiveness, productivity, and innovation, because the statute and rule have enabled FPL's investment in the Turkey Point 6 & 7 project and the Extended Power Uprate project. Both of FPL's projects are projected to provide a lower-cost supply of electricity to FPL's customers over the long term as compared to the most cost-effective non-nuclear generation alternative on FPL's system (natural gas-fired combined cycle units), in a majority of projected fuel and environmental compliance cost scenarios, on a cumulative present value of revenue requirements basis.

Q.

What does the Company believe are the benefits associated with Rule 25-6.0423, F.A.C.?

A.

FPL believes there are numerous benefits associated with Section 366.93, Fla. Stat., as implemented by Rule 25-6.0423, F.A.C.

In 2006, the State of Florida passed the law to promote fuel diversity and electric supply reliability by encouraging utility investment in nuclear power plants. The FPSC adopted the rule to implement this legislative directive.

Without Section 366.93, Fla. Stat., and Rule 25-6.0423 (or a substantially similar rule), FPL would have not undertaken the Turkey Point 6 & 7 project or the Extended Power Uprate (EPU) project.

This law has functioned as the state intended because it has encouraged investment in additional nuclear generation to meet Florida's energy needs. For example, the EPU project will bring approximately 400 megawatts of new nuclear capacity online by the end of 2012.

Expected to be fully completed in early 2013, the EPU project will add a total of over 500 new megawatts of nuclear power for Florida that would not have been possible to build without the law and rule.

The additional clean energy that the uprated plants will generate over their lives will save FPL's customers an estimated \$3.8 billion in fossil fuel costs and reduce greenhouse gas emissions by an estimated 32 million tons – the U.S. EPA-equivalent of removing about 5 million cars from the road annually. The investment also has created thousands of construction jobs at a time when our state, these workers and their families need them the most.