

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause.

DOCKET NO. 130009-EI

DATED: July 5, 2013

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-13-0063-PCO-EI, filed January 29, 2013, the staff of the Florida Public Service Commission (Commission) files its Prehearing Statement.

1. All Known Witnesses

Witness

Subject

Lynn Fisher and David Rich

Commission Staff's Project Management Audits of Florida Power & Light Company (FPL).

Bety Maitre

Commission Staff's Audit Report of Florida Power & Light Company in reference to its nuclear uprate projects.

Iliana Piedra

Commission Staff's Audit Report of FPL in reference to costs associated with Turkey Point Units 6 & 7.

William Coston and  
Jerry Hallenstein

Commission Staff's Project Management Audits of Duke Energy Florida, Inc. (DEF).

Jeffery A. Small

Pre-construction and construction costs for Levy County Nuclear Units 1 & 2 and uprate costs for the Crystal River Unit 3 (CR3) nuclear power plant.

2. All Known Exhibits

Staff intends to offer the following exhibit associated with the joint testimony of Lynn Fisher and David Rich:

Exhibit

Title

FR-1

Review of Florida Power & Light Company's Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects.

Staff intends to offer the following exhibit associated with the testimony of Bety Maitre:

<u>Exhibit</u>	<u>Title</u>
BM-1	FPSC Auditor's Report – Florida Power & Light Company Nuclear Extended Power Uprate, Twelve Months Ended December 31, 2012.

Staff intends to offer the following exhibit associated with the testimony of Iliana Piedra:

<u>Exhibit</u>	<u>Title</u>
IP-1	FPSC Auditor's Report – Florida Power & Light Company Nuclear Cost Recovery Clause Turkey Point Units 6 & 7, Twelve Months Ended December 31, 2012.

Staff intends to offer the following exhibit associated with the joint testimony of William Coston and Jerry Hallenstein:

<u>Exhibit</u>	<u>Title</u>
CH-1	Review of Duke Energy Florida's Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects.

Staff intends to offer the following exhibits associated with the testimony of Jeffery A. Small:

<u>Exhibit</u>	<u>Title</u>
JAS-1	FPSC Auditor's Report – Progress Energy Florida, Inc. Nuclear Cost Recovery Clause Levy Nuclear Plant Units 1 & 2, Twelve Months Ended December 31, 2012.
JAS-2	FPSC Auditor's Report – Progress Energy Florida, Inc. Nuclear Cost Recovery Clause Crystal River Unit 3 Uprate.

3. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

4. Staff's Position on the Issues

**Legal Issues**

**ISSUE 1:** Does recently enacted Senate Bill 1472, effective July 1, 2013, change the AFUDC rate that should be used for nuclear cost recovery clause computations in this year's pending case?

**POSITION:** No position at this time.

**ISSUE 2:** Does recently enacted Senate Bill 1472, effective July 1, 2013, preclude a utility from continuing preconstruction work not related to obtaining a combined operating license from the Nuclear Regulatory Commission or certification, that was under contract or commenced prior to July 1, 2013?

**POSITION:** No position at this time.

**ISSUE 3:** Does recently enacted Senate Bill 1472, effective July 1, 2013, preclude a utility from recovering costs associated with preconstruction work not related to obtaining a combined operating license from the Nuclear Regulatory Commission or certification, that was under contract or commenced prior to July 1, 2013?

**POSITION:** No position at this time.

**FPL - TP67 Project Issues**

**ISSUE 4:** Do FPL's activities since January 2012 related to the proposed Turkey Point Units 6 & 7 qualify as "siting, design, licensing and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.?

**POSITION:** No position at this time.

**ISSUE 5:** Should the Commission approve what FPL has submitted as its 2013 annual detailed analysis of the long-term feasibility of completing the Turkey Point Units 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C.? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

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**ISSUE 5A:** What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project?

**POSITION:** No position at this time.

**ISSUE 5B:** What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?

**POSITION:** No position at this time.

**ISSUE 6:** What are the jurisdictional amounts for Turkey Point 6 & 7 project activities that are related to obtaining a combined license from the Nuclear Regulatory Commission or certification during 2013 and 2014?

**POSITION:** No position at this time.

**ISSUE 7:** Should the Commission find that, for the year 2012, FPL's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 8:** What jurisdictional amounts should the Commission approve as FPL's final 2012 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

**POSITION:** No position at this time.

**ISSUE 9:** What jurisdictional amounts should the Commission approve as reasonably estimated 2013 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

**POSITION:** No position at this time.

**ISSUE 10:** What jurisdictional amounts should the Commission approve as reasonably projected 2014 costs for FPL's Turkey Point Units 6 & 7 project?

**POSITION:** No position at this time.

**FPL - EPU Project Issues**

**ISSUE 11:** During the September 2012 hearing in Docket No. 120009-EI, did FPL provide the Commission with all the relevant cost information regarding the actual and estimated Turkey Point EPU expenditures for calendar year 2012 and projected total costs at completion in 2013? If not, what action, if any should the Commission take?

**POSITION:** No position at this time.

**ISSUE 12:** Are the costs of the Turkey Point EPU, as affected by actual 2012 and estimated 2013 costs, economic and cost-effective for FPL's ratepayers? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 13:** Should the Commission find that, for the year 2012, FPL's project management, contracting, accounting and cost oversight controls were reasonable and prudent for FPL's Extended Power Uprate project? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 14:** What jurisdictional amounts should the Commission approve as FPL's final 2012 prudently incurred costs and final true-up amounts for the Extended Power Uprate project?

**POSITION:** No position at this time.

**ISSUE 15:** What jurisdictional amounts should the Commission approve as reasonably estimated 2013 costs and estimated true-up amounts for FPL's Extended Power Uprate project?

**POSITION:** No position at this time.

**ISSUE 16:** What jurisdictional amounts should the Commission approve as reasonably projected 2014 costs for FPL's Extended Power Uprate project?

**POSITION:** No position at this time.

**FPL Fallout Issue**

**ISSUE 17:** What is the total jurisdictional amount to be included in establishing FPL's 2014 Capacity Cost Recovery Clause factor?

**POSITION:** No position at this time.

**DEF - Levy Project Issues**

**ISSUE 18:** Do DEF's activities since January 2012 related to the proposed Levy Units 1 & 2 qualify as "siting, design, licensing and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.?

**POSITION:** No position at this time.

**ISSUE 19:** Should the Commission approve what DEF has submitted as its 2013 annual detailed analysis of the long-term feasibility of completing the Levy Units 1 & 2 project, as provided for in Rule 25-6.0423, F.A.C.? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 19A:** What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Levy Units 1 & 2 nuclear project?

**POSITION:** No position at this time.

**ISSUE 19B:** What is the current estimated planned commercial operation date of the planned Levy Units 1 & 2 nuclear facility?

**POSITION:** No position at this time.

**ISSUE 20:** What are the jurisdictional amounts for Levy Units 1 & 2 project activities that are related to obtaining a combined license from the Nuclear Regulatory Commission or certification during 2013 and 2014?

**POSITION:** No position at this time.

**ISSUE 21:** Should the Commission find that, for the year 2012, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 22:** What jurisdictional amounts should the Commission approve as DEF's final 2012 prudently incurred costs and final true-up amounts for the Levy Units 1 & 2 project?

**POSITION:** No position at this time.

**ISSUE 23:** What jurisdictional amounts should the Commission approve as reasonably estimated 2013 costs and estimated true-up amounts for DEF's Levy Units 1 & 2 project?

**POSITION:** No position at this time.

**ISSUE 24:** What jurisdictional amounts should the Commission approve as reasonably projected 2014 costs for DEF's Levy Units 1 & 2 project?

**POSITION:** No position at this time.

**ISSUE 25:** What is the appropriate regulatory treatment of any amount equal to the difference between the collections pursuant to Order No. PSC-12-0104-FOF-EI and the sum of recoverable amounts identified in the prior issues?

**POSITION:** No position at this time.

**DEF - CR3 Uprate Project Issues**

**ISSUE 26:** What action, if any, should the Commission take as a result of the DEF decision to retire the CR3 unit with respect to the Balance of Plant Uprate of CR3 associated with the December 7, 2009 base rate tariff filing by DEF?

**POSITION:** No position at this time.

**ISSUE 27:** Should the Commission find that, for the year 2012, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 27A:** Has DEF undertaken reasonable and prudent measures to mitigate the CR3 uprate asset (e.g., through salvage, sale, cost reduction, etc.) following its decision to retire CR3? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 28:** What jurisdictional amounts should the Commission approve as DEF's final 2012 prudently incurred costs and final true-up amounts for the Crystal River Unit 3 Uprate project?

**POSITION:** No position at this time.

**ISSUE 29:** What jurisdictional amounts should the Commission approve as reasonably estimated 2013 costs and estimated true-up amounts for DEF's Crystal River Unit 3 Uprate project?

**POSITION:** No position at this time.

**ISSUE 30:** What jurisdictional amounts should the Commission approve as reasonably projected 2014 costs for DEF's Crystal River Unit 3 Uprate project?

**POSITION:** No position at this time.

**DEF Fallout Issue**

**ISSUE 31:** What is the total jurisdictional amount to be included in establishing DEF's 2014 Capacity Cost Recovery Clause factor?

**POSITION:** No position at this time.

5. Stipulated Issues

There are no stipulated issues at this time.

6. Pending Motions

Staff has no pending motions at this time.

7. Pending Confidentiality Claims or Requests

Staff has no pending confidentiality claims or requests.

8. Objections to Witness Qualifications as an Expert

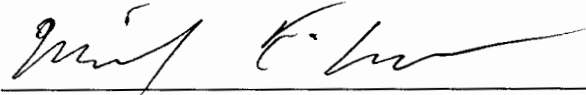
Staff has no objections to any witness's qualifications as an expert.

9. Compliance with Order No. PSC-13-0063-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.



Respectfully submitted this 5th day of July, 2013.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of STAFF'S PREHEARING STATEMENT has been filed with Office of Commission Clerk and one copy has been furnished to the following by electronic mail, on this 5th day of July, 2013:

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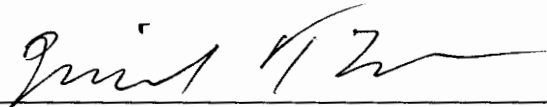
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