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DOCUMENT DESCRIPTION:

Duke Energy (Hernandez) - (CONFIDENTIAL) Certain information contained within responses to interrogatory Nos. 19 and 20 of staff's 3rd set of interrogatories (Nos. 17-20).

***This document number has been assigned to a confidential document.**
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E-MAIL: CLERK@PSC.STATE.FL.US PHONE NO. (850) 413-6770 FAX NO. (850) 717-0114

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC to Approve Transaction with Accelerated Decommissioning Partners, LLC for Accelerated Decommissioning Services at the CR3 Facility, Transfer of Title to Spent Fuel, and Assumption of Operations of the CR3 Facility Pursuant to the NRC License, and Request for Waiver From Future Application of Rule 25-6.04365, F.A.C. for Nuclear Decommissioning Study

DOCKET NO.: 20190140-EI

Dated: November 14, 2019

DUKE ENERGY FLORIDA, LLC'S RESPONSE TO
STAFF'S THIRD SET OF INTERROGATORIES (NOS. 17-20)

Duke Energy Florida, LLC, ("DEF"), by and through undersigned counsel, hereby responds to *Staff's Third Set of Interrogatories to Duke Energy Florida, LLC (Nos. 17-20)* served on October 18, 2019, by the Staff of the Florida Public Service Commission ("FPSC"), as follows:

INTERROGATORIES

17. Please refer to the direct testimony of witness State, page 3, line 23, and page 4, lines 1-4. Provide a cost estimate for Duke Energy Florida, LLC (DEF) to employ a decommissioning operations contractor for the accelerated decommissioning of Crystal River 3.

RESPONSE:

DEF offered the Decommissioning General (operations) Contractor ("DGC") model as a potential transaction structure in the RFP, but did not receive any proposals for this model. Therefore, DEF does not have a competitively bid cost estimate for the accelerated decommissioning of Crystal River 3 under the DGC model.

For illustrative comparison, DEF's last decommissioning cost study, filed September 10, 2018 (Document No. 05915-2018), was based on the DGC model and it assumed the SAFSTOR

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decommissioning method ("SAFSTOR Study"). The cost estimate for the SAFSTOR Study was $895,893 million, which included spent fuel management costs. The cost estimate under the SAFSTOR Study can be used as a reasonable correlation in estimating costs for accelerated decommissioning under the DGC model by subtracting period 2 (dormancy) and spent fuel management costs from the SAFSTOR Study cost estimate, which results in an estimated cost of $797,312 million. In considering estimated costs, it is important to note that under a DGC model, all risk associated with decommissioning execution and spent fuel management would have been retained by DEF.

18. Please refer to the direct testimony of witness Palasek, page 4, lines 18-19. Please explain why DEF did not opt to issue a broad request for information (RFI)

    a. Please explain how DEF selected the 14 vendors for the RFI process.

RESPONSE:

DEF wanted to ensure that it only considered bids from companies with proven track records in the decommissioning field, rather than receive bids from inexperienced companies. The vendors DEF selected for the RFI process were representative of the population of vendors who were, and are, active and experienced in the U.S. decommissioning industry.

a. DEF reviewed industry activity, benchmarked plants that are being decommissioned, and received input from external industry subject matter experts to identify and select the fourteen vendors for the RFI process.

19. Please refer to the direct testimony of witness Palasek, page 6, lines 1-2. Please explain why two of the eight vendors that responded to the RFI were excluded from the request for proposals (RFP) process.

RESPONSE:

Certain information in the following response is confidential and is being redacted for confidentiality subject to DEF's Third Request for Confidential Classification submitted in connection with this Response to Staff's Third Set of Interrogatories.

One vendor (APTIM) only considered cost plus/target pricing in its RFI response. The other vendor (FLUOR) only considered cost plus/target pricing as a project management contractor in its RFI response. The cost plus/target pricing model is not a fixed scope/fixed price model. It does not transfer risk to the vendor and provides for a change order process. DEF did not select these two vendors to participate in the RFP process because the pricing models identified in the RFI responses did not provide cost certainty and were not considered cost effective or competitive, specifically with respect to risk transfer and accountability for project execution.

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20. Please refer to the direct testimony of witness Palasek, page 7, lines 21-22. Please complete the table below listing the four vendors that responded to DEF's RFP, the total estimated project cost provided by each bidder, and the reason for dismissal, if applicable.

RESPONSE:

Certain information in the following response is confidential and is being redacted for confidentiality subject to DEF's Third Request for Confidential Classification submitted in connection with this Response to Staff's Third Set of Interrogatories.

Vendor	Bid	Reason for Dismissal
ADP	$ 540,000	N/A
ES/AECOM	$ 610,708	• Cost was greater than ADP. • Cost was not escalated; further increasing cost difference relative to ADP. • Unlike ADP, a change order process was not excluded, exposing DEF to potential cost increases. • DEF was responsible for funding spent fuel management cost and recovery from the U.S. Department of Energy.
Westinghouse Consortium	$ 605,000	• Did not meet minimum technical evaluation score. • Bid was a "budgetary estimate," rather than a fixed price cost estimate as required by the RFP. • Response to RFP included terms that substantially differed from terms provided by DEF in RFP, including a significant limitation in scope of work, with high residual risk to DEF.
Holtec Consortium	Full Nuclear Decommissioning Trust ("NDT") Value	• Did not meet minimum technical evaluation score. • Did not provide a fixed cost estimate as required per the RFP standards. • DEF was unable to evaluate and compare cost estimate due to the format of information provided. • Response to RFP provided that (i) at closing, Holtec would have control of the entire NDT and (ii) at completion of the project, Holtec would retain any remaining balance in the NDT, causing DEF to lose ownership and control of the NDT. • Proposed a 5-year delay in starting the decommissioning project. • Response to RFP included terms that substantially differed from terms provided by DEF in RFP.