

**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

ORIGINAL

**DOCKET NO. 070098-EI
FLORIDA POWER & LIGHT COMPANY**

**IN RE: FLORIDA POWER & LIGHT COMPANY'S
PETITION TO DETERMINE NEED FOR
FPL GLADES POWER PARK UNITS 1 AND 2
ELECTRICAL POWER PLANT**

DOCUMENT NUMBER-DATE

02763 MAR 30 '8

FPSC-COMMISSION CLERK

REBUTTAL TESTIMONY & EXHIBIT OF:

WILLIAM L. YEAGER

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **REBUTTAL TESTIMONY OF WILLIAM L. YEAGER**

4 **DOCKET NO. 070098-EI**

5 **MARCH 30, 2007**

6
7 **Q. Please state your name and business address.**

8 A. My name is William L. Yeager. My business address is Florida Power &
9 Light Company, Engineering and Construction Division, 700 Universe
10 Boulevard, Juno Beach, Florida 33408.

11 **Q. Did you previously submit direct testimony in this proceeding?**

12 A. Yes.

13 **Q. What is the purpose of your rebuttal testimony?**

14 A. The purpose of my rebuttal testimony is to respond to the testimony of Mr.
15 David A. Schlissel in which he asserts that FPL did not analyze the risk of
16 increases in “the actual capital cost of completing FGPP and placing the
17 generating units in commercial operation.”

18 **Q. Do you agree with Mr. Schlissel’s contention that FPL did not analyze the**
19 **risk of increases in “the actual capital cost of completing FGPP and**
20 **placing the generating units in commercial operation”?**

21 A. No. To the contrary, my direct testimony is quite clear that FPL not only
22 recognized the risk of cost increases, but took significant steps to mitigate
23 those risks. For example, as I testified in my direct testimony (Page 17, Line

1 10), "FPL secured firm pricing for three major pieces of equipment and the
2 EPC." By doing this, FPL has significantly reduced the risk of the types of
3 cost increases being experienced by similar projects throughout the country.

4 **Q. Does Mr. Schlissel's testimony address the impact that securing firm
5 pricing for three major pieces of equipment and the EPC has on cost
6 certainty?**

7 A. No, Mr. Schlissel misunderstood my testimony. Mr. Schlissel cites one
8 sentence from my testimony (page 17, lines 17-23) in his attempt to
9 demonstrate that, because the projected costs of building new coal plants have
10 increased dramatically over the past few years, the risks of increasing capital
11 costs had not been addressed. The partial quote relied upon by Mr. Schlissel is
12 as follows:

13 "The immense scope of this project, in the first instance, necessarily
14 limits the number of potential EPC contractors. Thus the EPC pricing
15 was based on an initial inquiry to three major contractors with coal
16 engineering, procurement and construction experience. In fact, the
17 results of this inquiry produced only one contractor with resources
18 available in sufficient quantity to handle a project of this magnitude in
19 the time frame required."

20 Immediately following that sentence, I make the statement that "FPL
21 promptly undertook to negotiate a market-competitive agreement for the EPC
22 services" and then proceed to explain FPL's approach to securing firm pricing
23 while obtaining a market-competitive outcome. As I describe in my direct

1 testimony, FPL clearly understood and considered the risk of increases in the
2 actual capital cost of completing FGPP and placing the generating units into
3 commercial operation. As a result, FPL took active steps to mitigate that risk
4 and, in contrast to many other utilities around the country, having anticipated
5 the need to secure firm pricing as a means to mitigate the risk of unexpected
6 cost increases, took the appropriate steps to do so.

7 **Q. Does this conclude your rebuttal testimony?**

8 **A. Yes.**