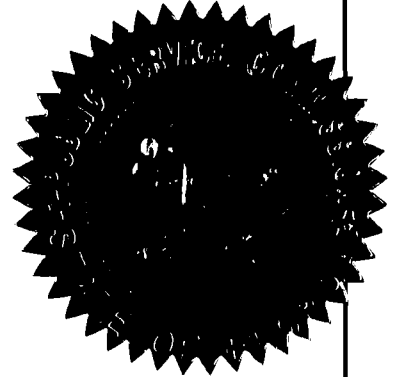


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 070650-EI

In the Matter of:

PETITION TO DETERMINE NEED FOR TURKEY
POINT NUCLEAR UNITS 6 AND 7 ELECTRICAL
POWER PLANT, BY FLORIDA POWER & LIGHT
COMPANY.



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VOLUME 1
Pages 1 through 76

PROCEEDINGS: HEARING

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Wednesday, January 30, 2008

TIME: Commenced at 9:41 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
Official Commission Reporter
(850) 413-6734

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FLORIDA PUBLIC SERVICE COMMISSION

FPSC-COMMISSION CLERK

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3 BRYAN S. ANDERSON, ANTONIO FERNANDEZ and JESSICA A. CANO,
4 ESQUIRES, Florida Power & Light Company, 700 Universe
5 Boulevard, Juno Beach, Florida 33408-0420; STEPHEN L. HUNTOON,
6 Florida Power & Light Company, Suite 200, 801 Pennsylvania
7 Avenue N.W., Washington, DC 20004; and KENNETH A. HOFFMAN,
8 ESQUIRE, Rutledge, Ecenia, Purnell & Hoffman, P.A., 215 South
9 Monroe Street, Suite 420, Tallahassee, Florida 32302-0551,
10 appearing on behalf of Florida Power & Light Company.

11 ROY C. YOUNG, ESQUIRE, Young van Assenderp, P.A.,
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13 and ZOILA PUIG EASTERLING, ESQUIRE, Orlando Utilities
14 Commission, 500 South Orange Avenue, Orlando, Florida 32802,
15 appearing on behalf of the Orlando Utilities Commission.

16 JODY L. FINKLEA and DANIEL B. O'HAGAN, ESQUIRES,
17 Florida Municipal Power Agency, Post Office Box 3209,
18 Tallahassee, Florida 32315-3209, appearing on behalf of Florida
19 Municipal Power Agency and Florida Municipal Electric
20 Association.

21 SUZANNE S. BROWNLESS, ESQUIRE, 1975 Buford Boulevard
22 Tallahassee, Florida 32308-4466, and BRUCE PAGE, ESQUIRE, 117
23 West Duval Street, Suite 480, Jacksonville, Florida 32202,
24 appearing on behalf of JEA.

25

1 APPEARANCES (Continued):

2 VICKI GORDON KAUFMAN, ESQUIRE, Anchors, Smith,
3 Grimsley, 118 North Gadsden Street, Tallahassee, Florida 32301,
4 appearing on behalf of Seminole Electric Cooperative, Inc.

5 J. R. KELLY, PUBLIC COUNSEL, and CHARLES J. BECK,
6 ESQUIRE, Office of Public Counsel, c/o The Florida Legislature,
7 111 West Madison Street, Room 812, Tallahassee, Florida
8 32399-1400, appearing on behalf of the Citizens of the State of
9 Florida.

10 BOB and JAN M. KRASOWSKI, 1086 Michigan Avenue,
11 Naples, Florida 34103-3857, appearing pro se (Krasowski).

12 KATHERINE FLEMING, JENNIFER BRUBAKER and CAROLINE
13 KLANCKE, ESQUIRES, FPSC General Counsel's Office, 2540 Shumard
14 Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on
15 behalf of the Commission Staff.

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P R O C E E D I N G S

1
2 CHAIRMAN CARTER: Good morning. I'd like to call
3 this hearing to order. And before we get started, Commissioner
4 Argenziano, are you with us?

5 COMMISSIONER ARGENZIANO: Yes. Yes, I am, Mr.
6 Chairman.

7 CHAIRMAN CARTER: Commissioner, what I want to do for
8 you, I know -- and we hope that you get well soon. I know that
9 you're still not well and I know that we have you on the line,
10 that you can hear and make your comments and you're also
11 watching us online.

12 COMMISSIONER ARGENZIANO: Yes.

13 CHAIRMAN CARTER: But what we'll do, Commissioner
14 Argenziano, I won't call on you. But if you have a question or
15 an issue or something that you'd like to do, to mention, just
16 chime in. That way we can protect your voice. Is that okay
17 with you?

18 COMMISSIONER ARGENZIANO: Thank you very much, Mr.
19 Chairman. I appreciate that.

20 CHAIRMAN CARTER: All righty. Okay. Thank you.
21 Staff, would you please read the notice.

22 MS. FLEMING: Pursuant to notice issued by the
23 Commission Clerk, this time and place has been set for a
24 hearing in Docket Number 070650-EI.

25 CHAIRMAN CARTER: Okay. Now let's take appearances.

1 MR. LITCHFIELD: Thank you, Chairman Carter. Wade
2 Litchfield, John Butler, Mitchell Ross, Bryan Anderson, Antonio
3 Fernandez, Jessica Cano and Steve Huntoon on behalf of Florida
4 Power & Light Company, with the address as set forth in the
5 Prehearing Order, and also Mr. Ken Hoffman of the Rutledge,
6 Ecenia firm here in Tallahassee with his address as set forth
7 in the Prehearing Order.

8 CHAIRMAN CARTER: Okay.

9 MR. YOUNG: Yes. My name is Roy Young appearing on
10 behalf of Orlando Utilities Commission, along with
11 Ms. Easterling, who is here somewhere. Thanks.

12 CHAIRMAN CARTER: Okay.

13 MS. BROWNLESS: Suzanne Brownless appearing on behalf
14 of JEA. And with me also entering a notice of appearance is
15 Bruce Page from JEA.

16 CHAIRMAN CARTER: Okay.

17 MR. FINKLEA: Good morning, Commissioners. Jody
18 Finklea appearing on behalf of Florida Municipal Power Agency
19 and Florida Municipal Electric Association. And with me as
20 co-counsel is Dan O'Hagan.

21 CHAIRMAN CARTER: Okay.

22 MS. KAUFMAN: Good morning, Commissioners. Vicky
23 Gordon Kaufman. I'm with the Anchors, Smith, Grimsley firm
24 here in Tallahassee, and I am appearing on behalf of Seminole
25 Electric Cooperative, Inc.

1 MR. BECK: Good morning, Commissioners. J. R. Kelly
2 and Charlie Beck, Office of Public Counsel, appearing on behalf
3 of Florida's citizens.

4 CHAIRMAN CARTER: Okay.

5 MRS. KRASOWSKI: Good morning, Jan Krasowski,
6 Intervenor as an FP&L ratepayer.

7 CHAIRMAN CARTER: Okay. Did we get all of the
8 parties before I recognize staff?

9 MR. KRASOWSKI: I'd like to introduce myself, if I
10 may, Mr. Chairman. I'm Bob Krasowski. I'm Jan's husband and
11 also an Intervenor, and will probably be doing most of the
12 speaking to represent the both of us as a matter of efficiency.
13 Good morning. Thank you.

14 CHAIRMAN CARTER: Good. Staff.

15 MS. FLEMING: Katherine Fleming, Jennifer Brubaker
16 and Caroline Klancke on behalf of the Commission.

17 CHAIRMAN CARTER: Okay. Staff, preliminary matters.

18 MS. FLEMING: Staff is aware of several preliminary
19 matters. We would recommend that those matters be taken up
20 when we convene the technical portion of the hearing.

21 CHAIRMAN CARTER: Okay. Let's do it then.

22 Okay. So would you get us in the posture for our
23 public testimony?

24 MS. BRUBAKER: At your preference, Mr. Chairman, we
25 do have a number of members of the public who have signed up to

1 speak at this proceeding. My proposal would be to call them in
2 turn. If you have any preliminary comments, we can go ahead
3 with those at this time, or you might just want to go ahead and
4 swear in the witnesses.

5 CHAIRMAN CARTER: Okay. I'm going -- in a minute
6 I'll swear the witnesses in as a group. But I would like to
7 advise the speakers that you will be subject to
8 cross-examination by the parties and/or possibly by the
9 Commissioners.

10 Any documents offered by the speakers will be
11 identified. And we'll be dealing with documents introduced at
12 a later portion of the program probably as we get into our
13 technical portion of it but not during the public testimony,
14 although they'll be marked for identification.

15 Let me just say from the standpoint of time, I
16 believe that we do want to hear from the public, and what we're
17 going to try as best as possible, if we can give the, an
18 opportunity for people to be heard, I'm looking at maybe six
19 minutes. That will give a person an opportunity to be heard.
20 That way I won't have to, you know, crunch, you know, take off
21 time from people on the back end and so everybody will have a
22 fair opportunity to be heard. Okay?

23 Now if there's no other preliminary matters, I guess
24 I'm ready to swear in the witnesses. Ms. Brubaker, any other?

25 MS. BRUBAKER: I have none.

1 CHAIRMAN CARTER: Those of you that are wishing to
2 speak and be heard in this matter for the public testimony,
3 would you please stand and raise your right hand.

4 (Witnesses collectively sworn.)

5 Thank you very much.

6 Okay. Ms. Brubaker, would you call our first
7 witness.

8 MS. BRUBAKER: Thank you, Chairman. First to speak
9 is Gordon Hansen.

10 CHAIRMAN CARTER: Okay. Mr. Hansen. Oh, do you have
11 some exhibits? Go ahead. Give -- Mr. Hansen, give her a
12 moment to pass those out. Leave one there for Commissioner
13 Argenziano. Leave one right there. Thank you. Thank you.

14 MS. FLEMING: Mr. Chairman, if I may, I would note
15 that this handout that's being handed out be identified as
16 Exhibit 91.

17 CHAIRMAN CARTER: Exhibit 91? Let's make it
18 Composite Exhibit 91 so we can kind of keep this as one
19 exhibit. So all of this will be Exhibit 91. Make sure you
20 give one to the parties.

21 Okay. Do all the parties have one? Please make sure
22 that the parties -- this would be Exhibit 91.

23 (Exhibit 91 marked for identification.)

24 Mr. Hansen, you are recognized.

25 GORDON HANSEN

1 appeared as a witness and, swearing to tell the truth,
2 testified as follows:

3 DIRECT STATEMENT

4 MR. HANSEN: Thank you. I'm a homeowner from
5 Chuluota, Florida. Thank you for this opportunity to speak.
6 It will take about six minutes. This talk will be very brief.
7 Backup information is included in the handouts.

8 I am treating this like a slide presentation. I am
9 here to show that a simple solar hot water heating program can
10 offset a billion watt electric generators.

11 Slide 1 -- and you'll notice that they are labeled in
12 the very low right-hand corner. Slide 1 is contact
13 information.

14 Slide 2, a national solar hot water heating program
15 will save homeowners \$72 billion a year, save
16 600 billion pounds CO2 a year, reduce consumption by 1 trillion
17 kilowatt hours per year, eliminate over 100 power plants of one
18 billion watts each, and save mining 1 trillion pounds of coal
19 per year if they're coal plants.

20 Slide 3, this is the plan of the talk.

21 Slide 4, solar power, as you know, is about 100 watts
22 per square foot. Our drive up here this morning, 300 miles,
23 would receive about the same amount of power as ten nuclear
24 power plants would produce.

25 Slide 5, solar panels. Solar electric panels, which

1 many times are referred to as photovoltaic, I'm going to refer
2 to them as electric. Solar electric panels cost 28 times more
3 than hot water panels and they are seven times less efficient.

4 Slide 6, solar systems. Solar electric systems
5 receive eight times more incentive money. Utilities make
6 \$30 per month on the systems while the customer makes \$20 per
7 month or saves \$20. Under a solar hot water heater the
8 utilities make zero money and the customer saves \$50 per month.

9 Slide 7, in my opinion the utilities do not favor
10 solar. Why? Grid tied solar electric does not reduce
11 capacity, at least not very much. And solar hot water does
12 not -- does reduce capacity, but the utilities end up losing
13 \$600 per year per customer.

14 Slide 8, offsetting power plants. In this case if
15 just two-thirds of the customers of FPL were to install a solar
16 hot water heating system, there would be no need for the two
17 nuclear power plants.

18 Slide 9, nuclear versus solar. Solar has few unknown
19 costs, provides customers \$600 a year savings, it is a
20 disbursed type of power and has no terrorist, meltdown or
21 radiation problems.

22 Slide 10, solar and nuclear prevent the same
23 pollution, the CO2 pollution, but nuclear has many other
24 problems, especially with spent fuel storage. Solar is squeaky
25 clean.

1 Slide 11, getting started. Governor Crist got his
2 tax bill introduced and passed in a very short order. Solar
3 hot water required by law or code could be implemented in a
4 very similar manner. Solar hot water for new homes would
5 require a simple code change.

6 Slide 12, solar hot water for existing homes could be
7 phased in over a ten-year period. The key is that no up-front
8 money would be required and it pays for itself over time; for
9 example, three to four years.

10 Slide 13, I show several other energy sources.

11 And in summary, Slide 14, solar hot water is a low
12 tech solution that helps everyone. Nationally it could replace
13 over 100 electric power plants. I'm asking you please do not
14 rush to nuclear. Solar is the best option. Thank you.

15 CHAIRMAN CARTER: Mr. Hansen, that was perfect.
16 Exactly five minutes. And, I mean, very, very, very well done
17 in the presentation.

18 MR. HANSEN: I was going to ask then, what was
19 perfect?

20 CHAIRMAN CARTER: That was --

21 MR. HANSEN: Thank you.

22 CHAIRMAN CARTER: And I actually learned -- hold on.
23 Don't go away. Don't go away. Hold on. It's a very good
24 presentation and I learned something and it was perfect, five
25 minutes.

1 Let me do this, ask, first of all -- Commissioners,
2 before I come to either of you, let me just check with the
3 parties first and see if any of the parties have any questions,
4 and then we'll -- are there any questions from Mr. Litchfield?

5 MR. LITCHFIELD: No questions from FPL.

6 MR. YOUNG: No questions from OUC.

7 MR. FINKLEA: No questions from the municipals.

8 MR. BECK: No questions.

9 MR. KRASOWSKI: I have a couple of quick questions
10 for clarification, please, Mr. Chairman.

11 CHAIRMAN CARTER: Okay.

12 CROSS EXAMINATION

13 BY MR. KRASOWSKI:

14 Q Mr. Hansen, on Slide Number 8, did I hear you
15 correctly that you said if, if, if two-thirds of FPL's
16 4.2 million customers had solar hot water, then the tabulation
17 would be accurate?

18 A That's correct.

19 Q Okay. I see on your, your, in the box here it
20 identifies if one-third. So would you say there's a need for a
21 correction there?

22 A No. On this slide I started out with calculating
23 based on one-third and say that was for one power plant. And
24 then if 2.8 million customers, it would offset two.

25 Q Okay. Thank you. And then one other question. Are

1 you speaking of FP&L's Florida operation or the FP&L nationwide
2 in relation to Slide Number 8?

3 A It's the Florida operation because they stipulate
4 that they have 4.2 customers.

5 Q 4.2 million?

6 A So it takes, so it takes two-thirds of that amount of
7 customers.

8 MR. KRASOWSKI: Thank you very much.

9 That's all, Mr. Chair.

10 CHAIRMAN CARTER: Okay. Commissioners? Staff.

11 MS. BRUBAKER: Thank you. The next speaker is Eric
12 Draper.

13 CHAIRMAN CARTER: Eric Draper. I said it right,
14 didn't I? Mr. Draper? Okay. Let's call the next speaker. We
15 may double back.

16 MS. BRUBAKER: Next speaker then, Barry Parsons,
17 please.

18 CHAIRMAN CARTER: Barry Parsons. Very good. Mr.
19 Parsons. Before you get started, Mr. Parsons -- welcome, by
20 the way, to the Florida Public Service Commission.

21 Do you have any handouts or anything?

22 MR. PARSONS: Yes. If, if the Commission is
23 amenable, I would prefer to hand these out afterwards so that I
24 may have your undivided attention, if that's --

25 CHAIRMAN CARTER: I don't know if having our

1 undivided attention is possible. No, just kidding.

2 (Laughter.)

3 MR. PARSONS: Relatively speaking.

4 CHAIRMAN CARTER: Okay. Mr. Parsons, we'll do it
5 that way. You are recognized, sir.

6 BARRY PARSONS

7 appeared as a witness and, swearing to tell the truth,
8 testified as follows:

9 DIRECT STATEMENT

10 MR. PARSONS: Thank you. My name is Barry Parsons
11 and I'm from Madison. I'm a 33, 33-year resident of this
12 state. I am a retired State of Florida vocational
13 rehabilitation counselor.

14 I want to make it clear I'm not an expert witness. I
15 am merely a concerned citizen who has followed these power and
16 environmental issues for the past 45 years.

17 I feel -- I sense a need here, Commissioners, for
18 some perspective particularly for the benefit of the public and
19 I'd like to make a stab at that, if I may, here.

20 I find it incomprehensible that this Commission and
21 this state is actually seriously considering approving a new
22 nuclear power plant or two new power plants. Ladies and
23 gentlemen, I'm going to ask you to think what you have here
24 with nuclear. You have at once an energy choice that requires
25 the single most toxic mining process in the world; that

1 involves the use of the single most dangerous fuel stock on a
2 day-to-day basis; that demands the single most complex and
3 expensive safety, technology and processes; that produces the
4 single most hazardous, indeed lethal waste product in the
5 world; and that is the single most expensive energy option
6 utterly dependent on ongoing, ongoing subsidies, tax breaks,
7 federal loans, insurance guarantees, exemption from liability
8 in case of release of radioactive substances into the
9 community; and, to top it off, comprises the single most
10 tempting terrorist targets. And I'm using that plural when
11 we're talking about the state and the nation as a whole,
12 because not only the plants themselves, but the many trucks and
13 trains that presumably will be hauling this deadly cargo across
14 45 states in our country to a single national waste repository,
15 which is probably the greatest terrorist dream of all. Do you
16 really want to be a part of this?

17 Now your very capable staff, I'm told, stands ready
18 to perhaps rubber stamp this proposed plan. I hope I'm wrong.
19 I believe maybe I am. But as you know, Harry Truman's buck
20 stops with you, not with them. And I would remind you that
21 last year at this time your staff was solidly behind the Perry
22 coal plant proposal, but you or the three of you that were on
23 board then listened to issues that many of us raised at those
24 hearings and asked questions about those issues of the
25 applicant, whom, as you may recall, had trouble coming up with

1 satisfactory answers. And I know Mr. Carter remembers that
2 very well. You all had the courage to reject a contemporaneous
3 coal plant proposal in the Glades and the Perry plant withdrew
4 its application, and a grateful Florida remembers.

5 I trust it is obvious, Commissioners, that we are
6 once again at a critical juncture. And it is a very big buck
7 that has stopped at your table this time because your decision
8 could contribute to this artificial revival of a formerly
9 moribund industry best left to the dustbin of history. Or your
10 decision, like the coal plant decision, could contribute
11 mightily to a new era of energy, sanity and safety in Florida
12 and perhaps across the country.

13 Make no mistake about it, folks, we are being watched
14 here in Florida by concerned people all across this country.
15 It is Florida and Tennessee that are putting up these first new
16 nuclear plant proposals and it's going to have a ripple effect
17 across this country.

18 Let me leave you with a quick final perspective. The
19 striking example of Germany, and I think this is highly
20 relevant to your considerations here in Florida, Germany is not
21 only not building any new nuclear power plants, it is on track
22 to decommissioning all 16 of their existing nuclear power
23 plants. Ask yourself, why would a leading developed industrial
24 country, a mature democracy purposely take offline a source of
25 one-fourth of its current national electrical power?

1 And two fresh facts from Germany I want to plug in
2 real fast too. One is a new study that found that children who
3 live near nuclear power plants have higher rates of leukemia.
4 This is done by the Germany Registry of Childhood Cancer. Two,
5 the City of Freeburg, Germany, has become the first solar city
6 in the world, all power being met by solar. This, I would add,
7 in a country that has only one-seventh of the radiant solar
8 power of the State of Florida.

9 So I hope that you will keep perspective in your
10 minds and vision and courage in your hearts, Commissioners,
11 because we are depending on you. Thank you.

12 CHAIRMAN CARTER: Thank you very kindly, Mr. Parsons.
13 We sincerely appreciate that.

14 I notice you said you had some exhibits, but before
15 you pass -- let's let your passing out be the last thing that
16 we do. Let me see if there are any questions from either of
17 the parties or staff or the Commissioners. Any questions from
18 the parties?

19 MR. LITCHFIELD: None at this time. Although when
20 the exhibits are passed out, if we have a question, we'd like
21 the opportunity to come back and ask that, if that's
22 acceptable.

23 MR. YOUNG: No questions from OUC.

24 CHAIRMAN CARTER: Hang on a second.

25 Staff, while Mr. Parsons is there, can one of you

1 just kind of -- Mr. Ballinger, could you just kind of pass
2 those out? Let's just see. Let's see now. Mr. Parsons, just
3 hold on for a second, please, sir. We will assist you in
4 passing those out.

5 MR. PARSONS: I need to apologize to the Commission.
6 I have only six copies, and so that was one each for the
7 Commissioners. I'd love to have you all look at it. The one
8 remaining copy for the applicant, it would have to be
9 duplicated. Or I could get more of these at a later date.

10 CHAIRMAN CARTER: No, we'll work through it. We'll
11 work through it. Here's what we'll do is that -- give us, give
12 it to the parties, let them look it over, and then just give it
13 to the Commissioners and we can look it over if we have any
14 questions from there. We have to have one for the court
15 reporter, of course.

16 MR. PARSONS: I'd like to mention, if I may -- can I
17 mention for the record, sir, that the information in this
18 booklet put out by the Southern Alliance for Clean Energy is
19 based in large part, as was my testimony, on the work of
20 Mr. Peter Bradford, who is former Chair of the New York State
21 Public Service Commission, former Chair of the Maine Public
22 Utilities Commission and former Commissioner of the U.S.
23 Nuclear Regulatory Commission.

24 CHAIRMAN CARTER: Okay. One for the court reporter.
25 And let the parties see it first, and then at that point in

1 time, if any Commissioner would like to see it, we can look at
2 it and then we'll go from there. Let's just kind of take a
3 second to do that. Commissioners, I beg your indulgence on
4 this.

5 (Pause.)

6 Wait. Wait. Don't go away.

7 Mr. Litchfield, are you ready?

8 MR. LITCHFIELD: Yes. Thank you, Mr. Chairman.

9 This, I assume, is marked as 92?

10 CHAIRMAN CARTER: This will be Exhibit 92.

11 Ms. Fleming, is that where we are now, 92? Exhibit 92.

12 (Exhibit 92 marked for identification.)

13 MR. LITCHFIELD: Chairman Carter, FPL would simply
14 note that this is really hearsay that's being offered here. We
15 understand that we are in the public portion of this proceeding
16 as opposed to the technical portion, so we would simply state
17 for the record that it is hearsay. It is, purports to be a
18 report by somebody who is not here as a witness today that we
19 have no right or opportunity to cross-examine. But we
20 understand that it'll be given the weight that it deserves, and
21 with that we would not oppose it going into the, into the
22 record as such.

23 CHAIRMAN CARTER: Okay.

24 MR. LITCHFIELD: And we have no questions for this
25 witness on this report since, after all, it is not his report.

1 CHAIRMAN CARTER: Thank you. Thank you. Other
2 parties?

3 MS. BROWNLESS: No, sir.

4 MR. YOUNG: No from OUC.

5 CHAIRMAN CARTER: Mr. Krasowski?

6 CROSS EXAMINATION

7 BY MR. KRASOWSKI:

8 Q To be consistent I would just ask the gentleman if
9 he's a volunteer in this regard or if he's being paid by anyone
10 to appear here today.

11 A Total volunteer.

12 MR. KRASOWSKI: Thank you, sir.

13 CHAIRMAN CARTER: Okay. So you have no questions
14 about the report then?

15 MR. KRASOWSKI: No, sir.

16 CHAIRMAN CARTER: So we know that the court reporter
17 has a copy, so that's good. So we'll get through it. And,
18 Commissioners, I'm going to give you a second to kind of make
19 sure that all of us have had an opportunity to look at that.
20 And --

21 COMMISSIONER EDGAR: Mr. Chairman, if I may.

22 CHAIRMAN CARTER: You're recognized, Commissioner
23 Edgar.

24 COMMISSIONER EDGAR: Thank you very much. I just
25 wanted to make a brief comment and it seems like it might be

1 the right time.

2 CHAIRMAN CARTER: You're recognized.

3 COMMISSIONER EDGAR: Thank you. And, Mr. Parsons, I
4 know later we will take up the exhibits that have been offered
5 and the Chairman will rule as to whether they will be admitted
6 or not. And if at that point this document is admitted into
7 evidence, I know our staff will get each of us copies and I
8 will be sure to look at it very closely if we get to that
9 point.

10 Very brief comment. I want to thank you as well for
11 participating. It's very important to our processes that we
12 have citizens who come and appear before us. So thank you for
13 taking the time to do that.

14 MR. PARSONS: Thank you.

15 COMMISSIONER EDGAR: You said in your comments that,
16 I think you said that you would ask us to use vision and
17 courage, and I assure you that I pray for vision and courage
18 every night. So thank you for that.

19 I would say that the comment that you made earlier
20 about the potential for a rubber stamp of this decision is a
21 characterization that I personally do not agree with. I know
22 that our staff work very hard to look at all the issues, as do,
23 as do each of us.

24 MR. PARSONS: Fair enough.

25 COMMISSIONER EDGAR: But thank you genuinely for your

1 interest and for coming to appear before us.

2 Thank you, Mr. Chairman.

3 MR. PARSONS: Thank you. I appreciate it.

4 CHAIRMAN CARTER: Thank you, Commissioner.

5 Ms. Brubaker, would you call our next person, please?

6 MS. BRUBAKER: Certainly. The last person we have
7 currently signed to speak is Dawn Shirreffs.

8 CHAIRMAN CARTER: Dawn Shirreffs.

9 MS. BRUBAKER: Excuse me. Shirreffs,
10 S-H-I-R-R-E-F-F-S.

11 CHAIRMAN CARTER: Spell it this time slowly. You
12 know I'm a product of the South Georgia public school system,
13 so spell it slowly this time. Okay. I'm ready.

14 MS. BRUBAKER: S-H-I-R-R-E-F-F-S.

15 CHAIRMAN CARTER: That sounds familiar. Have we met
16 before?

17 MS. SHIRREFFS: Yes. I was in Miami.

18 CHAIRMAN CARTER: Great. Excellent. Excellent. Do
19 you have any exhibits or anything you'd like to pass out so we
20 can kind of --

21 MS. SHIRREFFS: Well, I don't have sufficient copies.

22 CHAIRMAN CARTER: That doesn't matter. We can get
23 through that. As long as we get one for the court reporter,
24 she'll put it in the record and then make sure that all the
25 Commissioners get a copy.

1 MS. SHIRREFFS: Okay. I'm going to grab them when
2 I'm done.

3 CHAIRMAN CARTER: You're recognized. You may do so.
4 Okay. We'll do that when you're done. All right?

5 DAWN SHIRREFFS
6 appeared as a witness and, swearing to tell the truth,
7 testified as follows:

8 DIRECT STATEMENT

9 MS. SHIRREFFS: Thank you. Good morning. I am here
10 on behalf of Clean Water Action's 50,000 members in Florida who
11 are deeply concerned about the unanswered questions and unknown
12 costs of Florida Power & Light's proposed nuclear expansion at
13 Turkey Point. The function of today's hearing is to determine
14 whether the cost of this project is not just reasonable, but
15 according to Florida Statute 403.519 it must be the most
16 cost-effective alternative possible.

17 The application before you does not identify the
18 source of 70 to 90 million gallons a day. That means you
19 cannot evaluate the cost of pumping, the cost of piping, the
20 need and cost of treatment, the cost of operating a treatment
21 facility, the cost of backup sources in case of destruction if
22 a facility fails, et cetera.

23 This list of unanswered costs does not even begin to
24 address factors considered in an October 2007 report by Moody
25 Investors which cites, quote, a nuclear generating facility

1 could come in at between \$5,000 to \$6,000 per kilowatt, but
2 concedes that, quote, our estimate is only marginally better
3 than a guess, end quote.

4 Nuclear industry construction costs have historically
5 come in two to 300 percent over estimated costs. The bonding
6 record of nuclear is more deplorable than Enron stocks. A
7 guess is simply not good enough for Florida.

8 Moody's report goes on to acknowledge that, quote,
9 plants are likely to add approximately \$5 to \$10 billion to the
10 rate base, in some cases doubling the existing rate base. It
11 goes on to say, eventually end-use customers may find it very
12 difficult to balance their family budgets if their electric
13 bill continues to go up by roughly 10 percent a year. On
14 Monday -- end quote.

15 On Monday, MidAmerican, a subsidiary of billionaire
16 Warren Buffett's company, cancelled plans for a nuclear plant
17 citing that it does not make economic sense.

18 Commissioner Skop in previous hearings has emphasized
19 the importance of a stable regulatory environment. In order to
20 achieve that goal, we must be sure of a plentiful, dependable
21 source of water.

22 The capacity of the Floridan Aquifer is unknown.
23 Corrosive minerals would likely require treatment prior to use.
24 Reclaimed water is reliant on Miami-Dade Water and Sewer's
25 flawless operation.

1 The relationship between water and nuclear is
2 complex. A January 23rd Associated Press article titled
3 "Drought Could Close Nuclear Power Plants" cited
4 drought-related shutdowns in the southeast U.S.

5 In Europe, climate change is rendering nuclear plants
6 unusable because source water temperatures have gotten too high
7 to cool reactors. Miami-Dade County is a high-risk drought
8 zone. Climate change threatens severe water temperature rises
9 and sea level rise within the next decade during which this
10 project will still be under construction.

11 The simple fact is nuclear expansion at Turkey Point
12 is not the most reliable, most cost-efficient or the right
13 choice for Florida as we face a recession, drought and climate
14 change impacts.

15 Florida Power & Light has not performed their due
16 diligence. MidAmerican invested \$13 million of research before
17 cancelling its plants. Florida Power has not addressed the
18 most basic issues regarding cost, feasibility and water before
19 coming to you today. Instead, they await your approval so that
20 risky investments into due diligence can be done on the
21 ratepayer's dime while Florida Power & Light earns interest. I
22 ask you, if Warren Buffett can't find a way to make this
23 economically viable, are you really willing to give that risk
24 to Florida's ratepayers and citizens? Thank you.

25 CHAIRMAN CARTER: Okay. Would you get the handouts

1 now and then just, and come back just in case there's some
2 questions, please? And it's wonderful to see you again.

3 COMMISSIONER ARGENZIANO: Mr. Chair?

4 CHAIRMAN CARTER: You're recognized, Commissioner.

5 COMMISSIONER ARGENZIANO: Just a question. Is it
6 proper at this time to ask staff a question?

7 CHAIRMAN CARTER: Sure. Yes, Commissioner, you're
8 recognized.

9 COMMISSIONER ARGENZIANO: Okay. I've heard many
10 times -- two different -- two questions, please. I've heard
11 many times now that Germany was decommissioning its nuclear
12 power plants. Does staff have -- has staff done any research
13 on this and is there any knowledge as to why, if they are
14 decommissioning their plants, why they are decommissioning the
15 plants? I think that's an important issue, and staff may be
16 able to address that.

17 Second question --

18 CHAIRMAN CARTER: Hang on a second, Commissioner.
19 Hang on a second. They're having trouble hearing you. Let me
20 get this first one out and I'll repeat it for staff.

21 COMMISSIONER ARGENZIANO: Sorry.

22 CHAIRMAN CARTER: The question was Commissioner
23 Argenziano has heard this about Germany decommissioning its
24 nuclear power plants, and what she wants to know is whether or
25 not we have any information on that, do we have any

1 documentation to that effect, on Germany's decommissioning of
2 their nuclear power plants?

3 MR. BALLINGER: I don't believe so.

4 CHAIRMAN CARTER: Nuclear power plants. It sounds
5 like I'm from Texas.

6 MR. BALLINGER: I don't believe so.

7 CHAIRMAN CARTER: Say again, Mr. Ballinger.

8 MR. BALLINGER: I'm sorry. This is Tom Ballinger
9 with Commission staff. I don't believe we have information on
10 Germany's decommissioning efforts.

11 COMMISSIONER ARGENZIANO: Mr. Chairman?

12 CHAIRMAN CARTER: Yes, ma'am.

13 COMMISSIONER ARGENZIANO: Is it too much to ask if we
14 can find out if that's true or not? I'd like to know. I think
15 it seems to be an equation in the discussion and I'd like to
16 know.

17 And also if there are -- do we have an idea -- the
18 young lady who just spoke, I remember her speaking in Miami.
19 Is there an idea -- I mean, when we do have to consider costs,
20 do we know where the water source is going to come from and if
21 the costs are factored into that in expanding the Turkey Point
22 plant? I mean, that's, that's a good point. And I'd like to
23 know if we have determined yet where the water would be coming
24 from and what cost it would be to get the water to that point?

25 CHAIRMAN CARTER: Thank you, Commissioner.

1 Did you guys hear the question about the water? She
2 was asking about the --

3 COMMISSIONER ARGENZIANO: I'm sorry, Mr. Chairman.
4 My voice is just not working.

5 CHAIRMAN CARTER: That's okay. I'm pleased as punch
6 to repeat it.

7 Did you guys hear that? Mr. Ballinger?

8 MR. BALLINGER: Commissioner Argenziano, this is Tom
9 Ballinger again. I apologize. I was writing down what I need
10 to do for decommissioning and I missed the question. Was it
11 about the water supply for this project?

12 COMMISSIONER ARGENZIANO: Yes, for the plant. The
13 young lady who spoke basically made a point that we have to
14 take into consideration all costs. And, of course, the water
15 and getting it to the expansion, to the plant would be part of
16 the cost. And I think that's something that I would need to
17 know to make a decision since the statute does indicate that
18 costs are essential in looking at the project.

19 MR. BALLINGER: I believe some of that is included in
20 some of the discovery that we got.

21 COMMISSIONER ARGENZIANO: Is it -- are the
22 calculations included also?

23 MR. BALLINGER: I'm going from memory. I believe
24 there was an interrogatory to estimating the cost of different
25 water supply technologies.

1 COMMISSIONER ARGENZIANO: So then the cost, the cost
2 that we will be looking at will have the total cost factored in
3 to the expansion of the plant?

4 MR. BALLINGER: I believe so.

5 COMMISSIONER ARGENZIANO: Okay. Thank you.

6 MR. BALLINGER: And that will be, that will be a
7 subject of cross-examination.

8 COMMISSIONER ARGENZIANO: Okay. Thank you.

9 CHAIRMAN CARTER: Also, Commissioner, as we get into
10 the technical portion, if there's any of the witnesses that are
11 on the stand that are testifying for specific areas of
12 expertise, if we have any questions, we can ask them or, and
13 have them to go further or ask for additional information on
14 that.

15 MR. LITCHFIELD: And, Chairman Carter, I would offer
16 Mr. Steven Scroggs appearing on behalf of FPL for both of
17 Commissioner Argenziano's questions.

18 CHAIRMAN CARTER: Commissioner, were you able to hear
19 that? Steven Scroggs.

20 COMMISSIONER ARGENZIANO: Yes, I was. I just want to
21 make sure that, you know, when you have public testimony, that
22 they bring up points, that we address those. And I definitely
23 want to find out if they're correct or if they need to be
24 looked at or if they're not correct. Or, you know, if they are
25 correct, let's check out why. And I will ask Mr. Scroggs at

1 the appropriate time also.

2 CHAIRMAN CARTER: Okay. Thank you, Commissioner.

3 COMMISSIONER ARGENZIANO: Scroggs. I'm sorry. Thank
4 you.

5 CHAIRMAN CARTER: Not a problem. Not a problem.
6 Thank you for your questions.

7 Ms. -- I've drawn a blank here. Ms. Shirreffs, you
8 had some exhibits that you were going to distribute.

9 MS. SHIRREFFS: Yes.

10 CHAIRMAN CARTER: And how many do you have? How many
11 copies do you have?

12 MS. SHIRREFFS: It's two full sets. There's four
13 separate documents that I'm submitting, so two full sets of
14 them.

15 CHAIRMAN CARTER: Oh, two full sets.

16 MS. SHIRREFFS: Yeah. When we were in Miami we only
17 needed one.

18 CHAIRMAN CARTER: Not a problem. I know you had to
19 make a long trip, and we appreciate you doing that. Let's do
20 this. One stack for the court reporter. Everybody, whether
21 you're a party or not, you can get it from the court reporter.
22 Even the Commissioners can do that. Let's do that so we'll at
23 least have it on record.

24 And I suppose, could you just, just read the titles
25 of each one of them so we'll have it in the record?

1 MS. SHIRREFFS: Those documents are a --

2 CHAIRMAN CARTER: Because I think you were quoting
3 from a couple of them, weren't you?

4 MS. SHIRREFFS: Correct.

5 CHAIRMAN CARTER: Okay. Just read them.

6 MS. SHIRREFFS: The first one is a January 29th
7 letter from the Everglades Coalition.

8 CHAIRMAN CARTER: And excuse me one second. Just so
9 that we can be procedurally correct, I think we're at Exhibit
10 93. Is that correct?

11 MS. BRUBAKER: That's correct.

12 CHAIRMAN CARTER: Okay. Exhibit 93.

13 (Exhibit 93 marked for identification.)

14 Ms. Shirreffs, you're recognized.

15 MS. SHIRREFFS: The second document is an --

16 CHAIRMAN CARTER: I'm sorry. Would you again repeat
17 the first, the title of the first document?

18 MS. SHIRREFFS: Sure. Sorry. It is a January 29th,
19 2008, letter from the Everglades Coalition.

20 CHAIRMAN CARTER: Okay.

21 MS. SHIRREFFS: The next document is an Environmental
22 Statement on Nuclear Energy and Global Warming signed by 313
23 environmental organizations.

24 CHAIRMAN CARTER: Okay.

25 MS. SHIRREFFS: The next document is the special

1 report by Moody's Corporate Finance dated October 2007.

2 CHAIRMAN CARTER: Okay.

3 MS. SHIRREFFS: And the fourth document is the
4 Associated Press article dated January 23rd, 2008, titled
5 "Drought Could Close Nuclear Power Plants."

6 CHAIRMAN CARTER: Thank you so kindly, Ms. Shirreffs.
7 Now if you would just hang on for one second; let me see if
8 there are any questions from the parties. And then,
9 Commissioners, we'll come to you and then staff.

10 Any questions from any of the parties?

11 MR. LITCHFIELD: Florida Power & Light has no
12 questions for this witness, but again would note that the
13 articles that she perhaps intends to have admitted into this
14 record are going to be pure hearsay with, with no basis and
15 foundation to be admitted.

16 CHAIRMAN CARTER: Duly noted. And what we'll do is
17 as we convene the technical portion, we'll have an opportunity
18 to look at most of these documents so we're going to be fair to
19 all the parties. Okay?

20 MR. YOUNG: OUC has no questions of this witness.

21 MS. BROWNLESS: We have no questions, sir.

22 CHAIRMAN CARTER: All right.

23 MR. FINKLEA: No questions from FMPA or FMEA.

24 MS. KAUFMAN: Seminole has no questions.

25 MR. BECK: No questions.

1 CHAIRMAN CARTER: Mr. Krasowski?

2 MR. KRASOWSKI: We have no questions at this time.
3 We had asked a question of the witness in Miami when she was
4 there. So thank you.

5 CHAIRMAN CARTER: All right. Good deal. Ms. --
6 thank you so kindly, Ms. Shirreffs. Thank you for making the
7 trip.

8 We had earlier Eric Draper called. But, Eric, have
9 you been sworn?

10 MR. DRAPER: No.

11 CHAIRMAN CARTER: Okay. When you get to the stand,
12 we'll just swear you in. We're kind of backing up there, Ms.
13 Brubaker.

14 MS. BRUBAKER: With Mr. Draper, that is everybody I
15 have signed up to speak.

16 CHAIRMAN CARTER: Okay. Mr. Draper, if you would
17 approach the place there. And as you're standing, just raise
18 your right hand and I'll be glad to swear you in.

19 (Witness sworn.)

20 You may be seated. You are recognized, sir.

21 ERIC DRAPER

22 appeared as a witness and, swearing to tell the truth,
23 testified as follows:

24 DIRECT STATEMENT

25 MR. DRAPER: Thank you very much, Mr. Chairman.

1 I'm Eric Draper. I'm Deputy Director for Audubon of
2 Florida, a statewide conservation organization with roughly
3 35,000 members, considerable membership and activities within
4 South Florida; a long-time advocacy organization involved in
5 Everglades restoration issues with a specific highly targeted
6 focus on the area of the Everglades, Biscayne Bay coastal area,
7 in addition to Florida Bay. And in that capacity our
8 organization has long been an advocate of special treatment of
9 the area around Turkey Point, all the lands west of, I'm sorry,
10 east of Carson (phonetic) Road and U.S. 1 are of particular
11 concern to us. Recognizing that's not a basis for your
12 consideration today, I just wanted to, to say that that's why
13 Audubon particularly has a very special interest in the
14 location of additional generation capacity in that particular
15 area.

16 We have long requested from FP&L, Florida
17 Power & Light that they look at using their land holdings there
18 and their activities there as a way to support and advance
19 Everglades restoration activities so that we can restore a
20 sheet flow of water across that land into the Biscayne Bay area
21 helping to restore Biscayne Bay.

22 That said, I think that the -- I have sent you a
23 letter previously and you should have that in your record dated
24 January 14th regarding this same issue. I won't go through all
25 of the points of the letter. I think that the main thesis of

1 the points that we want to make today is that you have a
2 responsibility, I think, in finding the need for additional
3 generation to look at whether or not alternative means of
4 reaching the same goals are being met, and I just wanted to
5 touch on those points.

6 So you have -- in determining the need for additional
7 electric generation to meet the demands you should be concerned
8 with investment not just in new generation capacity but in
9 demand reduction efficiency and energy conservation. And we
10 would encourage you if in lieu of, if not concurrent with
11 consideration of applications for new need, that you look
12 according to Florida Statutes 403.519 to the need for adequate
13 electric, adequate electricity to reasonable costs, whether
14 renewable sources and technologies, as well as conservation
15 measures are utilized to the extent reasonably available.

16 And what we would encourage you to do in the context
17 of looking at this plant which would have these additional
18 generating facilities which would have such a tremendous impact
19 in the Everglades and would require a considerable amount of
20 water use is that you look at whether or not the applicant has
21 done everything necessary, available to reduce demand in that
22 region as you're considering the need for the additional
23 demand.

24 It's our conclusion, having looked at the
25 conservation activities, the demand-side reduction activities

1 engaged in by all the investor-owned utilities and specifically
2 with FPL, that much more could be done. I think that this is
3 also a finding of the Governor's energy commission, I'm sorry,
4 the Florida Energy Commission that recently met. And if you
5 look at their findings, you can see that there's a
6 recommendation not only that more be done in terms of
7 demand-side management and energy conservation in looking at
8 renewables and energy efficiency, but actually made
9 recommendations about changing the RIM test, which I know that
10 you can't do by yourself, you would need some amount of
11 legislative authority. We would anticipate, and certainly
12 we're going to go to the Legislature this year even though it
13 was not one of the legislative recommendations of the Florida
14 Energy Commission, and ask that they look at the rate structure
15 as a way to accomplish more conservation, utility-funded and
16 ratepayer-financed conservation.

17 Now while that is not in place right now and I'm not
18 sure whether legally you can require that to be done at this
19 point, we certainly think it's something that as you're looking
20 at this additional need, you know, you should anticipate that
21 something is going to be done from a policy point of view, and
22 the Public Service Commission should probably push that along
23 in terms of, you know, changing the test, the rate test to
24 encourage more conservation. That coupled with the utility
25 itself making the determination that they could accomplish a

1 significant amount of conservation, therefore, would not need
2 as much additional generation if they did, that should be,
3 should factor into your, your thoughts on this.

4 Just taking that further, the Governor's action team,
5 the Climate Action Team in their report said, "It should be
6 recognized that under Florida's current utility rate structure
7 for investor-owned utilities, additional energy efficiency
8 conservation measures may have a negative financial impact for
9 utilities; however, historically utility rate structures
10 encourage the sale of power. Florida should examine
11 alternative rate structures that might provide a more realistic
12 economic basis for utilities to implement viable climate change
13 policies without harming return on the investment."

14 Now with regard to this generation, it clearly
15 doesn't have a climate, you know, the operation doesn't have a
16 climate impact that we know of. There still is an argument for
17 using this point of the require, of the request for additional
18 generation capacity to basically encourage the utility to go
19 back and look first at conservation activities as a way to
20 reduce need as opposed to just claiming the additional need.

21 I think I'll wrap up there. That's the best I can
22 do.

23 CHAIRMAN CARTER: Thank you. Hold on. Don't go away
24 though. Let me kind of reverse the order and ask the
25 Commissioners first if you have any questions. I know that we

1 want to do that. Let's just do that before we ask the parties.
2 Any Commissioners? Commissioner Edgar, you're recognized.

3 COMMISSIONER EDGAR: Thank you, Mr. Chairman. I'll
4 try to get a question in here, but maybe a brief comment. So
5 I'd note the letter that you referenced that you had sent to us
6 earlier, and I believe that that has been placed in the docket
7 file and is available to, to everyone.

8 You mentioned the recommendation of the energy
9 commission and also of the action team, and I am familiar with
10 both of those. And I think that the way each of those
11 recommendations, in my mind, are worded is, is asking for, as I
12 think you pointed out, additional examination and analysis, and
13 that is something that I know that I welcome.

14 I'd point out that this Commission had a workshop to
15 try to begin some of that discussion here in this forum, and I
16 personally was a little disappointed at the level of
17 participation that we had. So I would once again just give a
18 plug for everyone to please participate as we within our role
19 try to look at what alternatives may or may not be possible and
20 how that flows into the legislative discussions as well. So
21 that was my comment.

22 Very briefly a question, which was right there at the
23 end of your comments, Eric, I think you were asking us to, to
24 look a bit beyond or consider some of the issues that go beyond
25 the more narrow scope of the need determination. But, quite

1 frankly, I wasn't sure I got your last point. So if you could
2 maybe just repeat that for me.

3 MR. DRAPER: Yeah. And I apologize. I'm serving on
4 the state's Strategic Advocates Task Force which is meeting
5 right now, so I rushed over here to get this. And I feel a
6 little disorganized and less than coherent in my comments.

7 So the point that I'm trying to make is that, is that
8 you -- while in your need determination decision-making that
9 you are granted the statutory authority to look at this
10 question about whether or not enough has been done to, to,
11 through conservation. I was just saying that the, the
12 Governor's Climate Action Team, the Florida Energy Commission
13 and just common sense tells us that to the degree that you can
14 possible in this need determination hearing, that you should
15 look at whether or not Florida Power & Light has done
16 everything necessary to invest in, to anticipate using
17 conservation as a way to reduce need before you actually
18 approve a finding of additional need related to these.

19 COMMISSIONER EDGAR: Thank you. And thank you for
20 your participation. And I know we all understand needing to be
21 in two places at once. So thank you for joining us.

22 CHAIRMAN CARTER: Thank you, Mr. Draper. Would you
23 hang on for one second there. And, again, thank you for -- I
24 mean, don't go away. Don't go away. We may have some
25 questions for you from the parties. But I do want to say even

1 though you may think that you were kind of harried, we
2 understood exactly what you were saying. You did a good
3 presentation.

4 Any questions from the parties?

5 MR. LITCHFIELD: No, sir.

6 MR. YOUNG: No questions from OUC.

7 MS. BROWNLESS: No, sir.

8 MR. FINKLEA: No, sir.

9 MS. KAUFMAN: No questions.

10 MR. KRASOWSKI: A couple of quick questions, please.

11 CROSS EXAMINATION

12 BY MR. KRASOWSKI:

13 Q Mr. Draper, as I've asked all the other witnesses,
14 and I think you've addressed this, but could you tell me if
15 you're being paid by anyone to be here today?

16 A Well, I'm an employee of the National Audubon
17 Society.

18 Q Okay. Thank you. And as, for a point of
19 clarification, I believe I heard you say that this plant has no
20 climate impact. Could you, could you straighten me out on
21 that? Do you believe that?

22 A Yeah. I'm glad you asked me, allowed me to clarify
23 that. I think that I corrected even as I was making that
24 statement that it, it is not apparent, that climate impact. In
25 other words, this plant is a nuclear generation facility. It's

1 our understanding, therefore, it would not be producing carbon
2 emissions.

3 Now there are other, there may be other carbon -- I
4 mean, there may be other issues associated with climate change
5 associated with the plant. But in the traditional sense of
6 climate greenhouse gases, I don't think so.

7 Now I do, would acknowledge that the construction of
8 the plant, there's a carbon footprint involved just in the
9 activity of going out and building any kind of facility. There
10 probably is some greenhouse gas/climate change issue there.
11 But I was not making -- I was trying to make a point to, to
12 make a distinction between the recommendation that the
13 Governor's Climate Action Team had made which was oriented
14 around climate change and was saying that was not relevant
15 here. What was relevant from the recommendation of the Climate
16 Action Team was that more needs to be done in terms of
17 conservation.

18 Q And one, one last question. The Florida Audubon
19 Society and National Audubon Society is a large, well-respected
20 organization with, with many resources. Is there a reason why
21 you're not represented here legally in this case today as an
22 intervenor?

23 CHAIRMAN CARTER: Mr. Krasowski, I give you a lot of
24 leeway, but I think that's an inappropriate question.

25 MR. KRASOWSKI: I'll withdraw the question, sir.

1 Sorry. My apologies.

2 CHAIRMAN CARTER: Good. Okay. That's -- we know the
3 Audubon Society is a well-respected organization, and whether
4 they choose to participate officially or not is not relevant.
5 They're here today and that's what we have before us. So I'm
6 not going to allow that question.

7 Staff, do you have any questions?

8 MS. BRUBAKER: No questions.

9 CHAIRMAN CARTER: Thank you, Mr. Draper.

10 MR. DRAPER: Thank you, Mr. Chairman.

11 CHAIRMAN CARTER: Ms. Brubaker.

12 MS. BRUBAKER: At this time staff has no other
13 persons signed up to speak. Perhaps we might poll the room.

14 CHAIRMAN CARTER: Let me ask this before -- are
15 there -- is there anyone that came in after we swore all the
16 witnesses in that wanted to participate for -- part of the
17 public to testify in this matter before we go into our
18 technical hearing, just in case? We don't want to -- we want
19 to hear from -- okay. Hearing none, let's do this.

20 Let's, Commissioners, what I'd like to do is take a
21 moment before we go into our technical portion of our hearing.
22 So I'm looking at the clock, this time I'm actually looking at
23 it, and I see 10:33. Is that correct? Close to it? The clock
24 I'm using says 10:33, so that's the clock we're going by today.
25 Okay? And we'll come back about -- staff, what do you need, 15

1 minutes?

2 MS. BRUBAKER: I think that would be fine, sir.

3 CHAIRMAN CARTER: Okay. Fifteen minutes. Let me do
4 the math here. This is high level stuff here. It would be
5 10:48. We are on recess.

6 (Recess taken.)

7 Okay. We are back on the record with our matter
8 that's before us today. And as we get going, I'm going to look
9 to staff to kind of get us going as we begin our -- I'd like to
10 convene our technical hearing and the preliminary matters.
11 Ms. Fleming, you're recognized.

12 MS. FLEMING: Good morning, Chairman and
13 Commissioners. There's several preliminary matters to address.
14 As far as the first preliminary matter staff recommends be
15 taken up, there is a proposed stipulation to Issue 7 between
16 FPL, FMEA, FMPA, OUC, JEA and Seminole. It is my understanding
17 Mr. Krasowski and OPC are not parties to the stipulation. We
18 recommend that the stipulation language that has been handed
19 out be identified as the next hearing exhibit, which would be
20 Exhibit 94.

21 CHAIRMAN CARTER: Exhibit 94. Okay.

22 (Exhibit 94 marked for identification.)

23 MS. FLEMING: And at the appropriate time we would
24 ask that this exhibit be moved into the record.

25 CHAIRMAN CARTER: Okay. Let's get in our posture on

1 this so we can move forward and then dispose of other matters.

2 I know it may, because it relates to Issue 7 it also
3 relates to some of our preliminary matters, so let's just kind
4 of take this up now then.

5 MS. FLEMING: That's correct. And as far as -- it is
6 staff's understanding that this stipulation on Issue 7 would
7 render moot the motions for reconsideration that have been
8 filed by JEA, Seminole and FPL.

9 CHAIRMAN CARTER: Okay. Let's do this. Let me hear
10 from the parties. Is this correct, starting with FPL?

11 MR. LITCHFIELD: Yes, Chairman Carter. Ms. Fleming
12 has accurately characterized our position on this. We have
13 reached stipulation with the parties. We think it does resolve
14 the issues. And we would, if the Commission accepts this
15 stipulation, move for Exhibit 94 to be entered into the record.

16 CHAIRMAN CARTER: Okay.

17 MR. YOUNG: OUC agrees with the staff recommendation
18 and would likewise agree with the suggestion made by Florida
19 Power & Light.

20 CHAIRMAN CARTER: Ms. Brownless.

21 MS. BROWNLESS: Yes, sir. JEA accepts the
22 stipulation and agrees with the representations made.

23 CHAIRMAN CARTER: Excellent.

24 MS. KAUFMAN: And --

25 MR. FINKLEA: And FMPA --

1 CHAIRMAN CARTER: In stereo.

2 MR. FINKLEA: FMPA and FMEA are also in agreement
3 with the stipulation and in agreement with staff's
4 characterization of the procedure.

5 CHAIRMAN CARTER: Okay. Ms. Kaufman.

6 MS. KAUFMAN: And last but not least, Seminole agrees
7 as well. We agree with the stipulation and that it would
8 render all the pending motions for reconsideration moot, with
9 the exception of Mr. Krasowski's.

10 CHAIRMAN CARTER: Okay. They're not -- Mr. Krasowski
11 and OPC are not party to this; right?

12 MR. KRASOWSKI: Correct.

13 MR. BECK: Yes.

14 CHAIRMAN CARTER: Okay. Good. So, staff, have you
15 had an opportunity to review this?

16 MS. FLEMING: Yes. Staff has had an opportunity to
17 review this and staff recommends that the Commission approve
18 this stipulation.

19 CHAIRMAN CARTER: Commissioners, would you take a
20 moment to kind of look this over? And at the appropriate time
21 I'll open for a motion.

22 COMMISSIONER SKOP: Make the motion.

23 CHAIRMAN CARTER: Commissioner Skop, you're
24 recognized.

25 COMMISSIONER SKOP: Thank you, Chairman Carter.

1 Based on the stipulation of the parties to Issue 7, I'd
2 recommend the Commission approve the proposed stipulation as
3 presented herein.

4 COMMISSIONER EDGAR: Second.

5 CHAIRMAN CARTER: Seconded, moved and properly
6 seconded. Commissioners, any questions?

7 Hearing none, all those in favor, let it be known by
8 the sign of aye.

9 (Unanimous affirmative vote.)

10 Those opposed, like sign.

11 Show it done.

12 Next preliminary matters.

13 MS. FLEMING: Commissioners, if I may, it's my
14 understanding that the parties that were part of the
15 stipulation will ask to be excused from this proceeding.

16 CHAIRMAN CARTER: Show it done.

17 MS. FLEMING: Except for FPL, of course.

18 (Laughter.)

19 CHAIRMAN CARTER: Let the record reflect it's done.
20 Show it done.

21 Our next preliminary matter.

22 MS. BRUBAKER: Actually if I could also interject
23 just briefly.

24 CHAIRMAN CARTER: Ms. Brubaker, you're recognized.

25 MS. BRUBAKER: Just for clarification of the record,

1 Issue 7 remains itself a live issue so that FPL, OPC,
2 Mr. Krasowski and staff can address that issue.

3 CHAIRMAN CARTER: Okay. And the language will be
4 part of the record.

5 MS. BRUBAKER: That's correct.

6 CHAIRMAN CARTER: It will be entered into part of the
7 record as a stipulation. Okay. But the parties to the
8 agreement other than FPL are released. Thank you so kindly.

9 Our next preliminary matter.

10 MS. FLEMING: Chairman, there is a motion for
11 reconsideration and request for oral argument that was filed by
12 Mr. Krasowski. Staff understands that Mr. Krasowski intends to
13 withdraw the motion for reconsideration, but I'll allow -- I
14 would ask Mr. Krasowski to address that, please.

15 CHAIRMAN CARTER: Mr. Krasowski, you're recognized.

16 MR. KRASOWSKI: Mr. Chairman, thank you. It is our
17 intention to withdraw the motion for reconsideration and the
18 accompanying requests for oral argument. We apologize. Our
19 understanding of the process was not accurate. Our issue with,
20 on this subject is addressed within the docket and, as a matter
21 of fact, it relates to number seven that's being discussed now.

22 CHAIRMAN CARTER: Good deal.

23 MR. KRASOWSKI: And we had thought that a complete
24 application was required before the proceeding, and now we
25 understand this is the proceeding to determine whether or not

1 that application is going to be --

2 CHAIRMAN CARTER: That is correct.

3 MR. KRASOWSKI: So thank you very much. Our humble
4 apologies to everyone.

5 CHAIRMAN CARTER: Thank you, and show it done.

6 And let's move to further preliminary matters, staff.

7 MS. FLEMING: And at this time I'd like to address
8 exhibits. Staff has prepared a Comprehensive Exhibit List,
9 which is identified as Exhibit Number 14, and staff has a
10 Composite Stipulated Exhibit, which is identified as Exhibit
11 Number 15. At this time staff would ask that Exhibits 14 --
12 well, excuse me. Let me backtrack.

13 Exhibits 1 through 13 pertain to exhibits that were
14 provided at the service hearing, at the Miami service hearing
15 for public testimony.

16 CHAIRMAN CARTER: Hang on a second. They are
17 identified, they are marked on the exhibit list for
18 identification purposes only just so that the parties
19 understand. It's primarily, it's for identification purposes.

20 MS. FLEMING: That's correct. And the list also
21 includes all the prefiled exhibits as well so that when the
22 witnesses take the stand we can take those up in turn.

23 CHAIRMAN CARTER: And this document, Exhibit 14, is
24 actually staff's list of the prefiled documents during the
25 hearing in Miami and then also the documents that have been

1 filed by the parties. Is that -- that's correct?

2 MS. FLEMING: That's correct.

3 CHAIRMAN CARTER: So what staff is really saying at
4 this point in time is to accept the exhibit list, Exhibit 14,
5 which is actually the composite exhibit list. Are we clear on
6 that? Clear as mud; right? Is that right?

7 MS. FLEMING: I'm getting little looks from FPL. To
8 make it clear, Exhibit 14 is the Comprehensive Exhibit List,
9 which includes the exhibits from the service hearing, the
10 prefiled testimony, as well as any exhibits we've had raised or
11 submitted this morning. Generally it's identified as Exhibit
12 Number 1. But since we had a service hearing in this docket,
13 it's Exhibit Number 14.

14 MR. BUTLER: You're only moving the exhibit itself.

15 MS. FLEMING: At this point we're asking to move in
16 the exhibit list, and then we can address --

17 CHAIRMAN CARTER: Just the exhibit list, just the
18 exhibit list itself.

19 MR. LITCHFIELD: No objection.

20 MR. YOUNG: Mr. Chairman?

21 CHAIRMAN CARTER: Yes, sir.

22 MR. YOUNG: Hector Sanchez is a Florida Power & Light
23 witness, and I believe that everyone agreed that he could be
24 excused other than OUC. And based on the action taken just
25 recently, we would also agree that he could be excused from the

1 hearing.

2 CHAIRMAN CARTER: Okay. So all the other parties
3 have already agreed, it just was OUC. Commissioners, is there
4 any reason why Mr. Sanchez should -- okay. Show it done.
5 Thank you so kindly. Appreciate that.

6 MR. YOUNG: Thank you.

7 CHAIRMAN CARTER: We just -- Mr. Krasowski and
8 Mr. Beck, what we had done was we explained to FPL that the
9 list presented here as Exhibit 14 is just the list of exhibits.
10 We're not saying that the exhibits are entered or anything,
11 just the list. So any objections or any --

12 MR. BECK: No objection from OPC.

13 MR. KRASOWSKI: We have no objections.

14 CHAIRMAN CARTER: Okay. Show it done. Thank you
15 kindly.

16 (Exhibit 14 marked for identification and admitted
17 into evidence.)

18 All righty. Let's take a moment to kind of give
19 everybody a chance to get settled in and we'll begin with
20 opening statements in fairly short order.

21 MS. KAUFMAN: Mr. Chairman?

22 CHAIRMAN CARTER: Yes, ma'am, Ms. Kaufman.

23 MS. KAUFMAN: I wondered if it would be appropriate
24 to move Exhibit 94, which is the stipulation that you all just
25 voted on.

1 CHAIRMAN CARTER: Okay. I see. When you say move
2 materials, you're saying if I'm going to leave, I want to make
3 sure that my document -- that makes sense. Ms. Fleming.

4 MS. FLEMING: If I may before we get to Exhibit 94,
5 staff would request that the stipulated exhibit, staff's
6 stipulated Exhibit Number 15 be moved into the record.

7 CHAIRMAN CARTER: Okay. Staff exhibit.

8 MR. LITCHFIELD: No objection.

9 MR. YOUNG: No objection.

10 MS. BROWNLESS: No objection, sir.

11 MR. BECK: No objection.

12 MS. KAUFMAN: No objection.

13 MR. KRASOWSKI: No objection.

14 CHAIRMAN CARTER: Okay. Show it done.

15 (Exhibit 15 marked for identification and admitted
16 into evidence.)

17 MS. FLEMING: And at this point it may be appropriate
18 to discuss the Exhibits 1 through 13 from the Miami service
19 hearing as well as Exhibits 91 through 93 that were submitted
20 during public testimony today.

21 CHAIRMAN CARTER: 91 through 94? No. 91 through 93.

22 MS. FLEMING: 91 through 93, just the public
23 testimony.

24 CHAIRMAN CARTER: Because 94 is the agreement that
25 Ms. Kaufman just raised for us here.

1 Okay. Let's hear from FPL.

2 MR. LITCHFIELD: Thank you, Mr. Chairman.

3 From FPL's standpoint, we recognize that there are
4 two phases to this hearing and that one involves receiving
5 input from the public, which is certainly within the purview of
6 this Commission and I think an appropriate public policy
7 initiative.

8 The drawback from our standpoint, however, is that a
9 number of the articles and publications that are offered by
10 members of the public who show up at the hearing really is
11 nothing more from an evidentiary standpoint than pure hearsay.
12 It's not sworn testimony, we really don't have an opportunity
13 to cross-examine the authors of those articles, there's no real
14 showing that the authors themselves are experts in the fields
15 for which the subject matter is offered and so on and so forth.
16 So we have a little bit of difficulty with that. Having said
17 that, we recognize the special place that that part of the
18 process has in the overall framework of the hearing. We feel
19 as though we have the witnesses here that can respond to
20 questions from the Commission to the extent that they came up
21 during the public portion of the hearing.

22 I would note that many of the subjects that, that
23 came up during this morning's public hearing and the Miami
24 edition of the public hearing are largely outside the scope of
25 the proceeding that this Commission is going to be deciding and

1 relate more properly to other matters that may be before other
2 agencies. So there's that issue as well.

3 So having said all of that, we're not going to object
4 to the materials going in. We recognize that the appropriate
5 weight will be given those materials.

6 CHAIRMAN CARTER: Thank you very kindly. We, we do,
7 in our republic we do value citizen input and public input, and
8 the ratepayers as well as the citizens that are within the
9 confines of the area. And you're right, Mr. Litchfield, we'll
10 give it the appropriate weight that's required.

11 Any objections? There was none by FPL. Are there
12 any objections about any of the exhibits that were presented by
13 the, during our public testimony portion? Any objections?

14 MS. BROWNLESS: No, sir.

15 MR. BECK: No objection.

16 MR. KRASOWSKI: No objections.

17 CHAIRMAN CARTER: Okay. Show it done.

18 (Exhibits 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13,
19 91, 92 and 93 admitted into evidence.)

20 Ms. Fleming, you're recognized.

21 MS. FLEMING: And that would lead us to Exhibit 94.

22 CHAIRMAN CARTER: Exhibit 94.

23 MS. FLEMING: And staff would recommend that we move
24 this into the record.

25 CHAIRMAN CARTER: Which is the stipulation of the

1 parties and also it's been approved by the Commissioners. So I
2 suppose out of courtesy I'll just ask if there are any
3 objections.

4 MR. BUTLER: No.

5 CHAIRMAN CARTER: But I don't think there would be.

6 MR. KRASOWSKI: No objection.

7 Mr. Chairman, can I ask a question?

8 CHAIRMAN CARTER: You're recognized for a question.

9 MR. KRASOWSKI: Thank you. I appreciate it.

10 In regards to the public testimony of Mr. Hansen,
11 Mr. Hansen's work that was represented is his own. So FPL had
12 an opportunity to --

13 CHAIRMAN CARTER: Let's don't do that, Mr. Krasowski.

14 MR. KRASOWSKI: Okay.

15 CHAIRMAN CARTER: We'll give it the appropriate
16 weight.

17 MR. KRASOWSKI: The appropriate weight. Yes. That's
18 what my question was about.

19 CHAIRMAN CARTER: All right.

20 MR. KRASOWSKI: Thank you.

21 CHAIRMAN CARTER: Hearing no objections, Exhibit
22 Number 94 entered into the record.

23 (Exhibit 94 admitted into evidence.)

24 MS. FLEMING: And now I'm not aware of any other
25 preliminary matters.

1 CHAIRMAN CARTER: No other preliminary matters.
2 Okay. Now let's get ourselves together because we're getting
3 ready to go for our formal opening statements and all. And the
4 parties that have been excused, you can take a moment.

5 MS. BROWNLESS: Thank you.

6 CHAIRMAN CARTER: Let's -- I've got 11:06 on the
7 clock here. We'll reconvene at 11:11.

8 (Recess taken.)

9 Okay. We're back on the record in our proceeding.
10 And it's just come to my attention we've got another
11 preliminary matter before we go forward with our opening
12 statements.

13 Ms. Fleming, you're recognized.

14 MS. FLEMING: That's correct. During the break I had
15 an opportunity to speak with FPL, and they would like to
16 introduce the notice of publication as Exhibit Number 95.

17 CHAIRMAN CARTER: Number 95.

18 MS. FLEMING: And ask that it be moved into the
19 record at this time.

20 CHAIRMAN CARTER: No objection? I know that you guys
21 have provided it to her, but this is a formality. So show it
22 done. This will be Exhibit 95, the proof of publication.

23 (Exhibit 95 marked for identification and admitted
24 into evidence.)

25 Ms. Fleming.

1 MS. FLEMING: And FPL would also like to identify the
2 Need Study and Appendices as Exhibit 96.

3 CHAIRMAN CARTER: One second. Let me write my notes
4 here. Exhibit 96 will be the Need Study.

5 (Exhibit 96 marked for identification.)

6 MS. FLEMING: And we would recommend as far as that
7 exhibit be moved into the record after the witnesses that
8 address the Need Study and Appendices are heard.

9 CHAIRMAN CARTER: Okay. Commissioners, so that we're
10 all on the same page, Exhibit 95, proof of publication, is into
11 the record. Exhibit 96, the Need Study, is marked for
12 identification and it'll be presented at a later point in time
13 for introduction.

14 With that, Ms. Fleming, do we have any other
15 preliminary matters?

16 MS. FLEMING: I'm not aware of any more.

17 CHAIRMAN CARTER: Okay. Hearing none --
18 Commissioners, any preliminary matters? Hearing none, let's --
19 we shall proceed with our opening statements. And that is ten
20 minutes per party; correct?

21 MS. FLEMING: That's correct.

22 CHAIRMAN CARTER: Okay. Mr. Litchfield, you're
23 recognized.

24 MR. LITCHFIELD: Thank you, Mr. Chairman.

25 We have distributed during the break a set of four

1 slides that I'll be referring to during the course of my
2 opening statement.

3 This is an historic opportunity for this Commission,
4 for Florida Power & Light Company and for the State of Florida,
5 as today we take the first step toward preserving nuclear
6 generation as an important potential baseload resource option,
7 a choice that would bring many benefits to FPL's customers in
8 the State of Florida, including a diversification of fuel mix,
9 less reliance on fossil fuels and reduction in greenhouse gas
10 emissions.

11 Cost structures for generating resources are
12 changing. Natural gas and oil prices have increased both in
13 absolute terms and in their volatility. Concerns about
14 continued supply reliability of such fuels delivered into the
15 state also have manifest, particularly in the event of severe
16 storm events or other possible supply disruptions, and fuel
17 diversity, therefore, has become increasingly important.

18 Collectively also our consciousness of the potential
19 impact of greenhouse gases on our environment has certainly
20 sharpened. We look to Europe and we see some countries with as
21 much as 80 percent of their power supplied by nuclear, while
22 here in the United States we generate no more than 20 percent
23 of our power through this same source.

24 FPL's resource need leading up to the anticipated
25 in-service dates of the proposed nuclear units is immense. Now

1 as you know, FPL's conservation and demand-side management
2 efforts are industry leading. But despite these efforts, we
3 anticipate that we will need approximately 6,200 additional
4 megawatts of power supplied by 2020. That's more load than the
5 vast majority of utilities in this country serve today. As
6 FPL's total load grows, so too does the need for additional
7 generating resources that can run cost-effectively around the
8 clock, something that is often referred to as a baseload
9 option. And nuclear power is that backbone for Florida
10 Power & Light Company's system, providing safe and continuous
11 low-cost energy 24/7. But if we do not initiate steps today to
12 preserve new nuclear as an option, the relative contribution of
13 nuclear on our system will drop from 21 percent to 16 percent
14 by 2021 and, conversely, the contribution of gas could increase
15 to as much as 75 percent.

16 Now the sheer magnitude of FPL's resource needs also
17 demonstrates another key point, and that is that Turkey
18 Point 6 and 7 will only be a part of the solution. And I would
19 refer you to the first graphic in your, in your package there.
20 And as you can see on this chart, what shows on the one side,
21 FPL's resource needs, and on the other side, known resource
22 additions, there is a significant gap. We will need nearly
23 4,000 megawatts of additional resources over and above the
24 addition of Turkey Point 6 and 7. And this means that there is
25 plenty of room within FPL's portfolio for additional

1 renewables, more cost-effective conservation and demand-side
2 management.

3 Now some will contend that renewable energy and
4 conservation programs can defer or even displace the need for
5 new baseload generating capacity such as nuclear, and this is
6 simply not the case. Renewables and conservation do occupy a
7 very important place in our resource portfolio today and will
8 continue to do so, but most of these resources are just not
9 capable of providing needed baseload capacity in any material
10 amounts.

11 Now I'll refer you to the next graphic in your packet
12 there, and this is simply a checklist that shows the additional
13 benefits illustrated throughout the testimony in this case,
14 including enhanced fuel diversity, reduced reliance on natural
15 gas, reduced greenhouse gas emissions and compliance costs, low
16 and stable fuel costs, and overall system reliability and
17 integrity, in addition to the baseload benefits that I
18 mentioned earlier. These are all criteria relative to this
19 proceeding and the determination of need.

20 I'll refer you to the next graphic, which is RS-2.
21 This is out of Mr. Silva's testimony. And as he depicts,
22 relative to building a comparable amount of gas-fired
23 generation, these nuclear units will increase our share of
24 nuclear generation from about 16 percent to about 27 percent
25 and will also significantly reduce FPL's share of gas

1 generation.

2 Another significant point: FPL's existing nuclear
3 fleet has already helped FPL to avoid over 500 million tons of
4 carbon dioxide emissions since 1972, and the addition of Turkey
5 Point 6 and 7 will result in the additional displacement of
6 hundreds of millions of tons of CO2.

7 Now I'll refer you to the last of the graphics in
8 your package. As illustrated in this exhibit sponsored by
9 Mr. Kosky on behalf of FPL, new nuclear generation is essential
10 if we are to meet any meaningful CO2 reduction goals such as
11 those that have been articulated by Governor Crist. As
12 Mr. Kosky will demonstrate and as this graphic shows, the
13 addition of these two units alone would contribute 76 percent
14 of the actual reductions required by Florida Power & Light to
15 meet such targets in 2021. There is no other resource option
16 that can achieve such reductions.

17 Now in addition to all of these benefits under a
18 broad range of fuel and environmental cost compliance
19 scenarios, FPL Witness Sim and others will show that Turkey
20 Point 6 and 7 also represents the most cost-effective source of
21 power based on current projections.

22 Now it is important to keep in mind that the
23 continued feasibility of this project will be evaluated on an
24 annual basis in proceedings contemplated by the Commission's
25 Nuclear Power Plant Cost Recovery Rule. This annual step-wise

1 approach does recognize the unique character of new nuclear
2 generation, the lengthy development schedule and the licensing
3 process involved, and the many uncertainties that will be
4 related to this project.

5 Now this approach to the development of potential new
6 nuclear here in Florida is intended to be very different;
7 different relative to the more recent experience in developing
8 fossil-fueled options and different relative to the approach
9 taken in the last round of nuclear expansion.

10 I'll mention one unique aspect of this project
11 already is the need to make significant financial commitments
12 for certain long-lead procurement items such as heavy forgings
13 in order to obtain and maintain a spot in manufacturers'
14 queues.

15 We have asked the Commission in this docket to
16 approve the need for us to make such a commitment, not because
17 it is a conventional or a necessary part of past need
18 proceedings for fossil units, but because it is a necessary
19 decision to allow us to take steps intended to preserve the
20 projected in-service dates for these units and because the
21 first annual cost recovery proceeding will not be completed
22 before that commitment has to be made. It is simply a question
23 of timing and there is no other available docket. The amount
24 of that commitment, however, would be subject to the
25 Commission's prudence review in a subsequent annual proceeding.

1 Nuclear generation provides today the country with an
2 exceptionally attractive source of power providing a safe and
3 steady stream of low-cost, reliable energy. But the path of
4 the last generation of nuclear construction was anything but
5 smooth. As FPL Witness Reed will testify, the regulatory and
6 permitting processes in general were lengthy, extremely
7 adversarial and in some cases highly politicized, resulting in
8 enormous disallowances and destroying significant shareholder
9 value. Florida's experience, I would note, was significantly
10 better than the national experience overall.

11 Nevertheless, the national experience in combination
12 with relatively low-cost fuel-fired generation, fossil
13 fuel-fired generation at the time, options that are far easier
14 to permit and to construct, has effectively resulted in a
15 hiatus of nearly 30 years since an order was placed for a
16 nuclear power plant in the United States and nearly 25 years
17 since the last nuclear power plant was completed in Florida.

18 But conditions are changing at the federal level, and
19 here in the State of Florida we have seen public policy move
20 steadily to a position that favors nuclear. Legislation
21 supportive of nuclear has been passed both by Congress and the
22 Florida Legislature, Governor Crist and members of his Cabinet
23 have individually expressed support for nuclear, and this
24 Commission has taken steps intended to promote the development
25 of this resource option specifically by adopting the Nuclear

1 Cost Recovery Rule. We will need this Commission's strong
2 support throughout this entire process.

3 An affirmative, an affirmative determination of need
4 that merely recites that this project meets the individual
5 criteria we do not believe will be sufficient to alleviate many
6 of the concerns of the industry and the investment community
7 over a project of such enormous scale and challenge. Explicit
8 and consistent regulatory support will be imperative to the
9 successful development and deployment of new nuclear generation
10 in this state.

11 We believe, Commissioners, that the petition before
12 you presents the right project at the right time and the right
13 location and to be pursued in the right way, and we urge you to
14 grant the determination of need and to indicate your strong
15 support and commitment for the project and for the framework
16 within which it is to be pursued in order to preserve this
17 important resource option for the benefit of FPL's customers.
18 Thank you.

19 CHAIRMAN CARTER: Thank you, Mr. Litchfield.

20 Mr. Beck.

21 MR. BECK: Thank you, Mr. Chairman and Commissioners.

22 Good morning.

23 Section 403.519, Florida Statutes, provides a number
24 of factors the Commission must consider when determining
25 whether there is a need for the two nuclear plants proposed by

1 Florida Power & Light. Some of those factors are the effect of
2 the proposed plants on system reliability and integrity, the
3 effect on fuel diversity and whether the plants are the most
4 cost-effective source of power available. I'd like to take a
5 few moments to address the issue of whether the plants are the
6 most cost-effective alternative available.

7 These plants, if built, will be the most expensive
8 power plants ever built in Florida. Cost estimates for two
9 1,100 megawatt plants range from about \$12 billion to almost
10 \$18 billion, and for two 1,520 megawatt plants the cost
11 estimates range from about \$16 billion to about \$24 billion.
12 As expensive as these plants are from the customer's
13 perspective, the total cost of these plants includes not only
14 the cost to build the plants, but also the cost of fuel for the
15 plants and the cost of any emission taxes which might come into
16 place during the 40-plus-year-economic lives of the plants.

17 One of the dilemmas facing the Commission in this
18 case is that you have to make a judgment as to what these costs
19 will be even though you don't know exactly what they are.
20 Among emission costs carbon taxes present what is perhaps the
21 most difficult issue because there aren't any carbon taxes or
22 cap-and-trade systems in place in Florida or in the United
23 States, but it's widely believed that they will be in place in
24 the not too distant future.

25 We think the Commission must make its best judgment

1 about the level of this cost in this case because you can't
2 make a determination about cost-effectiveness of the plants if
3 you don't take this into account.

4 In the recent Glades coal plant need determination
5 case the Commission never adopted a specific forecast of
6 emission costs. Instead, the Commission determined that
7 Florida Power & Light had failed to demonstrate that the
8 proposed plants were the most cost-effective alternative
9 available. In making this decision, the Commission cited
10 uncertainty associated with future natural gas and coal prices
11 and the uncertainty associated with emerging energy policy
12 decisions at the state and federal level. There is uncertainty
13 about fuel prices and emissions taxes, but that can't stop you
14 from making decisions about the most likely fuel prices and
15 emission costs that will be in place during the lives of these
16 proposed plants. If it did, we'd be frozen in our tracks and
17 the Commission would be unable to make decisions about meeting
18 the energy needs of our citizens. We all have to live with
19 uncertainty in our lives, but we deal with it by making our
20 best judgments about the future and then acting on those
21 judgments.

22 In this case, Florida Power & Light presents three
23 fuel cost scenarios and four emission cost scenarios for a
24 possibility of 12 different scenarios. FPL claims that they
25 have not selected a most likely scenario out of the many

1 possibilities they present, but the evidence will show you that
2 their scenarios should not all be given equal weight.

3 With respect to carbon emission costs, the evidence
4 will show a mild emission cost case, an expected emission cost
5 case, a stringent, and a stringent case provided by a firm
6 specializing in such forecasts, and then there's a fourth
7 scenario more stringent than the stringent case which Florida
8 Power & Light created in this proceeding. We will urge you to
9 use the second scenario, which is the expected scenario, as the
10 scenario to which you should give the greatest weight.

11 The Commission can take some comfort from the fact
12 that not only is this scenario for emission cost the scenario
13 which the outside firm considered as the expected case, but
14 also from the fact that this same scenario was presented in the
15 Glades coal case. And it compares well with the middle
16 scenario for emission cost that was presented by the Sierra
17 Club and the Natural Resources Defense League in the coal case.

18 Forecasts of emission costs cut in different
19 directions for a coal plant and a nuclear plant. For coal, the
20 more stringent the scenario, the less likely the coal plant
21 would be the most cost-effective alternative. For nuclear the
22 opposite is true. The more stringent the scenario, the more
23 likely the nuclear plant would be the most cost-effective
24 alternative.

25 What is good for analyzing the emission costs for a

1 coal plant should also be good for analyzing the emission costs
2 for a nuclear plant. It's our position that you should give
3 greatest weight to the same emission cost projection in this
4 case that we asked you to consider in the Glades case, and that
5 is the emission cost scenario number two.

6 That concludes the opening statement. Thank you,
7 Commissioners.

8 CHAIRMAN CARTER: Thank you, Mr. Beck.

9 Mr. Krasowski or Mrs. Krasowski.

10 MR. KRASOWSKI: Good morning. I'm Bob Krasowski for
11 the record, and I will lead off, if I may.

12 CHAIRMAN CARTER: Before you get going, you're going
13 to share. So you've got ten minutes. So you're going to do
14 five minutes each, is that the way you're going to do it?

15 MR. KRASOWSKI: No. Actually I was going to take a
16 few minutes to make our initial statement. But as we proceed,
17 one or the other of us, if it's, if it's okay, would like to
18 cross-examine.

19 CHAIRMAN CARTER: Right now we're just doing the
20 opening statements and you've got ten minutes to state your
21 case.

22 MR. KRASOWSKI: Yes. Thank you.

23 CHAIRMAN CARTER: You're recognized.

24 MR. KRASOWSKI: Okay. Good morning once again. Bob
25 Krasowski speaking for Bob and Jan Krasowski, Jan and Bob

1 Krasowski.

2 We are 27-year residents of Florida. Through the
3 course of our entire lives we have pursued our personal
4 education in environmental and energy-related issues. So being
5 that we fully recognize the seriousness of the matter before
6 you, we would, we would like to say that essentially the
7 reason -- and I apologize for this because my things aren't
8 well-organized. But primarily the reason we're here today is
9 that we are ratepayers with, and customers of FP&L. We have in
10 reading the testimony provided by FP&L come to see that they
11 provide information that contradicts what we have learned
12 through the course of our life in relation to energy
13 opportunities or technologies. And so pretty much the reason
14 we're here is to take advantage of the opportunity to engage
15 their witnesses in cross-examination so that we can draw them
16 out to explain some of the positions they represent so we could
17 have a better understanding of, of what is accurate so as this,
18 as you have the difficult task to make a determination in this
19 case, a full representation, a greater representation of ideas
20 is before you.

21 In particular, we've noticed comments about CO2
22 emissions, emissions in general that are associated with, with
23 this project, the cost of the project in relation to
24 alternative options, all of the issues that are identified in
25 the Florida Statute 403.519, these criteria established by the

1 Legislature that have to be considered before determination of
2 need is allowed or permitted.

3 So I'll just leave it with that. It's -- we have an
4 interest in a broad view of, of this issue, this project, and
5 as it moves through the different venues, we plan to monitor
6 it. But we firmly believe that this, some of these issues and
7 positions presented should not pass by the Public Service
8 Commission without an effort to expand the discussion on those
9 issues, and that's what we hope to do here over the next day or
10 two or three. Thank you.

11 CHAIRMAN CARTER: Thank you, Mr. Krasowski.

12 And let me kind of lay the lay of the landscape
13 before we swear in the witnesses and get on with our direct.
14 It seemed like a good breaking point before we get started in
15 the next phase of the trial. So, Commissioners, why don't
16 we -- Commissioner Edgar, you're recognized.

17 COMMISSIONER EDGAR: Thank you, Mr. Chairman. I just
18 wondered if there would be an opportunity to ask, I promise, a
19 brief question of the parties that came up from their opening
20 statement?

21 CHAIRMAN CARTER: Of course. You're recognized.

22 COMMISSIONER EDGAR: Thank you.

23 Mr. Litchfield, I, I think I heard you say that if
24 this Commission were to approve Issues 1 through 8, that that
25 would not be enough but that more would be needed. And I was

1 unclear as to what more it is or was that you were asking of
2 this Commission in this proceeding is my first question. And
3 as part of that, I would think if, and I do mean if because I,
4 you know, each of us will listen to all of the testimony and
5 we'll go through the process, but if this Commission were to
6 approve Issues 1 through 8, I would think that that would be a
7 significant policy statement and affirmation of the project as
8 proposed. And so to hear you already say that that would not
9 be enough gives me some concern. And if you could just respond
10 to that. Thank you.

11 MR. LITCHFIELD: Thank you, Commissioner Edgar. No.
12 It is an excellent question, a very fair question. And I think
13 we're approaching this proceeding -- we recognize, we recognize
14 as well as anyone the size of the investment that is going to
15 be required over the next several years in order to construct
16 and eventually operate this plant. It is going to be enormous,
17 you know, Mr. Beck is right, on all counts.

18 Now we, we've done need proceedings in the past and
19 more or less the Commission has gone through the list and they
20 have made a decision as to whether it meets those particular
21 criteria. And I think what we're saying -- and I'm not
22 disputing your proposition that, in fact, that would send a
23 very solid signal if you go through that list and you determine
24 that we have met the criteria and it is eligible for
25 determination of need from this Commission. But I think what,

1 what we're suggesting to you, what our witnesses are suggesting
2 to you in testimony, Mr. Reed in particular who's got extensive
3 knowledge with, regarding the experience of the nuclear
4 construction during the last generation of nuclear expansion,
5 there are some very, very unsettled investors, I think, out
6 there. I think everybody believes that nuclear has to be
7 constructed in this country, I think everybody is willing to
8 move forward on that premise, but I think there is still a
9 tremendous amount of uncertainty out there as to whether these
10 projects can get done given the last round of nuclear expansion
11 and the painful experience that it was for regulators and for
12 companies and for their shareholders.

13 And so I think what, what we're asking for -- and I
14 don't think we're asking for a supplemental issue. In fact,
15 what we're really asking for is that as you go through this
16 case and as you decide Issues 1 through 8, that to the
17 extent that you can as a matter of policy that you evidence
18 your clear public policy support for nuclear in this state.
19 And I think that can be done within the context of addressing
20 the issues, frankly. So I think -- does that answer your
21 question? I'd be happy to elaborate if I didn't quite cover
22 it.

23 COMMISSIONER EDGAR: Thank you. Actually it was
24 helpful. And, you know, I may have further comments and
25 questions, but I will hold them to the opportunity as we

1 proceed through. But thank you for the opportunity. Thank
2 you, Mr. Chairman.

3 CHAIRMAN CARTER: Thank you, Commissioner Edgar.

4 Commissioners, any further questions before -- okay.
5 Well, here's what I was thinking from a housekeeping
6 standpoint. And we, we have completed the public portion of
7 our testimony, we've completed the preliminary issues and
8 matters and we've had a good day so far. And I want to have a
9 better day. We want to go -- we wanted to kind of go ahead on
10 and take lunch now and come back in an hour so we can hit the
11 ground running. And my plans are to go until 5:00 today. So
12 if that helps you with your witnesses and their planning times
13 and those of you that are from out of the city and all like
14 that, if that helps you with the planning time, we'll try to
15 work on that.

16 Commissioners, I hope that that will help you -- I
17 know that a lot of you have got calls to make and things to do
18 in the office and all like that, but I want to be respectful of
19 your time.

20 So with that, I'm looking at us returning -- this
21 time I'll change to the clock on the wall and we'll come
22 back -- oh, I don't like the clock on the wall. Come back
23 at -- I'm looking at 11:45 now by my watch. So why don't we
24 come back at 12:45 -- I mean, no, no, not -- yeah. 12:45.
25 That's an hour. Is that right? I'm really struggling with

1 time today. 12:45. We're on recess.

2 (Recess taken.)

3 (Transcript continues in sequence with Volume 2.)

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1 STATE OF FLORIDA)
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CERTIFICATE OF REPORTER

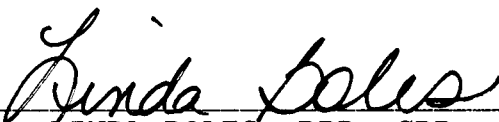
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I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 31st day of January, 2008.


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