

**BEFORE THE FLORIDA
PUBLIC SERVICE COMMISSION**

**DOCKET NO. 080001-EI
FLORIDA POWER & LIGHT COMPANY**

APRIL 3, 2008

**IN RE: LEVELIZED FUEL COST RECOVERY
AND CAPACITY COST RECOVERY**

TESTIMONY & EXHIBITS OF:

**T. O. Jones
K. M. Dubin**

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
TESTIMONY OF TERRY O. JONES
DOCKET NO. 080001-EI
April 3, 2008

Q. Please state your name and address.

A. My name is Terry O. Jones. My business address is 700 Universe Boulevard, Juno Beach, Florida 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (FPL) as the Vice President of Nuclear Plant Support.

Q. Have you previously testified in the predecessor to this docket?

A. Yes, I have.

Q. What is the purpose of your testimony?

A. An issue has been raised by the Office of Public Counsel (OPC) in the fuel proceedings as to whether customers or FPL should be responsible for additional fuel costs incurred as a result of an outage extension in 2006 at Turkey Point Unit 3 which was caused by a drilled hole in the pressurized piping. In the 2007 fuel proceeding, the parties stipulated that this issue should be deferred

1 to the 2008 fuel proceeding. My testimony describes the events that
2 occurred during the Turkey Point Unit 3 outage extension in 2006.
3 FPL witness Dubin discusses the regulatory policies associated with
4 recovery of replacement power costs.

5 **Q. Have you prepared, or caused to be prepared under your**
6 **direction, supervision or control, an exhibit in this**
7 **proceeding?**

8 A. Yes, Exhibit TOJ-1 – Corporate Security Investigative Report is
9 attached to my testimony as a confidential exhibit.

10 **Q. Please provide a brief description of the outage extension at**
11 **Turkey Point Unit 3 in March and April of 2006.**

12 A. Toward the end of Turkey Point Unit 3's Spring 2006 refueling outage,
13 FPL personnel identified a small drilled hole in the pressurizer piping
14 on Unit 3 during of a series of tests and inspections that were
15 conducted to ensure that equipment was operating properly prior to
16 plant heat-up and restart. FPL conducted an extensive review of the
17 unit to ensure no other systems were damaged. Prompt and
18 effective corrective actions were taken by plant personnel to repair
19 the pressurizer piping and provide the appropriate assurances of
20 safety for restart. Unit 3 was restarted on April 10, 2006, which was
21 an extension of approximately 5 days to the planned refueling outage.

22

1 The FBI and FPL's Corporate Security Department have both
2 conducted investigations to determine who drilled the hole and
3 under what circumstances. Those investigations commenced
4 immediately after the drilled hole was discovered on March 31,
5 2006. FPL arranged to log access suspensions in the Nuclear
6 Energy Institute's Personnel Access Data Base ("PADS") for all
7 personnel who had entered the Turkey Point nuclear unit
8 containment area during the period March 9-31, 2006 and to
9 reinstate access for each person only after he or she had
10 completed an FBI interview and psychological screening tests.
11 This was an extraordinary measure, because it temporarily
12 removed a large number of qualified nuclear personnel from the
13 pool of available workers for plants around the country and hence
14 required a high level of cooperation from all levels of the nuclear
15 industry, including plant licensees and service vendors. The
16 investigations were extremely thorough and, as a result, lasted
17 more than a year. Both investigations are complete. FPL's
18 Corporate Security Department issued an Investigative Report
19 summarizing both its and the FBI's investigation, which is attached
20 as confidential Exhibit TOJ-1.

21 **Q. What conclusions have been reached about how the hole was**
22 **drilled in the pressurizer piping?**

1 A. FPL has been advised by the FBI that its investigation reached the
2 conclusion that the hole was drilled by a single individual, working
3 alone. The individual identified by the FBI was employed by a
4 contractor FPL hired to perform services in support of Unit 3's Spring
5 2006 refueling outage. The individual had been granted unescorted
6 access to the Turkey Point nuclear plant in early March 2006 after
7 completing FPL's comprehensive access authorization and fitness-
8 for-duty screening. I will explain the concept of unescorted access
9 later in my testimony. Neither investigation has identified a definitive
10 motive for this individual's actions.

11 **Q. Has the individual who was identified in the investigation been**
12 **charged with a criminal act or been the subject of civil**
13 **enforcement action by the NRC?**

14 A. No. The FBI presented the facts in this case to the United States
15 Attorney. Upon review, the U.S. attorney declined to file criminal
16 charges. Subsequently, the NRC has informally notified FPL that it
17 does not have sufficient evidence to pursue civil enforcement action
18 against the individual.

19 **Q. Has FPL sought recourse against the contractor or individual**
20 **who drilled the hole in the pressurizer?**

21 Not at this time. The FBI's and NRC's decisions not to pursue
22 actions against the individual, coupled with the FBI's unwillingness

1 to release its final investigative report to FPL, has hindered our
2 ability to evaluate potential claims arising out of the incident. FPL
3 understands that the FBI has provided the NRC a copy of its report.
4 FPL has requested the NRC, under the Freedom of Information
5 Act, to disclose the report to FPL. If FPL is able to obtain the FBI's
6 investigative report, an evaluation will be performed to determine
7 whether the information it contains gives FPL a basis for recourse
8 in connection with this incident.

9 **Q. What actions has FPL taken with respect to the individual that**
10 **the FBI identified as having drilled the hole in the pressurizer**
11 **pipings?**

12 A. The individual's access to FPL's nuclear plants was revoked promptly
13 upon discovery of the drilled hole. FPL will not permit the individual to
14 have access to its nuclear plants in the future.

15 **Q. Did the NRC investigate the adequacy of FPL's security**
16 **processes in light of this incident?**

17 A. Yes, it did. The NRC formed an Augmented Inspection Team (AIT)
18 that investigated this incident thoroughly. The AIT focused on the
19 adequacy of FPL's security processes at Turkey Point and how
20 FPL ensured that Unit 3 was ready for restart once the drilled hole
21 was found.

22 **Q. What were the findings of the AIT?**

1 A. The AIT found that FPL appropriately positioned security officers at
2 access points leading into containment, that access authorization
3 personnel were knowledgeable in the area of access authorization,
4 and that personnel were appropriately cleared before gaining
5 unescorted access to the site. The AIT also concluded that FPL's
6 identification, classification, and response to the event were
7 appropriate. In addition, the AIT found that the planned actions to
8 ensure restart readiness for Unit 3 and continued operation of Unit
9 4 were effective and thorough. No findings or violations were
10 issued by the NRC. The NRC informed FPL that it had reacted well
11 in a difficult situation. On March 18, 2008, the NRC sent FPL a
12 letter confirming that the NRC considers the AIT inspection to be
13 complete and does not plan to conduct any further inspection.

14 **Q. What is "unescorted access"?**

15 A. "Unescorted access" means that a person is permitted to enter
16 specified portions of a nuclear unit's protected area in order to
17 perform assigned work, without having to be accompanied by a
18 worker with unescorted access to the plant. The system of granting
19 personnel unescorted access to nuclear plants upon successful
20 completion of appropriate screening is universally accepted and
21 used within the nuclear industry. It is logistically essential if the
22 complex activities undertaken at the time of a refueling outage are

1 to be performed promptly and efficiently. FPL requires all
2 personnel with unescorted access to nuclear facilities to pass a
3 rigorous security screening.

4 **Q. Please describe the process used by FPL to screen personnel**
5 **who will have unescorted access to protected areas within its**
6 **nuclear plants.**

7 A. Pursuant to NRC regulations, FPL has access authorization and
8 fitness-for-duty (FFD) programs that apply to all persons who are
9 granted unescorted access to nuclear power plant protected areas.
10 These processes are consistent with the standards and processes
11 used across the nuclear industry and pursuant to applicable NRC
12 requirements. Specifically, each individual who seeks unescorted
13 access to an FPL nuclear plant (whether an FPL employee or
14 contractor employee) is subjected to the following screening:

- 15 • Plant access authorization approval is required, in advance by an
16 FPL supervisor. The FPL supervisor reviews the work
17 requirements of the individual and selects access to only those
18 areas of the plant that are necessary to accommodate the
19 individual's work requirements.
- 20 • Each individual is subject to a detailed background investigation,
21 including verification of employment history, credit check, and a

1 character verification, including reference checks, and, where
2 applicable, education and military checks.

3 • Each individual is required to pass a rigorous psychological
4 examination consisting of nearly 600 questions, with the
5 responses screened for psychological stability and other
6 characteristics. As required, individuals may be subject to further
7 psychological review, including interviews by a licensed
8 psychologist.

9 • Each individual is required to successfully complete an FBI
10 criminal history verification, including fingerprints, with no
11 disqualifying criminal background.

12 • Each individual must successfully complete drug and alcohol
13 screening and is then subject to random drug and alcohol testing
14 during the period of unescorted access.

15 Failure to successfully complete any of these steps will result in the
16 individual being denied unescorted access to FPL's nuclear facilities.

17 **Q. Were all personnel who had access to Turkey Point Unit 3 during**
18 **the Spring 2006 refueling outage screened prior to that outage in**
19 **accordance with these procedures?**

20 A. Yes. In total, 1137 personnel entered the containment of Turkey
21 Point Unit 3 during the outage. Each of these personnel, including
22 the individual identified as having drilled the hole in the pressurizer

1 piping, was subject to and successfully completed FPL's rigorous
2 access and fitness for duty screening processes.

3 **Q. What measures does FPL have in place to control access to**
4 **nuclear power plant protected areas once unescorted access**
5 **is granted?**

6 A. FPL carefully controls access to its nuclear plants, especially within
7 the vital areas such as the containment structure where the
8 pressurizer piping is located. Each individual granted unescorted
9 access to a nuclear plant is also screened by their supervisor for
10 access to vital areas. Even after access is granted through the
11 process that I described earlier, the access level for each individual
12 is reviewed monthly thereafter by his or her supervisor. In addition,
13 all individuals are subject to an ongoing behavioral observation
14 program. This program is specifically designed to detect and require
15 the reporting of behaviors which are not consistent with unescorted
16 access, and also to identify changes in behavior, mood and other
17 relevant criteria which are reported to security and are the subject of
18 additional evaluation and management action, as may be required.
19 Additionally, each person with unescorted access to the plant is
20 required to complete re-qualification Plant Access Training for
21 unescorted access as well as access to radiation controlled areas.
22 During refueling outages, FPL deploys security officers to verify

1 access into the containment structure. FPL also utilizes cameras to
2 monitor work activities throughout the refueling outage.

3
4 All of the processes I have described were in full force and effect and
5 were applied to all personnel who had unescorted containment
6 access during the Spring 2006 Turkey Point Unit 3 refueling outage,
7 including the individual who drilled the hole in the pressurizer piping.
8 He had been authorized to have unescorted access to the area in
9 Unit 3 where the pressurizer piping is located. There was no report of
10 aberrant behavior by that individual that would have warranted
11 revoking or limiting his access.

12 **Q. In addition to access control and worker screening, does FPL**
13 **have other security measures in place to protect the nuclear**
14 **plant site from damage or theft?**

15 A. Yes. FPL has an extensive security program to protect against acts
16 of radiological sabotage and to prevent theft of nuclear material.
17 The specifics of these programs constitute safeguards information,
18 so I cannot discuss those specifics publicly. However, I can
19 confirm that these programs conform in all respects to NRC
20 requirements, are inspected periodically by the NRC, and are
21 internally audited by FPL Nuclear Assurance in order to assess and
22 determine compliance with the security requirements. At all

1 relevant times, including during the Spring 2006 Turkey Point Unit 3
2 refueling outage, FPL maintained these programs consistent with
3 NRC requirements. Of course, it is infeasible to monitor the
4 location and activities at all times for each of the hundreds of
5 personnel who have unescorted access during a refueling outage.

6 **Q. Has the NRC or FPL Nuclear Assurance identified any**
7 **deficiencies in FPL's security program that contributed to this**
8 **event?**

9 A. No. None of the previous NRC inspections or FPL Nuclear
10 Assurance audits identified any uncorrected deficiencies that could
11 have contributed to the drilled hole incident that occurred at Turkey
12 Point Unit 3.

13 **Q. From the results of the NRC's, the FBI's and FPL's internal**
14 **investigations, do you conclude that FPL had appropriate**
15 **measures in place to provide a high degree of protection for**
16 **Turkey Point against the risk of criminal acts such as that**
17 **which occurred?**

18 A. Yes. FPL's security programs clearly provide a high degree of
19 protection and represent a prudent response to the risk of such
20 criminal acts taking place. However, it is important to recognize that
21 no security program – at a nuclear plant or elsewhere – is infallible.
22 Even the most rigorous access-control, worker-screening and

1 security programs, can identify and prevent only a high percentage
2 of potential personnel problems; they can never provide 100%
3 protection against deliberate criminal acts, carried out by
4 individuals with no prior history of such acts. That is why both the
5 security systems and plant safety system have many layers of
6 defense to ensure the health and safety of the public. This is called
7 "Defense in Depth".

8 **Q. Does FPL need to take additional measures to prevent**
9 **recurrence of tampering incidents?**

10 A. As I mentioned previously, FPL will exclude the individual who drilled
11 the hole from ever working at any FPL nuclear plant in the future.
12 Beyond that, given the rigor of our existing security processes, FPL
13 does not believe that systemic changes are warranted.

14 **Q. The NRC has issued a letter to FPL alleging that security**
15 **officers were inattentive at Turkey Point over a period of time.**
16 **Could you explain FPL's position on this matter and the steps**
17 **that FPL is taking to prevent and detect security officer**
18 **inattentiveness?**

19 A. On October 30, 2007, FPL received a letter from the NRC alleging
20 an "apparent violation" concerning the NRC's contention that six
21 Wackenhut security officers were inattentive to their duties at
22 Turkey Point at various times between 2004 and 2006. When the

1 letter was issued, FPL only had information on one of the alleged
2 incidents of inattentiveness (and FPL does not believe that the
3 security officer in that example was inattentive). Accordingly, FPL
4 requested more information about the NRC's investigation so that
5 FPL could further look into the matter. While the NRC originally
6 agreed to this, they reversed their position and declined to provide
7 that information. FPL assumes that NRC will issue a formal Notice
8 of Violation (NOV). Upon issuance of the NOV, FPL will be entitled
9 to the information compiled by the NRC during their investigation,
10 and FPL will formally request that information to assess the validity
11 of the NOV.

12
13 On February 11, 2008, FPL submitted a response to an NRC
14 information request issued to all U.S. nuclear plant operators
15 regarding nuclear power plant security officer attentiveness. While
16 the specific details of FPL's response is security-related and
17 confidential, in general FPL detailed the numerous administrative
18 programs, managerial programs, and controls in effect at Turkey
19 Point (and at all of its nuclear plants), established to prevent,
20 identify, and correct security personnel inattentiveness. These
21 measures include maintenance of a work environment where plant
22 personnel feel free to raise concerns; implementation of a

1 behavioral observation program where plant personnel monitor
2 behaviors; implementation of a fitness-for-duty program which
3 requires random and for-cause drug and alcohol testing; and
4 periodic communication checks with security officers in the plant.

5 **Q. Do you believe that attentiveness of security officers would**
6 **have played a role in whether there were opportunities to drill**
7 **the hole in the pressurizer piping?**

8 A. No. Security officers are not expected to oversee and verify
9 maintenance activities that are being conducted and, in any event,
10 the suspected individual had unescorted access. Moreover,
11 maintenance workers frequently engage in drilling activities, and
12 there is nothing inherently unusual about such activities that would
13 necessarily prompt a security officer to raise questions about such
14 activity.

15 **Q. Should FPL be held responsible for the replacement power**
16 **costs incurred as a result of the Turkey Point Unit 3 outage**
17 **extension?**

18 A. No. FPL witness Dubin discusses the regulatory policies associated
19 with recovery of replacement power costs, but speaking from the
20 perspective of nuclear operations, I see nothing that could warrant
21 criticism in FPL's actions before or after the drilled hole was
22 discovered. FPL management took extensive, reasonable and

1 rigorous actions that complied fully with NRC requirements and
2 industry standards in order to prevent improper access and deliberate
3 criminal acts. FPL is not aware of, nor has anyone else indicated,
4 any reasonable actions that could have been taken to prevent the
5 criminal act that extended the Unit 3 outage. FPL took extensive
6 actions to swiftly and effectively investigate and inspect both
7 Turkey Unit 3 and Unit 4 after the criminal act was discovered,
8 enabling FPL to expeditiously return the plant to service with
9 minimal disruption in production.

10 **Q. Does this conclude your testimony?**

11 **A. Yes it does.**

Corporate Security Investigative Report
CONFIDENTIAL document consisting of 4 pages

TOJ - 1
DOCKET NO. 080001-EI
EXHIBIT _____
April 3, 2008

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF KOREL M. DUBIN**

4 **DOCKET NO. 080001-EI**

5 **April 3, 2008**

6

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

8 A. My name is Korel M. Dubin and my business address is 9250 West
9 Flagler Street, Miami, Florida 33174.

10 **Q. By whom are you employed and what is your position?**

11 A. I am employed by Florida Power & Light Company (FPL) as Manager
12 of Cost Recovery Clauses in the Regulatory Affairs Department.

13 **Q. Have you previously testified in this docket?**

14 A. Yes, I have.

15 **Q. What is the purpose of your testimony?**

16 A. An issue has been raised by the Office of Public Counsel (OPC)
17 in the fuel proceedings as to whether customers or FPL should be
18 responsible for additional fuel costs incurred as a result of an
19 outage extension in 2006 at Turkey Point Unit 3 which was
20 caused by a drilled hole in the pressurized piping. Consistent with
21 its prior precedent, the Commission approved FPL's request to
22 recover through the 2007 Fuel Cost Recovery (FCR) factor the
23 approximately \$6 million of replacement power costs associated
24 with the outage extension, subject to potential refund with interest

1 if the Commission were to determine subsequently that FPL is not
2 entitled to recover those costs. In the 2007 fuel proceeding, the
3 parties stipulated that this issue should be deferred to the 2008
4 fuel proceeding. My testimony discusses the regulatory policies
5 associated with recovery of replacement power costs. FPL witness
6 Jones describes the events that occurred during the Turkey Point
7 Unit 3 outage extension in 2006.

8 **Q. What standard has the Commission used to determine whether**
9 **utilities may recover replacement power costs associated with**
10 **nuclear unit outages?**

11 A. The Commission has consistently based that determination on
12 whether a utility's actions were prudent in whatever circumstances
13 led to the need for replacement power. These prudence
14 determinations essentially look to whether a utility acted reasonably
15 based on the information available to it at the time, without the benefit
16 of hindsight. So long as a utility's actions are prudent by this
17 measure, the utility is permitted to recover the replacement power
18 costs.

19 **Q. Do you believe that this prudence standard is appropriate for**
20 **determining whether replacement power costs may be**
21 **recovered?**

22 a. Yes, I do. Replacement power costs constitute out-of-pocket fuel
23 and/or purchased power costs actually incurred by a utility in
24 providing electric service to its customers. As such, they are properly

1 recoverable through the FCR Clause just like any other power costs,
2 unless they are shown to have been unnecessarily incurred because
3 the utility could have avoided them had it acted reasonably.

4
5 The purpose of the FCR was clearly enunciated almost fifty years
6 ago: the FCR allows a utility to recover its actual fuel costs, no more
7 or no less. As stated in Order No. 2515-A, dated April 24, 1959,

8 "A fuel adjustment clause is intended to compensate for day-
9 to-day fluctuations in the cost of fuel which cannot be
10 anticipated in the base rates. It should be constructed and
11 applied so as to reimburse the utility for the increase in the
12 cost of fuel as related to generation. It also operates so as to
13 pass on to the customer any savings realized by the utility
14 from decreased cost of fuel."

15 Pursuant to this stated purpose of the FCR, the Commission has
16 consistently based replacement power cost recovery determinations
17 on whether a utility's actions were prudent in whatever circumstances
18 led to the need for replacement power. These prudence
19 determinations essentially look to whether a utility acted reasonably
20 based on the information available to it at the time, without the benefit
21 of hindsight. So long as a utility's actions are prudent by this
22 measure, utilities have been permitted to recover the replacement
23 power costs. For example, in 1984 the Commission reviewed and
24 approved the recovery of replacement power costs associated with

1 the outage at FPL's St. Lucie Unit 1 associated with removal of the
2 damaged Thermal Shield. In Order No. 15486 in Docket No.
3 840001-EI-A, the Commission relied on the prudence standard in
4 approving recovery of those replacement power costs and even
5 references OPC's concurrence that prudence is the standard when it
6 states:

7 "Burden of Proof and Standard of Care"

8 Public Counsel correctly pointed out that the utilities
9 bear the burden of demonstrating that their fuel costs are
10 reasonable and prudent. FPL has also correctly indicated
11 that hindsight should not serve as the basis for liability in this
12 case and that for a utility to be denied recovery of
13 replacement power costs it must be shown that management
14 acted unreasonably at the time the relevant decision were
15 made...we find that FPL's decision to include a thermal shield
16 in the design of SL1 was prudent when we consider the
17 information known to the decision-makers at the time of the
18 relevant decisions. Likewise, we have determined that FPL's
19 operation of the unit prior to the extended outage was prudent
20 and reasonable as was the repair and return to service.
21 Accordingly, we have found that *the replacement fuel costs*
22 *incurred were reasonable and prudent and properly*
23 *recovered through the fuel cost recovery clause."* [emphasis
24 added]

1 In 1996, the Commission reviewed several outages that had
2 occurred at the St. Lucie plant in 1994 and 1995. One of the outage
3 events is similar to the circumstances of the Pressurizer Piping
4 incident in that it was a bad act, outside of the company's control. It
5 was an act of trespassing, wherein a vehicle was driven up over the
6 St. Lucie discharge canal berm and ultimately ended up lodging
7 inside one of the discharge pipes. The Commission again relied on
8 the prudence standard in determining whether or not FPL could
9 recover replacement power costs stating that:

10 "We approve Florida Power & Light Company's request to
11 recover replacement energy costs incurred as a result of
12 outages at Plant St. Lucie during the period September 1994
13 through September 1995. *FPL's actions regarding the outages*
14 *were reasonable and prudent and, therefore, FPL should*
15 *recover all replacement energy costs."*

16 (Emphasis added). These are just two of many instances over the
17 years where the Commission has evaluated actions that led to
18 outages and allowed recovery of the resulting replacement power
19 costs if the utility were found to have acted prudently. In fact, I have
20 been personally involved in the Commission's FCR proceedings for
21 almost 25 years and have never seen the Commission evaluate the
22 recovery of replacement power costs using any standard other than
23 prudence.

24 **Q. Should FPL be entitled to recover the replacement power costs**

1 **associated with the 2006 Turkey Point Unit 3 outage extension**
2 **under the prudence standard?**

3 A. Yes. As FPL witness Jones explains in his testimony, FPL complied
4 fully with NRC requirements and industry standards in order to
5 prevent improper access and deliberate criminal acts, and took
6 extensive actions to swiftly and effectively investigate and inspect
7 both Turkey Unit 3 and Unit 4 after the drilled hole in the pressurizer
8 piping was discovered, enabling FPL to expeditiously return the plant
9 to service with minimal disruption in production. FPL's actions at
10 each step in this process were unquestionably reasonable and
11 prudent.

12 **Q. Would it be unfair to deny FPL recovery of its replacement power**
13 **costs even though its actions were prudent?**

14 A. Yes. To deny recovery of replacement power costs even where a utility
15 has acted prudently would be completely inconsistent with the purpose
16 of the FCR Clause. Such a policy would create a major disincentive to
17 investments in new nuclear capacity which FPL believes is important to
18 help ensure energy security and fuel diversity.

19 **Q. Did FPL provide its customers less low-cost nuclear energy in**
20 **2006 fuel costs than initially expected, due to the impact of the**
21 **Pressurizer Piping outage extension at Turkey Point Unit 3?**

22 A. No. Even with the outage extension due to the Pressurizer Piping
23 incident, FPL's nuclear units performed better than projected in 2006.
24 In its September 9, 2005 fuel adjustment projection filing, FPL

1 projected to generate 23,524,087 MWhs with its nuclear units in
2 2006. FPL actually generated 23,532,578 MWhs in 2006, even with
3 the additional outage time resulting from the Pressurizer Piping
4 incident. This additional nuclear generation saved customers
5 approximately \$560,000 compared to the cost of natural gas that
6 likely would have been burned instead.

7
8 Moreover, as reported in FPL's Generating Performance Incentive
9 Factor (GPIF) testimony, FPL's nuclear fleet performance for 2006
10 was excellent. Even with the Pressurizer Piping outage, Turkey
11 Point Unit 3 achieved an extremely high Adjusted Equivalent
12 Availability Factor (EAF) of 91.3%. In fact, three of FPL's four
13 nuclear units (including Turkey Point Unit 3) had Adjusted Equivalent
14 Availability Factors that were so high in 2006 that they achieved the
15 maximum available GPIF reward. In view of this strong performance,
16 any suggestion that FPL's customers need special protection from
17 the costs of FPL's 2006 nuclear operations simply does not ring true.

18 **Q. Please summarize your testimony.**

19 A. To deny recovery of replacement power costs even where a utility
20 has acted prudently would be completely inconsistent with the
21 purpose of the FCR Clause and with fundamental principles of
22 ratemaking. It would put the utility at risk of not recovering its actual
23 fuel costs whenever a nuclear plant is unexpectedly offline, even for
24 reasons beyond the utility's control, and it would provide the utility no

1 corresponding reward for having to bear this large risk. Such a policy
2 would create a major disincentive to investments in any technology
3 that has very low energy costs, including solar and wind as well as
4 nuclear generation. Those investments are important to helping
5 achieve Florida's energy security, fuel diversity and environmental
6 (including climate change) goals.

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

8 A. Yes, it does.