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May 1, 2008

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**-VIA HAND DELIVERY -**

Ms. Ann Cole, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**Re: Docket No. 080009-EI**

Dear Ms. Cole:

I am enclosing for filing in the above docket the original and seven (7) copies of (i) Florida Power & Light Company's Petition For Approval Of Nuclear Power Plant Cost Recovery Amount To Be Recovered During The Period January - December 2009, Including Final True-Up For The Period Ending December 2007, Estimated/Actual True-Up For The Period Ending December 2008, and Projections For The Period Ending December 2009 and (ii) Florida Power & Light Company's Notice of Intent to Seek Confidential Classification of Exhibit SDS-4, together with a diskette containing the electronic versions of same. The enclosed diskette is HD density, the operating system is Windows XP, and the word processing software in which the documents appear is Word 2003. One copy of the confidential Exhibit SDS-4 is enclosed herewith, in a separate envelope marked "confidential."

Also enclosed for filing are the original and fifteen (15) copies of the prefiled testimony and exhibits of Florida Power & Light Company witnesses K. Ousdahl, S. Scroggs, S. Hale, S. Sim and J. Reed.

If there are any questions regarding this transmittal, please contact me at 561-304-5639.

Sincerely,

John Butler

- CMP
- COM \_\_\_\_\_
- OTB \_\_\_\_\_
- SCR
- GCL
- GPC \_\_\_\_\_
- RCA
- SCR \_\_\_\_\_
- SGA \_\_\_\_\_
- SEC \_\_\_\_\_
- OTH \_\_\_\_\_

Enclosure

cc: Counsel for Parties of Record (w/encl.)

DOCUMENT NUMBER-DATE

03584 MAY-1 8

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

IN RE: Nuclear Power Plant )  
Cost Recovery Clause )

Docket No. 080009-EI  
Filed: May 1, 2008

**PETITION FOR APPROVAL OF NUCLEAR POWER PLANT COST RECOVERY AMOUNT TO BE RECOVERED DURING THE PERIOD JANUARY – DECEMBER 2009, INCLUDING FINAL TRUE-UP FOR THE PERIOD ENDING DECEMBER 2007, ACTUAL/ESTIMATED TRUE-UP FOR THE PERIOD ENDING DECEMBER 2008, AND PROJECTIONS FOR THE PERIOD ENDING DECEMBER 2009**

Florida Power & Light Company (“FPL”), pursuant to section 366.93, Florida Statutes, and Rule 25-6.0432, Florida Administrative Code, hereby petitions this Commission for (1) approval to recover a Nuclear Power Plant Cost Recovery (“NPPCR”) amount of \$258,979,772 (jurisdictional) through the Capacity Cost Recovery (“CCR”) Clause during the period January – December 2009, which NPPCR amount reflects site selection costs, pre-construction costs and associated carrying charges incurred for the construction of two additional nuclear-fueled generating units at Turkey Point, for which the Commission made an affirmative determination of need in Order No. PSC-08-0237-FOF-EI, Docket No. 070650-EI, dated April 11, 2008 (“Turkey Point 6 & 7”), and carrying charges on construction costs incurred for the nuclear power plant Uprate Project for which the Commission made an affirmative determination of need in Order No. PSC-08-0021-FOF-EI, Docket No. 070602-EI, dated January 7, 2008 (the “Uprate Project”); (2) a determination that all of FPL’s 2006 and 2007 costs incurred for Turkey Point 6 & 7 and the Uprate Project are prudent and that all of FPL’s 2008 and 2009 costs incurred or to be incurred for Turkey Point 6 & 7 and the Uprate Project are reasonable; and (3) authorization to review the Turkey Point 6 & 7 site selection costs in this docket and recover

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those costs as part of the approved 2009 NPPCR amount. In support of this Petition, FPL states as follows:

1. This Petition covers two projects that qualify for cost recovery via the NPPCR process: Turkey Point 6 & 7, and the Uprate Project. The NPPCR amount that the Petition asks the Commission to approve is made up of 2006-2007 actual costs, 2008 actual/estimated costs, and 2009 projected costs. Each of these years is discussed separately below. The testimony and exhibits of FPL witnesses Kim Ousdahl, Stephen Hale, Steven Scroggs, Steven Sim and John Reed, which are being filed together with this Petition and are incorporated herein by reference, describe these costs in more detail and demonstrate that the 2006-2007 costs are prudent and the 2008 and 2009 costs are reasonable.

#### **I. 2006-2007 Actual Costs**

2. FPL incurred \$6,424,121 in site selection costs for Turkey Point 6 & 7 in 2006 and 2007 (\$6,397,310 jurisdictional). Those costs were necessarily and prudently incurred in order to determine the most appropriate and cost-effective site on which to build two new nuclear units, conduct preliminary engineering reviews, establish the project plan and obtain local zoning approvals for the proposed site. The Turkey Point 6 & 7 site selection costs, and the appropriateness of recovering them through the 2009 NPPCR, are discussed further below, in Section IV of this Petition. FPL also incurred \$2,533,265 of pre-construction costs for Turkey Point 6 & 7 in 2007 (\$2,522,692, jurisdictional). Those costs were related to the licensing and permitting of the project, and they were necessarily and prudently incurred for that purpose. Consistent with subsection (5)(a) of Rule 25-6.0423 (the "Rule"), FPL proposes to recover these jurisdictional costs in the 2009 NPPCR together with carrying charges of \$142,188 on site

selection costs and \$20,547 on pre-construction costs for Turkey Point 6 & 7 that have accrued since they were placed into Construction Work in Progress (CWIP).

3. Pursuant to subsection (5)(c)(1)(a) of Rule 25-6.0423 (the “Rule”), actual costs from prior years are to be filed by March 1 of the year in which Commission approval of those costs is sought. However, subsection (5) of the Rule also provides that requests for cost recovery may not be made until the Commission has issued a final order granting a determination of need. Because Order No. PSC-08-0237-FOF-EI, which granted the determination of need for Turkey Point 6 & 7 was not issued until after March 1, 2008, FPL could not file its 2006-2007 costs for that project until now.

4. On March 3, 2008, FPL petitioned the Commission for approval of \$8,236,652 jurisdictional, net of participant credits, in construction cost expenditures on the Uprate Project for the period ending December 2007 and for a determination that those expenditures were prudently incurred. As explained in the March 3 petition, while FPL incurred construction cost expenditures for the Uprate Project in 2007, it did not begin recording carrying charges on those expenditures until 2008. Accordingly, there are no costs for FPL to recover through the NPPCR with respect to the Uprate Project in 2007.

## **II. 2008 Actual/Estimated Costs**

5. FPL has incurred or expects to incur \$105,000,000 of pre-construction costs (not including AFUDC) for Turkey Point 6 & 7 in 2008 (\$104,561,783 jurisdictional). Those costs are related to licensing and permitting activities, engineering and design work and long lead procurement. All of these costs are necessary to the project and are reasonable. Consistent with

subsection (5)(a) of the Rule, FPL proposes to recover these jurisdictional costs in the 2009 NPPCR together with \$3,879,731 of projected carrying charges.

6. FPL has incurred or expects to incur \$79,030,565, of construction costs for the Uprate Project in 2008 (\$74,904,062 jurisdictional, net of participant credits). All of the costs are necessary to the project and are reasonable. The carrying charges on the 2008 and earlier (2007) construction costs are estimated to total \$3,746,283 for 2008. Consistent with subsection (5)(b) of the Rule, FPL proposes to recover these carrying charges in the 2009 NPPCR.

### **III. 2009 Projected Costs**

7. FPL projects that it will incur \$110,000,000 of pre-construction costs (before AFUDC) for Turkey Point 6 & 7 in 2009 (\$109,540,915 jurisdictional). Those costs are primarily related to licensing and permitting activities, engineering design and scheduled payments associated with the anticipated Engineering and Procurement contract with Westinghouse/Shaw, the vendor of the preferred AP1000 design. The Engineering and Procurement contract will be one of the principal agreements for Turkey Point 6 & 7 and will govern the scope of work provided by Westinghouse/Shaw for the Nuclear Power Island and associated components. All of the costs are necessary to the project and are reasonable. Consistent with subsection (5)(a) of the Rule, FPL proposes to recover these jurisdictional costs in the 2009 NPPCR together with \$10,155,260 of carrying charges.

8. FPL projects that it will incur \$240,845,910 construction costs for the Uprate Project in 2009 (\$233,294,413, jurisdictional, net of participant credits). All of the costs are necessary to the project and are reasonable. The carrying charges on the 2009 and earlier (2007 and 2008) construction costs are estimated to total \$16,748,149 for 2009. Consistent with

subsection (5)(b) of the Rule, FPL proposes recovery of these carrying charges in the 2009 NPPCR.

#### **IV. Recovery of Site Selection Costs**

9. Subsections (2)(e) and (f) of the Rule define “site selection costs” as costs expended prior to the selection of the site for a project, with “site selection” deemed to have been made at the time that a need determination petition is filed for the project. Subsection (4) of the Rule provides that

After the Commission has issued a final order granting a determination of need for a power plant pursuant to Section 403.519, F.S., a utility may file a petition for a separate proceeding, to recover prudently incurred site selection costs. This separate proceeding will be limited to only those issues necessary for the determination of prudence and alternative method for recovery of site selection costs of a power plant.

10. FPL incurred \$6,424,121 of site selection costs in 2006 and 2007 for Turkey Point 6 & 7 (\$6,397,310 jurisdictional), prior to filing its Need Determination petition for that project on October 16, 2007. Mr. Scroggs’ testimony describes the site selection costs and explains that they were prudently and necessarily incurred in support of developing Turkey Point 6 & 7. FPL is entitled by subsection (4) of the Rule to petition for recovery of these jurisdictional site selection costs and related carrying costs of \$142,188 in 2007, \$729,563 in 2008 and \$535,351 in 2009.

11. The Turkey Point 6 & 7 site selection costs should be reviewed in this docket, in conjunction with the review and approval of FPL’s pre-construction and construction costs incurred in that project, and approved for recovery as part of the NPPCR amount that is to be included in the Capacity Cost Recovery (“CCR”) Clause for 2009. This is appropriate, for at least three reasons:

a. The need for and timing of the site selection costs are closely inter-related with the pre-construction costs that FPL is incurring for Turkey Point 6 & 7. Moreover, the project management system that FPL has in place to control the project costs applies equally to site selection, pre-construction and construction costs. Accordingly, it will be most efficient and will provide the Commission and parties to this docket with the most comprehensive view of FPL's overall project activities if the site selection costs and related carrying costs are reviewed and recovered contemporaneously with the pre-construction and construction costs.

b. This docket affords the earliest opportunity for review and approval of the Turkey Point 6 & 7 site selection costs. Early review and approval of the site selection costs is in FPL's and its customers' interests. It will reduce the period of regulatory uncertainty as to recovery of those costs, which is important as FPL embarks upon this lengthy, complex and costly project. It will also minimize the period over which carrying charges will accumulate on the site selection costs, resulting in a lower overall amount to be recovered from customers than would be the case if recovery of these costs were deferred to a later proceeding.

c. The NPPCR is the most appropriate vehicle for recovery of the Turkey Point 6 & 7 site selection and carrying costs. Site selection is an integral part of that project, and the NPPCR is the recognized mechanism for recovery of nuclear project costs. If the site selection and associated carrying costs are included in the amount that the Commission approves for recovery under the NPPCR, there will be a well-defined mechanism for implementing that recovery (*i.e.*, through the CCR Clause). Otherwise, the Commission will have to address separately the issue of how to implement recovery and true-up of the site selection and carrying costs, which would result in duplication of effort and a potentially inconsistent recovery approach.

12. Consistent with accounting practices in the Commission's existing adjustment clause proceedings and with the treatment of pre-construction costs in subsection (5)(a) of the Rule, FPL proposes to accrue and recover carrying charges on the unrecovered balance of site selection costs until they are fully recovered through the CCR Clause at the end of 2009. Ms. Ousdahl's testimony and exhibits support and further explain FPL's proposed recovery of the site selection costs via the NPPCR.

13. For the foregoing reasons, it is appropriate for the Commission to review the Turkey Point 6 & 7 site selection costs in this docket and to authorize recovery of those costs as part of the NPPCR amount to be included in the 2009 Capacity Cost Recovery Clause. In the event, however, that the Commission elects not to follow this approach, then FPL respectfully requests that the Commission initiate a separate docket to provide for recovery of the Turkey Point 6 & 7 site selection costs as expeditiously as possible.

WHEREFORE, Florida Power & Light Company respectfully requests the Commission to (1) approve recovery of an NPPCR jurisdictional amount of \$258,979,772 through the CCR Clause during the period January – December 2009, which reflects site selection costs, pre-construction costs and associated carrying charges incurred for the construction of Turkey Point 6 & 7, and carrying charges on construction costs incurred for the Uprate Project; (2) determine that all of FPL's 2007 costs incurred for Turkey Point 6 & 7 and the Uprate Project are prudent and that all of FPL's 2008 and 2009 costs incurred for Turkey Point 6 & 7 and the Uprate Project are reasonable; and (3) authorize review of the Turkey Point 6 & 7 site selection costs in this docket and recovery of those costs as part of the approved 2009 NPPCR amount.



Respectfully submitted,

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Associate General Counsel  
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BY: *Troy D. Keith for JTB*  
John T. Butler, Esq.  
Fla. Bar No. 283479

**CERTIFICATE OF SERVICE**  
**Docket No. 080009-EI**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Petition for Approval of Nuclear Power Plant Cost Recovery Amount to be Recovered During the Period January – December 2009, Including Final True-Up for the Period Ending December 2007, Actual/Estimated True-Up for the Period Ending December 2008, and Projections for the Period Ending December 2009 was served by hand delivery (\*) or United States mail on this 1<sup>st</sup> day of May, 2008, to the following persons:

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By:   
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