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AUDIT FINDING NO. 2

SUBJECT: AFFILIATE OVERHEAD

STATEMENT OF FACTS: Florida Power and Light Energy (FPLE) Seabrook Station charged FPL for two employees that were assigned to the Extended Power Uprate Feasibility Study. In 2007, $30,657.08 of salary was charged to the FPL uprate. FPLE charged 77.37% in overhead to the base salary. The overhead consists of 36.85% of non-productive charges. This loaded rate is then charged with payroll benefits of 17.26% and a space allocation of 12.33%.

1

The non-productive rate consists of 14.48% for sick time, vacation time, etc. and is based on FPLE non-productive pay code costs divided by total payroll costs. Twenty two and a half percent relates to incentive payments. The employees' total pay was compared to the base pay and it does appear that incentive pay did increase the employees total pay by a substantial percent.

2

FPLE also charged expenses for travel of $24,522.47 and for a charge from an outside contractor of $6,300. The invoices for these expenses were reviewed and no problems were found.

3

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FPSC Data Request 6

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REQUIRED ANALYSIS UPGRADES

In addition to the modifications noted above, analysis upgrades will be required in order to restore or improve margins as part of the uprate effort. These analysis upgrades include:

— Best Estimate LOCA
— Electric Grid Stability Risk Study
— Electrical Distribution System E-Tap Model Revision
— Update Checkwork Program for Flow Accelerated Corrosion (FAC)
— Update Environmental Qualification (EQ) Doc Pacs

2.4. FINANCIAL ANALYSIS

[redacted]

Rq 5p9

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potential LAR review issues. A similar process was successful during the recent Seabrook power uprate project.

During the feasibility phase of the project, the uprate team identified specific risks associated with each phase of the approval process discussed above. Actionable countermeasures have been developed for each of these risks and a lead has been identified for each. These risks and countermeasures are included as an attachment to this report and they have been reviewed with executive management to provide additional assurance that the project risks can be adequately managed.

5. RECOMMENDATIONS

[redacted]

6. ATTACHMENTS

- St. Lucie Plant Power Uprate Feasibility Report, 1999
- Hate Balances
- Activity Item Index List and Individual Activity Summaries
- Detailed Project Cashflow
- EPU Financial Analysis
- EPU Project Plan – PSL Schedule
- EPU Project Organization
- EPU Project Risks and Contingencies

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2.4.2. $/kw for EPU

Based on the costs noted above, and the expected MWe increase of 206 MWe (103 MWe per unit), the total $/kw cost for the St. Lucie EPU would be:

Base Estimate = $418.3M/206,000kW = $2030/kw

Bounding Estimate= $705.9M/206,000kW = $3426/kw
(includes 30% contingency, escalation, and AFUDC)

Project cost analyses performed for the St. Lucie EPU conclude that even the bounding cost case compares favorably with the cost of alternate generation options.

2.4.3. Resource Assessment & Planning Cost Analysis

Proposed cash flows for the St. Lucie EPU were submitted to Resource Assessment & Planning (RAP) in order to perform an overall financial analysis for the project. The base cost of the project plus 30% contingency and escalation was used in the analysis. The analysis also assumed no operation of the units beyond their current licensed expiration dates and a typical 18-month refueling outage schedule. A range of fossil fuel prices and environmental compliance cost scenarios were assumed. The results of the financial analyses are attached and conclude that the proposed EPU results in cost benefits to the ratepayer.

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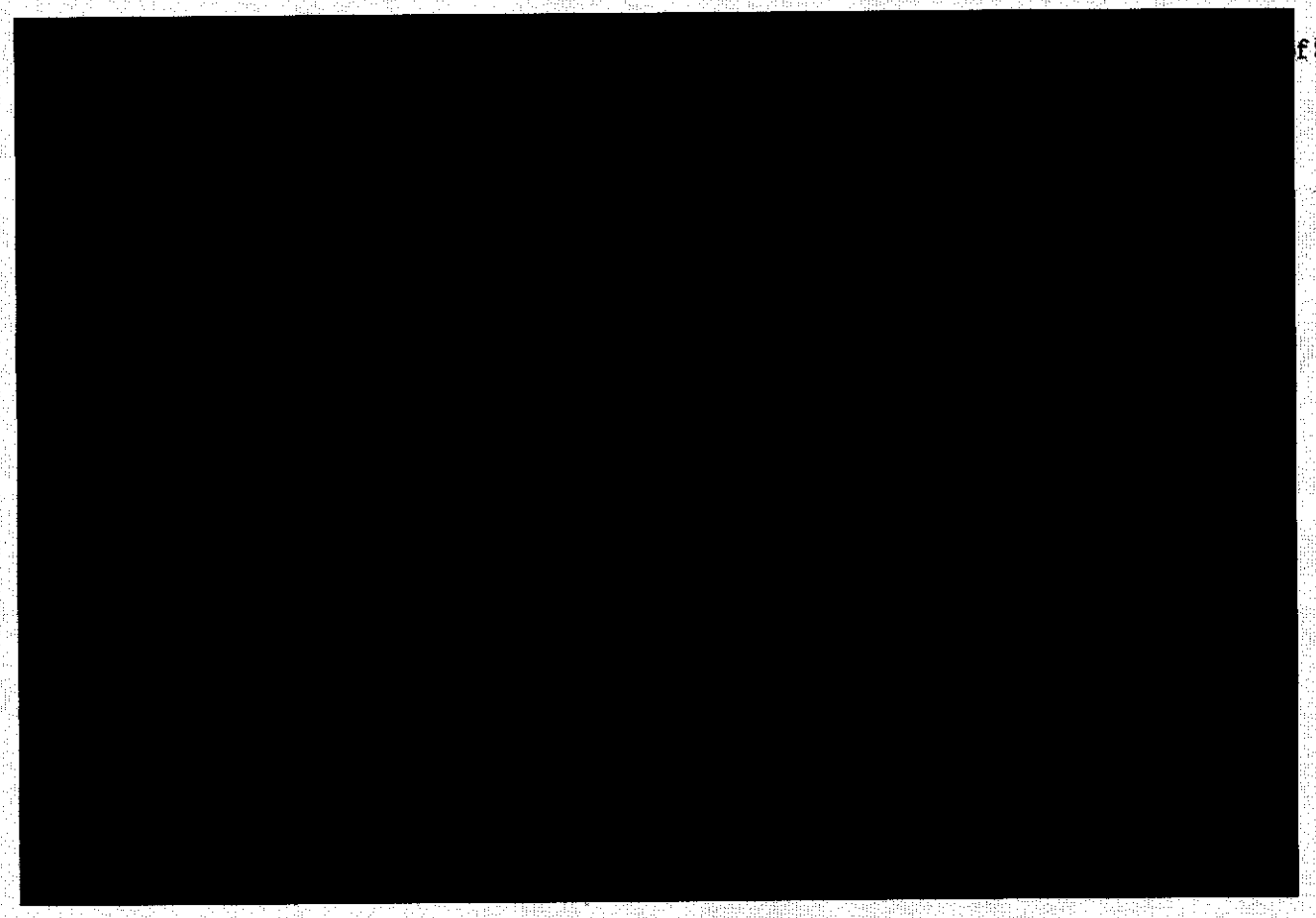

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PBC

FPL SUNSHINE ENERGY
Docket 070626-EI
Audit 08-086-4-1
TYE 12/31/07
Title: Transformer Study

Rw 4/01/08

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Source: FPSC Data Request 6 Item 2

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Req 6#2 p1

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FPSC Data Request 6 Item 2

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Req 6 #2 p2

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NON-SAFETY RELATED

FPSC Data Request 6 Item 2

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Req 6 #2 p3

FPSC Data Request 6 Item 2

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Reg 6 #7 ok

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FPSC Data Request 6 Item 2

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Req. b # 2 of 6

FPSC Data Request 6 Item 2

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Rec L #2 of 8

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FPSC Data Request 6 Item 2

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FPSC Data Request 6 Item 2

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FPSC Data Request 6 Item 2

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FPSC Data Request 6 Item 2

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FPSC Data Request 6 Item 2

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FPSC Data Request 6 Item 2

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FPSC Data Request 6 Item 2

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Resale #3 oil

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FPSC Data Request 6 Item 2

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FPSC Data Request 6 Item 2

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Req 6 #2 p8

FPSC Data Request 6 Item 2

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This is the plan for the outage before the uprate plan

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Source: FPSC Data Request 6

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Req 6#3p2

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FPSC Data Request 6

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Rog 6# 3a3

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None of the standard mtc appears to relate to regulate activities

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Req 9 p1

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[redacted]

Compared to 5-9 plan for upgrade

Source: FPSC Data Request 6
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Compared to WP5-9 plan for upgrade

FPSC Data Request 6
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FPL SUNSHINE ENERGY
Docket 070626-EI
Audit 08-086-4-1
TYE 12/31/07
Title: PSL-1 Spring 2010 before upgrade

[redacted]

Compared to WP 5-5 for upgrade

Source: FPSC Data Request 6

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Req 6 #3 p8

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FPL SUNSHINE ENERGY
Docket 070626-EI
Audit 08-086-4-1
TYE 12/31/07
Title: PSL Fall 2011 Before Upgrade

KW 4/24/08

JAP 5/9/08

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Compared to WP 5-5 for upgrade
~~Source: Rec~~

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FPSC Data Request 6

Req 6 #3 p9

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FPL SUNSHINE ENERGY
Docket 070626-EI
Audit 08-086-4-1
TYE 12/31/07
Title: PSL 2 Fall 2010 Before upgrade

[redacted]

Compared to WP5-5 for upgrade

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FPSC Data Request 6

Req 6# 3 p10

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FPL SUNSHINE ENERGY
Docket 070626-EI
Audit 08-086-4-1
TYE 12/31/07
Title: PSL Spring 2012 Before Upgrade

[redacted]

Compared to WPS's for upgrade

Source: FPSC Data Request 6

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Req 64 3 p11

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FPL NUCLEAR
Docket 080009-EI
Audit# 08-065-4-1
TYE 12/31/07
Title: Correction to Payroll

PBC

KW 4/2/08

Employee #	Employee Name	Pay Period Number	Pay Period Date	# of Hours	Amount
1	2	3	4	5	6
[redacted]	Glenn Schetfing	12	5/26 - 6/8/07	88	$ 4,738.47
	Stephen Thomas	15	7/7 - 7/20/07	84	4,841.41
	T V Abbatiello	14	6/23 - 7/6/07	152	8,512.44
	Yuan M Kao	14	6/23 - 7/6/07	284	13,902.90
	J R Hoffman	14	6/23 - 7/6/07	272	16,416.26
	D Inman Lanier	10	4/28 - 5/11/07	6	321.49
	D Inman Lanier	11	5/12 - 5/25/07	5	267.91
	D Inman Lanier	12	5/26 - 6/8/07	6	321.49
					$ 49,322.37

NOTE: Pay period number/date is the time period in which the charges were recorded in the employees' timesheet, not necessarily the period the work was performed.

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FPL NUCLEAR
Docket 080009-EI
Audit# 08-065-4-1
TYE 12/31/07
Title: Test of Employees to Last year

PBC

KW 4/30/08

[redacted]

Source:

FPSC NUCLEAR P.P.C.R.C. AUDIT NO. 3

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Source: Reg 2

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P. 7#1 P2

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Roll # 1 p3

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Rec'd #1 of 4

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Reg 2# 1 p5

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Reg 2# 106

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Reg 2H 1P 7

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Re: 2#1p8

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Reg 2 # 109

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Reg 2# 1p10

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Rec 7#1.11

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Rec'd #1012

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Run 7 #1 of 3

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Rs 2 # 1 of 5

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Rec 2 # 1/p17

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Reg 2 # 1 p 19

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Reg 2# 1 p21

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Reg 2# 1 p22

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DESIGN DATA), BY 3/31/08.

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Req # 1044

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Reg 2# / 105

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Form 14, Rev 6/94

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Rg 2 # 1 p 27

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Reg 24 / 28

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Reg 2 #1 p 29

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Reg 2#1 p34

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Rg 2 # 1035

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Reg 2 #1036

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Rec 2 #1 p3

Westinghouse contract contains proprietary information.

Please contact FPL representative to review.

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We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.

NOTICE: Prices hereon, following our company policy, may be based upon price(s) in effect at time of shipment, therefore may not be the same as the price(s) on your order.

FPSC NUCLEAR P.P.C.R. AUDIT REQUEST NO. 3

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We hereby certify that these goods were produced in compliance with all applicable requirements of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended, and of regulations and orders of the United States Department of Labor issued under Section 14 thereof.

NOTICE: Prices hereon, following our company policy, may be based upon price(s) in effect at time of shipment, therefore may not be the same as the price(s) on your order.

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Reg 7.11 1 of 11

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Reg 2#1 p82

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3.0 INVOICING AND VERIFICATION OF COSTS:

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Rev 7 #1 p91

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Siemens

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General Engineering Study

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Reg 2#1 p171

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PSL LP Rotor Reservation Agreement

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#44-7 [redacted]

Roll #1 of 91

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Rec'd #10/97

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PTN Generator Rotor Reservation Agreement

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Siemens contract contains proprietary information.

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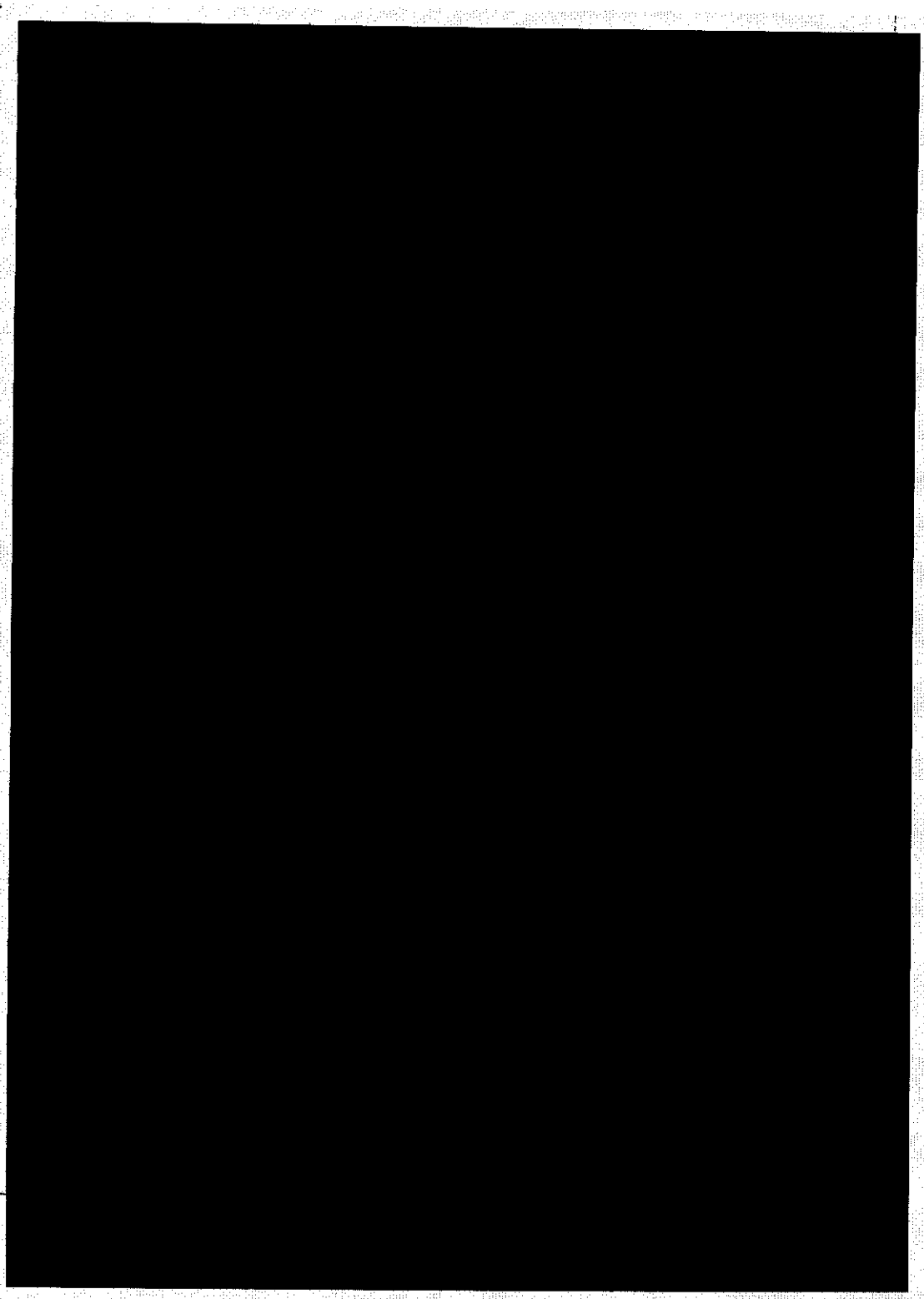

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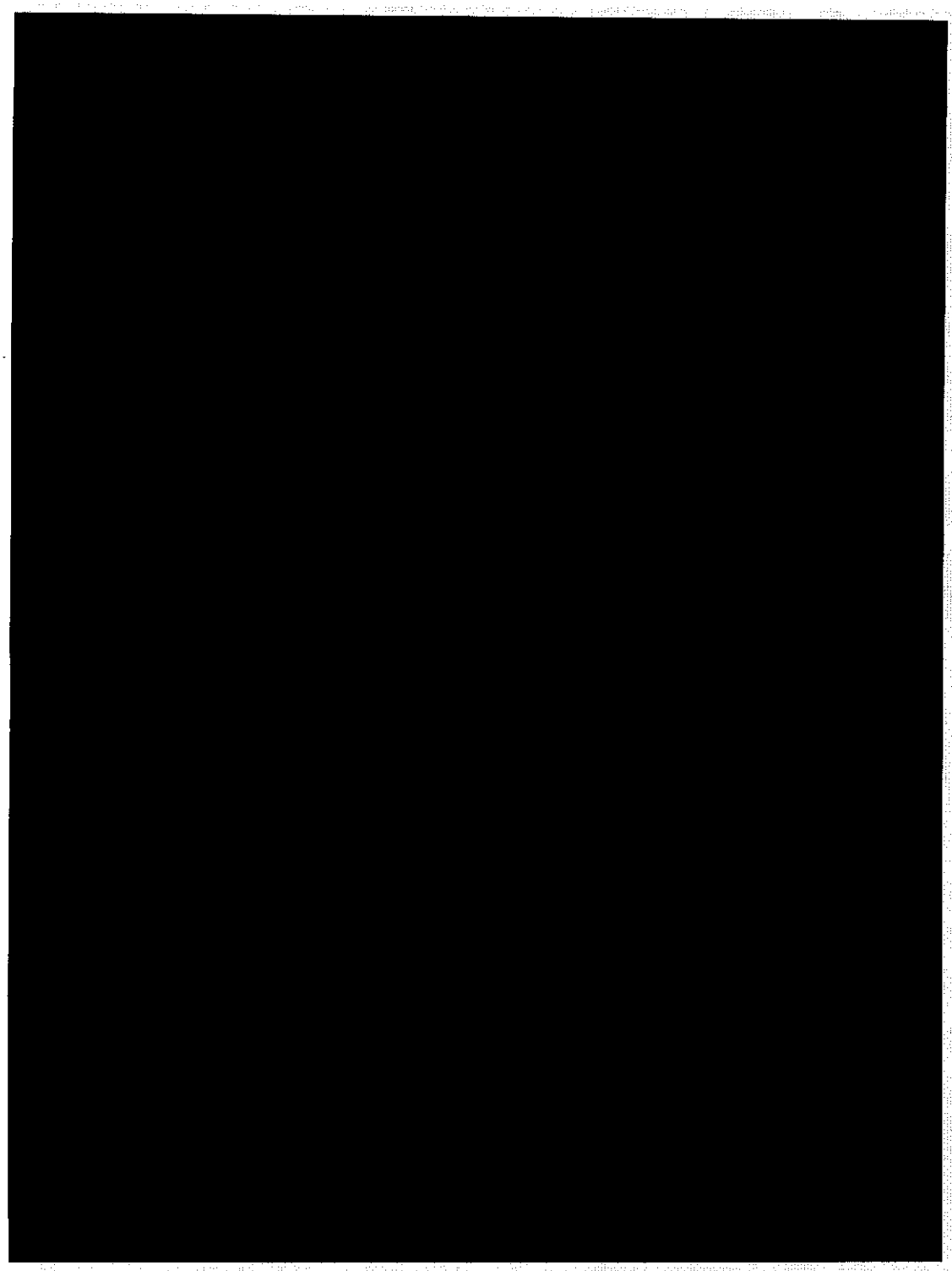

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