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COMMISSION
CLERK

March 1, 2011

-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. 110009-EI

Dear Ms. Cole:

Please find enclosed for filing in the above docket the original and seven (7) copies of Florida Power & Light Company's Petition for Approval of Nuclear Power Plant Cost Recovery True-Up for the Periods Ending December 2009 and December 2010, with a compact disc containing the electronic version of same. The operating system is Windows XP, and the word processing software in which the document appears is Word 2003.

Also enclosed for filing are the original and fifteen (15) copies of the prefiled testimony and exhibits of the following Florida Power & Light Company witnesses:

- Winnie Powers (Extended Power Uprate 2009) 01386-11
- Terry Jones (Extended Power Uprate 2009) 01387-11 / 01388-11
- John Reed (Extended Power Uprate 2009) 01389-11
- Art Stall (Extended Power Uprate 2009) 01390-11
- Winnie Powers (Turkey Point 6 & 7 2009-2010 and Extended Power Uprates 2010) 01391-10
- Steven Scroggs (Turkey Point 6 & 7 2009-2010) 01392-11 / 01397-11
- John Reed (Turkey Point 6 & 7 2010) 01393-11
- Terry Jones (Extended Power Uprates 2010) 01394-11
- William Derrickson (Extended Power Uprates 2010) 01395-11
- Nils Diaz (Turkey Point 6 & 7 2010 and Extended Power Uprates 2010) 01396-11
- 2010 AE Schedules - 01398-11
- 2010 T Schedules - 01399-11

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Containing Petition.

DOCUMENT NUMBER-DATE

01385 MAR-1 =

Ms. Ann Cole, Director
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
March 1, 2011
Page 2

If there are any questions regarding this transmittal, please contact me at 561-304-5253.

Sincerely,



for

Bryan S. Anderson
Fl. Auth. House Counsel No. 219511
Admitted in IL/Not admitted in FL

Enclosure

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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 110009-EI
Filed: March 1, 2011

**PETITION FOR APPROVAL OF NUCLEAR POWER PLANT COST RECOVERY
TRUE-UP FOR THE PERIODS ENDING DECEMBER 2009 AND DECEMBER 2010**

Florida Power & Light Company (“FPL”), pursuant to Section 366.93, Florida Statutes, and Rule 25-6.0423, Florida Administrative Code, hereby petitions the Florida Public Service Commission (“the Commission”) for approval of its 2009 Nuclear Power Plant Cost Recovery (“NPPCR”) true-up overrecovery amount of \$14,619,975 and its 2010 NPPCR true-up overrecovery amount of \$16,418,342, and for a determination that FPL prudently incurred its 2009 and 2010 NPPCR costs. In support of this Petition, FPL states as follows:

INTRODUCTION

1. FPL is a corporation with headquarters at 700 Universe Boulevard, Juno Beach, Florida 33408. FPL is an investor-owned utility operating under the jurisdiction of this Commission pursuant to the provisions of Chapter 366, Florida Statutes. FPL is a wholly-owned subsidiary of NextEra Energy, Inc., a registered holding company under the Federal Public Utility Holding Company Act and related regulations. FPL provides generation, transmission, and distribution service to approximately 4.5 million retail customers.

2. Any pleading, motion, notice, order or other document required to be served upon FPL or filed by any party to this proceeding should be served upon the following individuals:

DOCUMENT NUMBER-DATE
01385 MAR-1 =
FPSC-COMMISSION CLERK

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3. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Blvd, Tallahassee, FL 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, subparagraph (c) and portions of subparagraphs (b), (e), (f) and (g) of subsection (2) of such rule are not applicable to this Petition. In compliance with subparagraph (d), FPL states that it is not known which, if any, of the issues of material fact set forth in the body of this Petition, or the supporting testimony, exhibits and NFR schedules filed herewith, may be disputed by others planning to participate in this proceeding.

BACKGROUND AND OVERVIEW

4. Section 366.93, Florida Statutes was adopted by the Legislature in 2006 to promote utility investment in nuclear power plants. The Commission's NPPCR Rule, Rule 25-6.0423, Florida Administrative Code, implements this statute and provides for the annual review of expenditures and annual recovery of eligible costs through the Capacity Cost Recovery Clause ("CCRC"). FPL's pursuit of additional nuclear generation is made possible by the available cost recovery mechanism.

5. By Order No. PSC-08-0021-FOF-EI, issued January 7, 2008, the Commission made an affirmative determination of need for FPL's Extended Power Uprate ("EPU" or

“Uprate”) project. By Order No. PSC-08-0237-FOF-EI, issued April 11, 2008, the Commission made an affirmative determination of need for FPL’s Turkey Point 6 & 7 new nuclear project. Both projects are eligible for NPPCR treatment pursuant to Section 366.93(3), Florida Statutes, and Rule 25-6.0423, Florida Administrative Code.

6. Customers are expected to benefit significantly from the additional nuclear capacity and generation that will be provided from the EPU project, as well as the new nuclear option FPL is pursuing. Together, these nuclear projects are anticipated to add approximately 2,650 megawatts of emission-free baseload generation to FPL’s system. In addition to being emission-free, this energy source will improve the fuel diversity of FPL’s system – acting as a hedge against volatile fossil fuel prices and improving energy independence – and will substantially reduce fuel costs charged to customers after the units enter commercial operation.

7. The Commission approved FPL’s first NPPCR amounts related to its Uprate project and the Turkey Point 6 & 7 project by Order No. PSC-08-0749-FOF-EI, issued November 12, 2008. The Commission approved FPL’s second NPPCR amounts by Order No. 09-0783-FOF-EI, issued November 19, 2009. The NPPCR amount approved by Order No. PSC-09-0783-FOF-EI was included in FPL’s CCRC factors for the period beginning January 2010, and was based in part on actual/estimated 2009 cost data. As described in the testimony being filed herewith, the true-up of FPL’s actual 2009 NPPCR expenditures for its EPU and Turkey Point 6 & 7 projects is an overrecovery (i.e., a net “underspend”) of \$14,619,975, which is currently being returned to customers through FPL’s 2011 CCRC factors, pursuant to the stipulation of last year’s nuclear cost recovery issues. *See* Order No. PSC-11-0095-FOF-EI, issued February 2, 2011. FPL is seeking approval of this amount and a prudence determination with respect to the underlying actual 2009 EPU and Turkey Point 6 & 7 costs.

8. The NPPCR amount that FPL is currently recovering as approved by Order No. PSC-11-0095-FOF-EI was based in part on actual/estimated 2010 cost data. As described below and in the testimony being filed herewith, the true-up of FPL's actual 2010 NPPCR expenditures for its EPU and Turkey Point 6 & 7 projects is an overrecovery (i.e., a net "underspend") of \$16,418,342, to be returned to customers through the CCRC in 2012. FPL is seeking approval of this amount and a prudence determination with respect to the underlying actual 2010 EPU and Turkey Point 6 & 7 costs.

9. The prepared testimony and exhibits of FPL witnesses Winnie Powers, Terry Jones, Art Stall, William Derrickson, Steven Scroggs, John Reed, and Nils Diaz are being filed together with this Petition and are incorporated herein by reference. Exhibits TOJ-1, TOJ-12, and TOJ-13 to the testimony of FPL witness Jones, parts of which are sponsored or co-sponsored by FPL witness Powers, contain the true-up schedules for 2009 EPU costs, the actual/estimated schedules for 2010 EPU costs, and the true-up schedules for 2010 EPU costs, respectively. These schedules are referred to as Nuclear Filing Requirements ("NFRs"). Exhibits SDS-1 and SDS-4, SDS-2 and SDS-5, and SDS-3 and SDS-6 to the testimony of FPL witness Scroggs, parts of which are sponsored or co-sponsored by FPL witness Powers, contain the true-up schedules for 2009 Turkey Point 6 & 7 costs, the actual/estimated schedules for 2010 Turkey Point 6 & 7 costs, and the true-up schedules for 2010 Turkey Point 6 & 7 costs, respectively. FPL's NFR schedules were developed by the Commission Staff working with FPL, the Office of Public Counsel, Progress Energy Florida and others.¹

¹ The NFRs consist of T, AE, P, and TOR Schedules. The T Schedules are to be filed each March and provide the true-up for the prior year. The remaining schedules (the AE Schedules providing the actual/estimated cost information for the current year, the P Schedules providing the projected expenditures for the subsequent year, and the TOR schedules providing a summary costs for the duration of the project) are to be filed in May. The actual/estimated 2010 costs were deferred for consideration in this docket. Because the 2010 AE schedules are

UPRATE PROJECT

10. The uprate of FPL's existing St. Lucie and Turkey Point nuclear units will deliver substantial benefits of additional nuclear generating capacity to customers. Several key activities occurred in 2009 and 2010, including the submittal of two License Amendment Requests ("LARs") to the Nuclear Regulatory Commission ("NRC") and the continued engineering evaluation and analyses in support of additional LARs to the NRC; manufacturing, quality inspections, and receipt of long lead equipment; the management of the Engineering Procurement and Construction ("EPC") contract and progress on the design modification engineering by the EPC vendor; the successful execution of EPU work during the St. Lucie Unit 1 spring 2010 outage and Turkey Point Unit 3 fall 2010 outage; and detailed reviews and revisions to the modification installation planning and EPU outage schedules. FPL also modified and placed into service the St. Lucie Unit 1 and Unit 2 Turbine Gantry Cranes.

11. In 2009, FPL's Uprate costs included \$237,677,629 in construction costs (\$227,680,202 jurisdictional, net of participants), \$16,459,883 in carrying costs, and \$498,077 in recoverable O&M expenses (\$480,934 jurisdictional, net of participants). FPL also incurred \$12,802 in base rate revenue requirements for recovery through the CCRC for modifications to the St. Lucie Unit 2 Turbine Gantry Crane. In 2010, FPL's Uprate costs included \$309,982,999 in construction costs (\$296,181,013 jurisdictional, net of participants), \$41,568,070 in carrying costs, and \$7,167,919 in recoverable O&M expenses (\$7,061,419 jurisdictional, net of participants). FPL incurred related interest on recoverable O&M of \$5,983. Additionally, FPL incurred \$414,079 in base rate revenue requirements and related carrying charges of (\$464,185) for recovery through the CCRC for 2010. In each year, FPL's total project costs were less than

needed to support the final 2010 true-up amounts, they are being filed herewith in advance of the May deadline.

its actual/estimated project costs developed during that year. Additionally, only those costs necessary for the implementation of the Uprates – not those associated with other capital or maintenance activities – are included in FPL’s Uprate construction cost expenditures. FPL’s Uprate expenditures are thus “separate and apart” from other nuclear plant expenditures.

12. FPL witness Jones’s testimony discusses FPL’s 2009 Uprate expenditures and project controls and FPL’s 2010 Uprate expenditures and project controls. FPL witness Powers presents the calculation of the carrying costs and revenue requirements recoverable pursuant to the NPPCR Rule and related accounting controls for each year.² Because the project is in the construction phase, only the carrying costs on construction costs are recoverable at this time. Recovery of the principal amount does not begin until base rate adjustments occur as the modified units or systems are placed into service. As demonstrated by each of those witnesses, and supported by the testimony of FPL witnesses Stall, Reed, Derrickson, and Diaz the Uprate expenditures were prudently incurred at the direction of properly qualified and well-informed FPL management, subject to comprehensive cost and accounting controls, and based on decisions that result from robust project planning and project management processes.

TURKEY POINT 6 & 7 PROJECT

13. In 2009 and 2010, FPL completed the studies and analyses supporting applications to federal, state and local entities for required licenses, certifications and permits to construct and operate Turkey Point 6 & 7. These applications define technical and environmental aspects of the project and will be the focus of extensive agency review over the next several years. Additionally, 2009 and 2010 involved negotiation, analysis and review to

evaluate additional steps beyond the licensing activity. Overall, FPL maintained progress towards obtaining the necessary approvals, while also managing contractual commitments in a manner that minimized risk and near term expenditures.

14. FPL's 2009 Turkey Point 6 & 7 costs included preconstruction costs and associated carrying costs, as well as carrying costs on its site selection expenditures. In 2009, FPL incurred \$37,731,525 in preconstruction costs (\$37,599,045 jurisdictional), \$857,693 in preconstruction carrying costs, and \$373,162 in site selection carrying costs for Turkey Point 6 & 7. FPL's 2010 Turkey Point 6 & 7 costs included preconstruction costs and associated carrying costs, as well as carrying costs on its site selection expenditures. In 2010, FPL incurred \$25,593,577 in preconstruction costs (\$25,291,109 jurisdictional), \$5,849,900 in preconstruction carrying costs, and \$145,965 in site selection carrying costs for Turkey Point 6 & 7.

15. FPL witness Scroggs's testimony discusses FPL's 2009 and 2010 preconstruction costs and site selection carrying costs, while FPL witness Powers presents the calculation of the recoverable preconstruction costs, preconstruction carrying costs and site selection carrying costs pursuant to the Rule and related accounting controls. As demonstrated by each of those witnesses, and supported by the testimony of FPL witnesses Reed and Diaz, the Turkey Point 6 & 7 expenditures were prudently incurred at the direction of properly qualified and well-informed FPL management, subject to comprehensive cost and accounting controls, and based on decisions that result from robust project planning and project management processes.

2 Witness Jones and Witness Powers each provided two pieces of testimony – one addressing 2009 and one addressing 2010 – for administrative ease, in the event that FPL's Motion to Bifurcate 2009 EPU issues is granted. Witness Stall's testimony and Witness Reed's EPU testimony would also be considered in such a bifurcated proceeding.

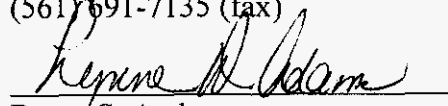
CONCLUSION

WHEREFORE, Florida Power & Light Company respectfully requests that the Commission (i) determine that FPL's actual 2009 Uprate project construction costs, associated carrying costs, recoverable O&M expenses, and base rate revenue requirements were prudently incurred; (ii) determine that FPL's actual/estimated 2010 Uprate project construction costs, associated carrying costs, recoverable O&M expenses, and base rate revenue requirements were reasonable; (iii) determine that FPL's actual 2010 Uprate project construction costs, associated carrying costs, recoverable O&M expenses, and base rate revenue requirements were prudently incurred; (iv) determine that FPL's actual 2009 Turkey Point 6 & 7 preconstruction costs and associated carrying costs and site selection carrying costs were prudently incurred; (v) determine that FPL's actual/estimated 2010 Turkey Point 6 & 7 preconstruction costs and associated carrying costs and site selection carrying costs were reasonable; (vi) determine that FPL's actual 2010 Turkey Point 6 & 7 preconstruction costs and associated carrying costs and site selection carrying costs were prudently incurred; (vii) approve a total 2009 NPPCR true-up overrecovery amount of \$14,619,975 consistent with what FPL is currently recovering pursuant to Order No. PSC-11-0095-FOF-EI; and (viii) approve a total 2010 NPPCR true-up overrecovery amount of \$16,418,342 for inclusion in the calculation of the CCRC factors for the period beginning January 2012.

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**CERTIFICATE OF SERVICE
DOCKET NO. 110009-EI**

I HEREBY CERTIFY that a true and correct copy of FPL's Petition for Approval of Nuclear Power Plant Cost Recovery True-Up for the Periods Ending December 2009 and December 2010, and accompanying testimony and exhibits, was served via hand delivery* or U.S. Mail this 1st day of March, 2011 to the following:

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