BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 110009-EI
FLORIDA POWER & LIGHT COMPANY

MARCH 1, 2011

TURKEY POINT 6&7 - 2009 & 2010

TESTIMONY & EXHIBITS OF:

JOHN J. REED

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DIRECT TESTIMONY OF JOHN J. REED

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Section I: Introduction

Q. Please state your name and business address.

A. My name is John J. Reed. My business address is 293 Boston Post Road West, Marlborough, Massachusetts 01752.

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

A. I am the Chairman and Chief Executive Officer of Concentric Energy Advisors, Inc. ("Concentric").

Q. Please describe Concentric.

A. Concentric is an economic advisory and management consulting firm, headquartered in Marlborough, Massachusetts, which provides consulting services related to energy industry transactions, energy market analysis, litigation, and regulatory support.

Q. Please describe your educational background and professional experience.

A. I have more than 30 years of experience in the energy industry, having served as an executive in energy consulting firms, including the position of Co-Chief Executive Officer of the largest publicly-traded management consulting firm in the United States and as Chief Economist for the largest gas utility in the United States. I have provided expert testimony on a wide variety of economic and

financial issues related to the energy and utility industry on numerous occasions before administrative agencies, utility commissions, courts, arbitration panels and elected bodies across North America. A summary of my educational background can be found on Exhibit JJR-NNP-1.

Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring Exhibits JJR-NNP-1 through JJR-NNP-5, which are attached to my direct testimony.

Exhibit JJR-NNP-1	Curriculum Vitae
Exhibit JJR-NNP-2	Testimony of John J. Reed 1998 – 2011
Exhibit JJR-NNP-3	Total Production Cost of Electricity
Exhibit JJR-NNP-4	PTN 6 & 7 Project Organizational Chart
Exhibit JJR-NNP-5	Concentric Observations Regarding PTN 6 & 7's Activities

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to review the benefits of nuclear power and the appropriate prudence standard to be applied to Florida Power & Light's ("FPL" or the "Company") decision-making processes in this Nuclear Cost Recovery Clause ("NCRC") proceeding before the Florida Public Service Commission (the "FPSC" or the "Commission"). In addition, I provide a review of the system of internal controls used by the Company in 2009 and 2010 to develop and maintain the option to construct two new nuclear generating units ("PTN 6 & 7" or the "Project") at FPL's existing Turkey Point site ("PTN").

Q. Please describe your experience with nuclear power plants, and specifically your experience with major construction programs at these plants.

A. My consulting experience with nuclear power plants spans more than 25 years. My clients have retained me for assignments relating to the construction of nuclear plants; the purchase, sale and valuation of nuclear plants, power uprates and major capital improvement projects at nuclear plants; and the decommissioning of nuclear plants. In addition to my work at FPL's plants, I have had significant experience with these activities at the following plants:

- Big Rock Point
- Callaway
- Duane Arnold
- Fermi
- Ginna
- Hope Creek
- Indian Point
- Limerick
- Millstone
- Monticello
- Nine Mile Point
- Oyster Creek
- Palisades
- Peach Bottom
- Pilgrim
- Point Beach
- Prairie Island
- Salem
- Seabrook
- Vermont Yankee
- Wolf Creek
- Vogtle

I have recently been active on behalf of a number of clients in pre-construction activities for new nuclear plants across the United States. These activities include state and Federal regulatory processes, raising debt and equity financing for new projects and evaluating the costs schedules and economics of new nuclear facilities. These activities have included detailed reviews of cost estimation and construction project management activities of other new nuclear project developers.

Q. Please summarize your testimony.

A. The remainder of my testimony covers three main topic areas: (1) the benefits of nuclear power to Florida; (2) the prudence standard; and (3) Concentric's review of the Project. Each of these topics is summarized below.

The five existing nuclear reactors in Florida have provided, and continue to provide, substantial benefits to Florida customers. These benefits include virtually no air emissions, increased fuel diversity, reduced exposure to fuel price volatility, fuel cost savings, highly reliable base load capacity, and efficient land use. Similarly, additional nuclear capacity is expected to provide more of these same benefits to Florida.

The rule that governs the Commission's review of FPL's nuclear projects calls for an annual prudence determination. The prudence standard encapsulates three main elements. First, prudence relates to decisions and actions and not costs incurred by a utility. Second, the prudence standard includes a presumption of prudence with regard to the utility's actions. Absent evidence to the contrary, a utility is assumed to have acted prudently. Third, the prudence standard excludes hindsight. Thus the prudence of a utility's actions must be evaluated on the basis of information that was known or could have been known at the time the decision was made.

Finally, Concentric has reviewed the processes and procedures that are used to manage and implement the Project. This review has focused on the Company's internal controls that are in place to provide assurance that the Company meets its strategic, financial, and regulatory objectives related to the Project. Our review is premised on a framework developed by Concentric when

advising potential investors in new nuclear development projects and our recent regulatory experience. Based upon our review, it is my conclusion that FPL management's actions did not result in any imprudently incurred costs during the review period, and the Company's costs should all be allowed in rates. For the Project, FPL has continued its stepwise, methodical approach to managing PTN 6 & 7 that provides it with flexibility regarding future decision making. In 2009, this included responding appropriately to perceived shifts in PTN 6 & 7's permitting that resulted in the deferral of certain major contracts and the submittal of the PTN 6 & 7 Combined Operating License Application ("COLA") to the Nuclear Regulatory Commission ("NRC") and Site Certification Application ("SCA") to the Florida Department of Environmental Protection ("FDEP"). In 2010, FPL made the important decision to decouple the licensing phase of PTN 6 & 7 from the construction phase, allowing the Company to maintain its option with regards to new nuclear while allowing for protracted licensing and permitting activities and greater uncertainty with regards to external risk factors such as carbon regulation. Concentric's observations related to our review are described throughout the remainder of my testimony.

Q. Please describe how the remainder of your testimony is organized.

A. The remainder of my testimony is organized into six sections. Section II provides an overview of the potential benefits of additional nuclear power for FPL's customers, and Section III discusses the appropriate prudence standard for evaluating FPL's management of the Project. Section IV describes the framework that guided Concentric's review. Sections V and VI describe PTN 6 & 7 activities in 2009 and 2010 and Concentric's review of and observations

relating to PTN 6 & 7 project controls in 2009 and 2010. Finally, Section VII presents my conclusions.

Section II: Potential Benefits of Nuclear to Florida

Q. Has nuclear power benefited FPL customers?

A. Yes. Nuclear power has a long and successful history of operation in FPL's power generating fleet. The four reactors at FPL's existing Saint Lucie site ("PSL") and PTN have been generating power for an average of over 34 years. Throughout the last three decades, these units have benefited Florida customers by reliably producing emissions-free energy, decreasing total fuel costs, enhancing the diversity of fuels used to generate power and insulating customers from commodity price spikes.

Q. Is it prudent to continue the development of additional nuclear capacity in Florida?

A. Yes, whenever that capacity can be developed on an economic basis over its useful life. One of the most compelling advantages to additional nuclear power is that it emits virtually no carbon dioxide. Whereas the alternative base load power sources in Florida are carbon intensive, nuclear power emits no greenhouse gases ("GHG"). Based upon FPL's 2009 generation and the Environmental Protection Agency's ("EPA") eGrid tool, the four nuclear units FPL operates in Florida avoid between 11 and 12 million tons of CO_2 emissions per year compared to an average natural gas-fired, combined cycle generating station.[1] The magnitude of avoided emissions would increase further if

compared with a coal-fired plant that is capable of producing the same amount of energy, rather than a natural gas-fired power plant.

Legislation to address the problems associated with anthropomorphic GHG emissions has been introduced on several occasions. These efforts are currently stalled in Congress, but Federal regulation of the point sources of emissions is poised to proceed nevertheless. In 2009, the EPA declared CO_2 and several other GHGs to be dangerous to public health and welfare, and began a process to enact Federal regulations for the emission of these gases.[2] At the moment, the prospects for this type of regulation are unclear. The current administration has made it clear that it would like to move forward with GHG regulation through executive agencies if Congressional action does not produce a satisfactory bill, and the Senate rejected a bill that would strip the EPA of the authority to regulate CO_2.[3] However, opposition to regulations, which could affect factories, utilities and automobiles, remains strong in the House of Representatives. Independent of progress at the Federal level, State and regional programs such as the Regional Greenhouse Gas Initiative in the northeast and the Western Climate Initiative in the northwest continue to move forward with programs to regulate emissions.

While the stringency and form that GHG regulations will ultimately take remains uncertain, there is a very real likelihood that industrial emitters, including utilities, will be faced with regulations addressing GHG emissions within the next several years.

Moreover, the diversification of the electric generation mix is an important source of benefits to customers. In recent years, Florida has become

increasingly dependent on natural gas as a fuel source for electric generating facilities.[4] Unless the State's utilities continue to develop alternatively fueled facilities, Florida's generation mix is likely to become extraordinarily dependent on natural gas-fired generation. As a result, Florida will become even more susceptible to natural gas price spikes and acutely vulnerable to natural gas supply disruptions. Furthermore, the State would fall short of achieving any meaningful reductions in GHG emissions levels.

Q. How does the current price of natural gas compare with recent trends in natural gas prices?

A. While the wholesale price of natural gas is currently below levels that have been observed for the past several years, the long-term outlook for the price of natural gas is an increasingly important concept to consider when evaluating the benefits of resource diversity. While the price of natural gas is currently on the low end of what we have observed in recent years, the price has also been subject to significant swings, and reasonably can be expected to revert to more traditional cross-fuel price relationships over the likely 60 year life of a nuclear facility.

Q. How do trends in the production cost of natural gas-fired generation compare with trends in the price of nuclear power?

A. The cost of nuclear power has been stable due to the fact that fuel represents a comparatively small portion of the operating costs of nuclear power facilities. According to the Nuclear Energy Institute ("NEI"), fuel accounts for approximately 90% of the total production cost of energy from natural gas, whereas fuel costs of nuclear power are only 25-30% of the total production cost.[5]

As shown in Exhibit JJR-NNP-3, the production cost of energy from nuclear power is substantially lower than other sources of base load energy. The electric bills of Florida residents are and have been lower and much less subject to fuel price volatility as a result of the lower production costs of nuclear power.

Q. Is it appropriate for the Commission to continue to allow recovery of certain pre-construction costs and construction carrying costs prior to the units entering into service?

A. Yes. Given the magnitude of the potential benefits of additional nuclear capacity, it is absolutely appropriate to allow for cost recovery through the annual NCRC process. The NCRC is important for both the Company and its customers. With respect to the Company, the NCRC provides FPL's debt and equity investors with some measure of assurance of cost recovery if their investments are used to prudently incur costs. In addition, by allowing recovery of carrying costs during construction, the NCRC eliminates the effect of compound interest on the total project costs, which will reduce customer bills if and when the facilities are constructed.

Q. Have other utilities considering nuclear development activities noted the necessity of NCRC-like recovery mechanisms?

A. Yes. Utilities such as Duke, SCANA, Georgia Power, Progress Energy and Ameren have publicly acknowledged the benefits and the necessity of cost recovery mechanisms like the NCRC.

Q. Are there benefits of nuclear power other than those that quantitatively affect the price of electricity?

A. Yes. The comparatively small footprint of a nuclear powered generating station compared to alternative clean, emissions-free technologies is often overlooked. By requiring less land, nuclear power plants limit the degree of forest clearing, wetlands encroachments, and other environmental impacts associated with siting a generating facility.

Section III: The Prudence Standard

Q. Please generally describe the prudence standard as you understand it.

A. The prudence standard is captured by three key features. First, prudence relates to actions and decisions; costs themselves are not prudent or imprudent. It is the decision or action that must be reviewed and assessed, not simply whether the costs are above or below expectations. The second feature is that the standard incorporates a presumption of prudence, which is often referred to as a rebuttable presumption. The burden of showing that a decision is outside of the reasonable bounds falls, at least initially, on the party challenging the utility's actions. The final feature is the total exclusion of hindsight. A utility's decisions must be judged based upon what was known or knowable at the time the decision was made by the utility. The prudence of a utility's decisions cannot be judged based upon the result of the decision or information that was not available for several weeks, months or even years after the decision was made. This feature would preclude a finding that identifies a decision as potentially imprudent dependent upon the future outcome. Such a finding would create an unachievable standard for utility managers.

Q. Are there historical precedents for the prudence standard?

A. Yes. The original standard of prudence was expressed by Supreme Court Justice Louis Brandeis in 1923 as a means of guiding regulators conducting reviews of utility capital investments. Since that time, substantial jurisprudence has been developed to refine the Prudent Investment Test. Much of this was developed in the 1980s following the nuclear construction programs of the previous two decades. As originally proffered, the test provides a basis for establishing a utility's investment or rate base based on the cost of such investment:

> There should not be excluded from the finding of the base, investments which, under ordinary circumstances, would be deemed reasonable. The term is applied for the purpose of excluding what might be found to be dishonest or obviously wasteful or imprudent expenditures. Every investment may be assumed to have been made in the exercise of reasonable judgment, unless the contrary is shown... adoption of the amount prudently invested as the rate base and the amount of the capital charge as the measure of the rate of return ... [would provide] a basis for decision which is certain and stable. The rate base would be ascertained as a fact, not determined as a matter of opinion.[6]

The position of Justice Brandeis was endorsed in 1935 when Supreme Court Justice Benjamin N. Cardozo stated:

> Good faith is to be presumed on the part of managers of a business. In the absence of a showing of inefficiency or improvidence, a court will not substitute its judgment for theirs as to the measure of a prudent outlay.[7]

The Prudent Investment Test offered by Justice Brandeis was applied sparingly for the first four decades following its pronouncement. It was not until the nuclear construction projects of the 1970s and 1980s that the Prudent Investment Test, at least in name, was applied frequently in various electric utility rate cases.

Q. Please further describe the Prudent Investment Test.

A. The Prudent Investment Test closely follows the traditional standard established by Justice Brandeis. Under this standard, regulators must utilize a balanced, retrospective review based upon the information that was known or knowable at the time of the decision. In addition, the Prudent Investment Test considers a range of reasonable behavior given the circumstances, rather than requiring perfection or even consistently above-average performance.

The National Regulatory Research Institute ("NRRI") advocated for similar principles in a 1984 research paper entitled The Prudent Investment Test in the 1980s. In this paper the NRRI stated that the prudent investment standard should include the following four guidelines:

- "...a presumption that the investment decisions of the utilities are prudent..."
- "...the standard of reasonableness under the circumstances..."
- "...a proscription against the use of hindsight in determining prudence..."
- "...determine prudence in a retrospective, factual inquiry. Testimony must present facts, not merely opinion, about the elements that did or could have entered into the decision at the time."

Q. What test for prudence has been adopted by the Commission?

A. The traditional interpretation of the Prudent Investment Test, as described above, has been used by the Commission in several recent orders:

> Prudence has been defined as "what a reasonable utility manager would have done in light of conditions and circumstances which were known or reasonably should have been known at the time the decision was made."[8]
>
> A utility should not be charged with knowledge of facts which cannot be foreseen or be expected to comply with future regulatory policies. Expectations are not always borne out. The prudence of decision making should be viewed from the perspective of the decision maker at the time of the decision. Contract administration must be viewed at a point in time which takes into consideration the facts which were known or which should have been known at the time the contract is entered into or amended...
>
> We have not sought to retroactively apply new policies to Gulf's prior actions and we have recognized that a utility cannot foresee the future.[9]
>
> We must avoid impermissibly applying hindsight review, which is the application of facts that are known today to decisions made in the past (i.e., Monday morning quarterbacking). As we consider whether PEF acted prudently, we must ask ourselves, did PEF know or should PEF have known about a particular set of circumstances.[10]

As can be seen from these statements, the Commission has generally prohibited the use of hindsight when reviewing utility management decisions. Instead, the Commission has chosen to strictly follow the traditional standard by developing a range of reasonable behaviors based on the circumstances that were known at the time of the decision or action. The Commission's order in the 2009 Nuclear Cost Recovery docket adopted a similar position. Further, the Commission has noted a need to apply a consistent standard to reviewing utility decisions.

Section IV: Framework of Internal Controls Review

Q. What is meant by the term "internal control" and what does it intend to achieve?

A. The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") is a global industry organization that provides guidance as to the development, implementation and assessment of systems of internal control. COSO has defined internal control as a process that provides reasonable assurance of the effectiveness of operations, reliability of financial reporting and compliance with applicable laws and regulations. This definition has been further expanded to reflect four critical concepts. First amongst these is that internal control is a process. While internal control may be assessed at specific moments in time, a system of internal control can only be effective if it responds to the dynamic nature of organizations and projects over time. Second, internal control is created by people, and thus the effectiveness of an internal control system is dependent on the individuals in an organization. Third, internal control is specifically directed at the achievement of an entity's goals. Thus, risks that present the greatest challenge to the achievement of those objectives must take priority. Finally, internal control can provide only reasonable assurance. Expectations of absolute assurance cannot be achieved.

Q. Please describe the framework Concentric used to review the Company's system of internal control as implemented by PTN 6 & 7 in 2009 and 2010.

A. In order to review and assess the Company's internal controls, Concentric utilized a similar framework to that which it has used previously for FPL's NCRC proceedings. That framework is based upon Concentric's

contemporaneous experience advising prospective investors in new nuclear projects and Concentric's regulatory experience.

In summary, the framework has focused on six elements of the Company's internal controls, including:

- Defined corporate procedures
- Written project execution plans
- Involvement of key internal stakeholders
- Reporting and oversight requirements
- Corrective action mechanisms
- Reliance on a viable technology

Each of these elements was reviewed for five processes including:

- Project estimating and budgeting processes
- Project schedule development and management processes
- Contract management and administration processes
- Internal oversight mechanisms
- External oversight mechanisms

Concentric's work in 2010 and 2011 is additive to our work reviewing the Project in 2008 and 2009. In other words, Concentric's efforts in 2010 and 2011 reflect the information and understanding of the Project gained during Concentric's reviews in prior years.

Q. Please describe how Concentric performed this review.

A. Concentric's review was performed over two distinct periods. In the first quarter of 2010, we performed the review described below with a focus on 2009

activities. Subsequently, in January and February 2011, we supplemented our prior year's review with a focus on 2010 activities for PTN 6 & 7. Concentric began in both periods by reviewing the Company's policies, procedures and instructions with particular emphasis placed on those policies, procedures or instructions that may have been revised since the time of Concentric's review in the previous year. In addition, Concentric reviewed the current project organizational structures and key project milestones that were achieved in 2009 and 2010. Concentric then reviewed other documents and conducted several in-person interviews to make certain PTN 6 & 7's policies, procedures and instructions were known by the project teams, were being implemented by the Project and have resulted in prudent decisions based on the information that was available at the time of each decision.

Concentric's in person interviews included representatives from each of the following functional areas:

- Project Management
- Project Controls
- Integrated Supply Chain Management ("ISC")
- Employee Concerns Program
- Quality Assurance/Quality Control ("QA/QC")
- Transmission
- Environmental Services
- State Regulatory Affairs
- NRC Regulatory Interface

Q. Please describe why you believe it is important for FPL to have defined corporate procedures in place throughout the development of the Project.

A. Defined corporate procedures are critical to any project development process as they detail the methodology with which the project will be completed and make certain that business processes are consistently applied to the project. To be effective, these procedures should be documented with sufficient detail to allow project teams to implement the procedures, and they should be clear enough to allow project teams to easily comprehend the procedures. It is also important to assess whether the procedures are known by the project teams and adopted into the Company's culture, including a process that allows employees to openly challenge and seek to improve the existing procedures and to incorporate lessons learned from other projects into the Company's procedures. Within PTN 6 & 7, the Project Controls staff is primarily responsible for ensuring the Company's corporate procedures are applied consistently by the various FPL and contractor staff members who are working on the Project. However, it is acknowledged that this is a shared responsibility held by all project team members, including the project managers.

Q. Please explain the importance of written project execution plans.

A. Written project execution plans are necessary to prudently develop a project. These plans lay out the resource needs of the project, the scope of the project, key project milestones or activities and the objectives of the project. These documents are critical as they provide a "roadmap" for completing the project as well as a "yardstick" by which overall performance can be monitored and managed. It is also important for the project sponsor to require its large-value

contract vendors to provide similar execution plans. Such plans allow the project sponsor to accurately monitor the performance of these vendors and make certain at an early stage of the project that each vendor's approach to achieving key project milestones is consistent with the project sponsor's needs. These project plans must be updated to reflect changes to the project scope and schedule as warranted by project developments.

Q. Why is it important that key internal stakeholders are involved in the project development process?

A. One of the most challenging aspects of prudently developing a large project is the ability to balance the needs of all stakeholders, including various Company representatives and the Company's customers. This balance is necessary to make certain that the maximum value of the project is realized. By including these stakeholders in a transparent project development process, the project sponsor will be better positioned to deliver on these high-value projects.

Q. Why is it important to have established reporting and oversight requirements?

A. Effective internal and external communications enable an organization to meet its key objectives, and allow employees to effectively discharge their responsibilities. By having an established reporting structure and periodic reporting requirements, the project sponsor's senior management will be well informed on the status of the project's various activities. Reporting requirements give senior management the information it needs to leverage its background and previous experience to prudently direct the many facets of the project. In addition, established reporting requirements ensure that senior management is

fully aware of the activities of the respective project teams so management can effectively control the overall project risks. In the case of PTN 6 & 7, this level of project administration by senior management is prudent considering the large expenditures that will be required to complete the Project and the potential impact of the Project on the Company overall.

In order to be considered robust, these reporting requirements should be frequent and periodic (*i.e.*, established daily, weekly and monthly reporting requirements) and should include varying levels of detail based on the frequency of the report. The need for timely and effective project reporting is well recognized in the industry. To that point, a field guide for construction managers notes:

> Cost and time control information must be timely with little delay between field work and management review of performance. This timely information gives the project manager a chance to evaluate alternatives and take corrective action while an opportunity still exists to rectify the problem areas.[11]

Q. What is the purpose of corrective action mechanisms and why are they important to ensure the Company is prudently incurring costs?

A. A corrective action mechanism is a defined process whereby a learning culture is implemented and nurtured throughout an organization to help eliminate concerns that can interfere with the successful completion of the project. Corrective action mechanisms help identify the root cause of issues, such as an activity that is trending behind schedule, and provide the opportunity to adopt mechanisms that mitigate and correct the negative impact from these issues. A robust corrective action mechanism assigns responsibility for implementing the corrective actions and a means by which these activities are managed. In

addition, a corrective action mechanism educates the project team in such a manner as to ensure project risks are prudently managed in the future.

Q. Are there any other elements of the Company's internal controls included in your review?

A. No. There were no other elements of the Company's internal controls included in my review.

Section V: PTN 6 & 7 Project Activities in 2009 and 2010

Q. Please generally describe PTN 6 & 7.

A. PTN 6 & 7 is currently focused on obtaining the necessary licenses and permits so as to provide FPL and its customers the option to construct two nuclear units at the existing PTN site. Specifically, through PTN 6 & 7, FPL is seeking to develop the option to deploy approximately 2,200 megawatts of additional nuclear capacity for the benefit of its customers. These benefits include fuel savings, reliability improvements, and reduced emissions. The Company's project management strategy is focused on preserving appropriate flexibility and multiple hold points and off-ramps during which PTN 6 & 7's progress can be delayed for further analysis or progressed to meet certain schedule expectations. If the licenses and approvals PTN 6 & 7 is seeking are approved, they will not require FPL to immediately begin construction of the new nuclear facility. Indeed, FPL will have the option to begin construction for a period lasting at least 20 years from the date of issuance.

Q. How was PTN 6 & 7 organized in 2009 and 2010?

A. Since 2008, few changes have occurred in the PTN 6 & 7 project organization depicted in Exhibit JJR-NNP-4. The project organizational structure has been developed around two separate, but collaborative business units: Project Development and New Nuclear Projects. While both organizations ultimately report up to NextEra Energy's Chief Operating Officer, their objectives are tied to each group's respective capabilities. This approach allows FPL to ensure the most qualified group is utilized to accomplish the project's objectives. The first of these organizations is the Project Development organization, which was responsible for all aspects of the project that do not relate to the NRC during 2009 and 2010. In contrast, the New Nuclear Projects organization is responsible for submitting and defending the PTN 6 & 7 COLA. This organization will also be responsible for the engineering, procurement, construction, and subsequent start-up of the project if a decision to proceed is made.

Q. In 2009 and 2010, who was responsible for the New Nuclear Projects organization?

A. The New Nuclear Projects organization was under the leadership of the Vice President of New Nuclear Projects who was supported directly by a Project Director, a Licensing Director, and a Business Manager. By mid-2009, the Project Director was placed on loan to FPL's ongoing extended uprate projects. The Licensing Director was supported by multiple Licensing Engineers and Document Control personnel. The Business Manager was supported by an Estimator and Budget and Cost Analysts.

Q. Who was responsible for the Project Development organization in 2009 and 2010?

A. The Project Development organization was headed by FPL's Chief Development Officer who was supported by the Project Director. The Project Director was directly supported by a Project Director in charge of communications and project coordination and a Project Manager who interfaced with the New Nuclear Projects organization.

Q. Did either of the organizations receive support from other FPL departments in 2009 and 2010?

A. Yes, both organizations received support from FPL's Juno Environmental Services, Law Department, and ISC, among others.

Q. Did Concentric have any observations related to the PTN 6 & 7 organizational structure in 2009 and 2010?

A. Yes. Concentric believes the organizational structure appropriately assigned responsibility to those employees best equipped to respond to the project needs. Similarly, once a change in PTN 6 & 7's pace of development was identified, FPL took adequate steps to modify the organizational structure to respond to these changes.

Q. What major milestones were achieved by PTN 6 & 7 in 2009 and 2010?

A. The major achievement of PTN 6 & 7 in 2009 was the submission of the COLA and SCA to the NRC and the FDEP, respectively. These applications required thousands of man-hours and more than a year to complete. However, as the pace of the Federal and State agencies' reviews of these applications slowed

during 2009, the PTN 6 & 7 project team made the appropriate decision to reduce its construction related expenditures and commitments.

The main focus of the Project in 2010 was the facilitation of the Federal and State licensing reviews. To that end, PTN 6 & 7 received a review schedule from the NRC for the COLA that targets the completion of Safety and Environmental reviews by end of 2012,[12] and the transmission portion of the project achieved a completion determination of the SCA, while the non-transmission portion reduced the number of open areas of review.[13] In 2010, PTN 6 & 7 also completed the revised schedule and cost estimate based upon the new commercial operations dates for the units (*i.e.*, 2022 and 2023), and confirmed the cost estimate range.

PTN 6 & 7 also achieved several key licensing and permitting milestones in 2010, including: (1) the approval of the Comprehensive Development Master Plan ("CDMP") Amendment, allowing temporary construction access roadways; (2) receipt of the Prevention of Significant Deterioration air permit from the FDEP; (3) receipt of a permit for the construction of an exploratory Underground Injection Control and Dual Zone Monitoring Well system; and (4) approval of a reclaimed water Joint Participation Agreement with Miami-Dade County.[14]

Finally, the PTN 6 & 7 project team completed certain construction planning activities that are necessary should it prove advantageous to FPL's customers to construct the PTN 6 & 7 facilities.

Q. Please describe what key decisions related to PTN 6 & 7 were made in 2009 and 2010.

A. Consistent with FPL's stepwise approach to managing PTN 6 & 7, a number of decision points were addressed in 2009 and 2010. In 2009, these decisions include the decision to withdraw PTN 6 & 7's request for a Limited Work Authorization ("LWA") from the NRC COLA, the decision to preserve future project flexibility and not execute a definitive engineering and procurement ("EP") or engineering, procurement, and construction ("EPC") agreement, and the decision to extend PTN 6 & 7's reservation agreement with the Westinghouse Electric Company ("WEC") for the forging of certain ultra-heavy forgings ("Reservation Agreement"). In 2010, as described above, PTN 6 & 7 decided to decouple the licensing phase of the project from the construction phase, and move the expected commercial operations dates to 2022 and 2023, for units 6 and 7, respectively. Each of these decisions is more fully described in the testimony of FPL Witness Scroggs.

Q. How have these decisions affected PTN 6 & 7?

A. Foremost among the impacts of these decisions is the potential impact on the overall project schedule. The decision to withdraw the Company's request for a LWA is not likely to impact the overall project schedule as it was unlikely that much of this scope of work could be completed in advance of the NRC's issuance of the COLA. Similarly, the decision to extend the Reservation Agreement is not likely to impact the project schedule or cost estimate, although FPL continues to negotiate this agreement and monitor global developments with regard to expected demand for ultra-heavy forgings. The extension of the agreement allows FPL to maintain its current position in line for these forgings at no additional cost to the company. Further resolution regarding the

Reservation Agreement is expected in 2011. The decision not to enter into an EPC or EP agreement in 2009 or 2010, however, could lead to changes in the current PTN 6 & 7 deployment dates. As discussed by FPL Witness Scroggs, this decision resulted from extensive commercial negotiations, which have not produced a commercial agreement that would appropriately manage the risk and cost for FPL's customers.

The decision to decouple licensing from construction obviously has ramifications on the schedule of the project, which was extended by FPL in 2010. However, in the light of the protracted regulatory reviews and uncertainty regarding many of external drivers of the need and value of new nuclear (*e.g.*, carbon regulation), in my opinion FPL's approach to managing the project continues to be conservative, while maintaining FPL's future option to develop the Project.

Q. Was PTN 6 & 7 deemed feasible by the Company during the period of your review?

A. Yes. In the second fiscal quarter of 2010, the Company performed a feasibility analysis regarding PTN 6 & 7, concluding that the project was feasible. FPL revisits its feasibility analysis annually, and will do so again in the second quarter of 2011.

<u>Section VI: Review and Observations Relating to PTN 6 & 7 in 2009 and 2010</u>

Q. How is this section of your testimony organized?

A. This section describes my review of the five key processes (*i.e.*, project estimating and budgeting, project schedule development and management, contract

management and administration, internal oversight mechanisms, and external oversight mechanisms), described above. This section of my testimony also describes certain recommendations related to these processes, and Exhibit JJR-NNP-5 contains some observations related to information obtained as part of our review.

Q. As a preliminary matter, what did your review lead you to conclude with regard to the prudence of FPL's actions in 2009 and 2010 as they related to PTN 6 & 7?

A. FPL's decision to continue pursuing PTN 6 & 7 in 2009 and 2010 was prudent and was expected to be beneficial to FPL's customers. In reaction to protracted licensing and permitting processes, as well as uncertainty related to external risk factors, FPL properly revised its schedule for PTN 6 & 7, and decoupled the licensing phase from the construction phase of the project. In addition, our review has not identified any imprudently incurred costs for PTN 6 & 7 in 2009 or 2010, and has found no significant procedural concerns with the project. The recommendations included below and the observations included in Exhibit JJR-NNP-5 are offered solely to further enhance the effectiveness of FPL's policies and procedures.

Project Estimating and Budgeting Processes

Q. Please describe how the 2009 and 2010 project budgets were developed for PTN 6 & 7.

A. The 2009 and 2010 PTN 6 & 7 budgets were developed based on feedback from each department supporting PTN 6 & 7. These budgets included a bottom-up

analysis that assessed the resource needs of each department during the year, and included an adequate contingency for undefined scope or project uncertainties. Typically, this contingency is equal to 15% of the project budget, but may be increased or decreased based upon discussions with each business unit lead. For instance, the licensing contingency was reduced in 2009 due to greater certainty in the scope of the COLA preparations. In 2010, contingency levels were set at approximately 15% for the Project.[15]

Q. Was the process used by PTN 6 & 7 to develop its 2009 and 2010 budgets consistent with the Company's policies and procedures that existed at that time?

A. Yes, the process utilized by PTN 6 & 7 to develop its 2009 and 2010 budgets was consistent with FPL's corporate procedures, which outline the process to be used by each business unit when developing its annual budgets.

Q. What mechanisms did the PTN 6 & 7 project team use to monitor budget performance in 2009 and 2010?

A. The PTN 6 & 7 project team used numerous reports to manage PTN 6 & 7's budget performance. These reports are more fully described by FPL Witness Scroggs on Exhibit SDS-9. On a monthly basis, the PTN 6 & 7 project management received several reports that detailed budget variances by department and provided explanations of those variances. In addition, these reports included a description of all costs expended in the current month and quarter as well as year-to-date and total cumulative spending. The PTN 6 & 7 project team published quarterly Due Diligence reports for the Company's senior executives. Further, the project management periodically (usually monthly),

presented a status update to FPL's senior management. These presentations included a description and explanation of any budget variances or significant project challenges.

Q. Are these reporting mechanisms consistent with the PTN 6 & 7 Project Execution Plan?

A. Yes these reporting mechanisms are consistent with the PTN 6 & 7 Project Execution Plan, which was revised in March 2010.[16]

Q. Within the PTN 6 & 7 project team, who was responsible for tracking and reporting project expenditures?

A. Responsibility for tracking and reporting project expenditures was held by the PTN 6 & 7 Business Manager. This individual worked with his team of Cost and Budget Analysts to review and approve significant vendor invoices, and to track the Project's expenditures relative to PTN 6 & 7's annual budget. The processes for both approving invoices and tracking project expenditures are well documented within PTN 6 & 7.

Q. Did Concentric have observations related to the PTN 6 & 7 budget processes?

A. Concentric has found that the PTN 6 & 7 project team acted prudently when developing its annual budget and in tracking its performance relative to the annual budget. The PTN 6 & 7 project team developed multiple reports that track budget performance on a cumulative and periodic basis, along with a process for describing variances in actual expenditures relative to the budget. In addition, Concentric found that the PTN 6 & 7 budget processes include multiple overlapping mechanisms that helped ensure that the Project's

management and the Company's senior management are well informed of the Project's performance.

Concentric has noted in past reviews a need to revisit the PTN 6 & 7 Monthly Dashboard Report and specifically the Key Performance Indicators ("KPIs") which are presented in that report. Specifically, these KPIs were mainly focused on metrics that were relevant to the engineering, procurement and construction of the proposed PTN 6 & 7 facilities. Thus these KPIs provided little insight into the current pace and performance of the Project. FPL addressed this observation with a two step process: (1) the Company instituted a quarterly risk assessment in 2010 to develop a project specific means to identify, mitigate and track project risks; (2) the Monthly Dashboard Report is to be revised in 2011 to become more aligned with the current phase of the PTN 6 & 7 development project.

Q. What are your observations regarding the Company's Quarterly Risk Assessments?

A. The Quarterly Risk Assessments, which contain an assessment of key issues in six areas (*i.e.*, NRC License, Army Corps of Engineers Section 404b and Section 10 Permits, State Cite Certification, Underground Injection Control Permit, Miami Dade County Zoning and Land Use, and Development Agreements), along with FPL's mitigation strategy, are an important tool to assist the Company in analyzing, monitoring, and mitigating risks. The Quarterly Risk Assessments also allow the Company to track trends in key issues facing the Project, as well as the potential impacts to implementation, cost, and schedule.

While I believe the Quarterly Risk Assessments represent an important step, and support the prudence of FPL's actions with regards to PTN 6 & 7, I believe there are opportunities for the Company to further enhance the usefulness of these reports. The first opportunity to enhance the usefulness of the reports would be to identify "fall back" or "Plan B" options with regards to certain of the identified risks. The reason why this is important is that many of the drivers of key risks are outside of FPL's control. Thus, while FPL's stated mitigation strategies often involve effective project management and communications, there are circumstances in which there is only so much FPL can do internally to mitigate risk, and different options may need to be explored. As an example, in its Q3 2010 Risk Assessment, FPL identified the risk that the "UIC Disposal Method is not acceptable under federal review," with the mitigation strategy involving NRC education, deployment of significant subject matter expertise, and close communications with state agencies involved in the review.[17] While this is certainly the primary approach the Company should take to mitigate the stated risk, a portion of the risk is out of FPL's control, and thus alternatives should be identified and vetted as part of FPL's plan.

Q. Has FPL developed a cost estimate that is sufficiently detailed for the current phase of the project?

A. Yes. However, it is important to note that FPL's cost estimate is currently indicative in nature and will need to be more definitive before FPL commits to the construction phase of the project. It is my understanding that the Company has plans to obtain a more definitive cost estimate as the project progresses.

Project Schedule Development and Management Processes

Q. Please describe how the PTN 6 & 7 project team produced and managed the PTN 6 & 7 schedule in 2009 and 2010.

A. The initial PTN 6 & 7 project schedule was developed earlier in PTN 6 & 7's life cycle. This schedule continues to be refined and managed using an industry standard software package developed by Primavera Systems, Inc. Primavera provides Critical Path Method ("CPM") Scheduling, which uses the activity duration, relationships between activities, and calendars to calculate a schedule for the Project. CPM identifies the critical path of activities that affect the completion date for the Project or an intermediate deadline, and how these activity schedules may affect the completion of the Project. This software package is used by many in the nuclear power industry to schedule refueling outages and major capital projects.

One major change to the schedule that occurred in 2010 was the revision to the commercial operations dates of the two units, which were moved to 2022 for Unit 6 and 2023 for Unit 7. This revision to the schedule involved the decoupling of the licensing and construction phases of PTN 6 & 7 due to a lack of clarity on national, State, and project-specific issues. This schedule revision is described in greater detail in the testimony of FPL Witness Scroggs.

The method for updating the PTN 6 & 7 schedule, including the proper electronic format, was documented, and was communicated to project vendors to make certain that PTN 6 & 7's expectations are clear. This process also facilitated the process by which FPL incorporates the feedback of project vendors into the project schedule.

Q. What procedures or project instructions existed in 2009 and 2010 to govern the development and refinement of the PTN 6 & 7 schedule?

A. New Nuclear Project, Project Instruction 100 governs the development, refinement and configuration of the project schedule.

Q. What mechanisms were in place to ensure that the PTN 6 & 7 project team prudently managed its schedule performance?

A. The PTN 6 & 7 project team proactively monitored and managed its schedule performance on a weekly and monthly basis. In 2009, until the submittal of the COLA and SCA, a "Six Week Look-Ahead Report" was issued on a weekly basis to provide an update on the activities that were projected to start during the next six weeks. This report gave the PTN 6 & 7 project team adequate notice of upcoming activities and allowed the team members to plan their time accordingly. The PTN 6 & 7 project team has incorporated similar reporting requirements into its contracts with key vendors such as Bechtel. As a result, Bechtel was required to submit monthly progress reports detailing its progress to date, including any projected delays.

Q. Did Concentric have any observations related to how the PTN 6 & 7 project team managed and reported its schedule performance in 2009 and 2010?

A. Yes. Similar to FPL's management of the PTN 6 & 7 budget, Concentric believes PTN 6 & 7 has taken adequate steps to prudently manage and report on its schedule performance. In addition, as with budget management, FPL has taken steps in response to Concentric recommendations regarding risk

assessments and the Monthly Dashboard Reports, discussed earlier in this section of my testimony.

Contract Management and Administration Processes

Q. Did PTN 6 & 7 require the use of outside vendors in 2009 or 2010?

A. Yes. In order to avoid the need to recruit, train and retain the significant number of employees required to complete the COLA, SCA and other project activities, and respond to interrogatories from Federal, State, and local agencies, FPL used, and will continue to use, a number of outside vendors. These vendors were utilized to produce the COLA and SCA and provide ongoing post-submittal support, amongst other tasks. In addition, a limited number of individual contractors were utilized to augment the project staff and fill vacancies where appropriate. FPL's use of outside vendors and contractors is consistent with general industry trends and was clearly anticipated by the PTN 6 & 7 Project Execution Plan.[18]

Q. How did the PTN 6 & 7 project team make certain that it is prudently managing and administering its procurement processes?

A. FPL has a number of General Operating ("GO") Procedures related to the procurement function. In addition, ISC, which has overall responsibility for managing FPL's commercial interactions with vendors, produced a desktop Procurement Process Manual that provides more detailed instructions for implementing the GOs, while also containing nuclear-specific procurement procedures. The GOs, along with the Procurement Process Manual, are sufficiently detailed to ensure that ISC prudently manages the vast number of

procurement activities that must take place to support an endeavor such as PTN 6 & 7. Additionally, these procedures clearly state a preference for competitive bidding except in instances where no other supplier can be identified, in cases of emergencies or when a compelling business reason not to seek competitive bids exists.

Q. Did Concentric review examples of how these processes were implemented throughout 2009 and 2010?

A. Yes. Concentric reviewed information related to each of the new contracts, purchase orders and change orders listed on Schedule T-7A of the Company's Nuclear Filing Requirements. Relative to 2007 and 2008, PTN 6 & 7 entered into comparatively few new significant contracts. With the exception of one contract, the contracts executed by PTN 6 & 7 in 2009 and 2010 related to extensions or expansions of scope for PTN 6 & 7's existing vendors. Of the twelve contracts executed in 2009, the ISC's Predetermined Sources ("PDS") list was used four times. For the remaining eight contracts executed in 2009, FPL utilized single or sole source justifications to acquire a specific skill or proprietary technology. Of the 13 contracts executed in 2010, the ISC's PDS list was not used. For these contracts, FPL utilized single or sole source justifications to acquire a specific skill or proprietary technology for four of them, and used competitive bidding for four of them. The remaining contracts were for less than $25,000.[19]

Q. What is a Predetermined Source and how has it been used by PTN 6 & 7?

A. In certain instances, FPL has identified a need to establish consistent and preferred vendors for particular goods or services. These vendors have been

identified through prior competitive bidding or other evaluations of cost effectiveness for a narrow and predefined scope of work. Following this evaluation, ISC permits the use of these vendors for future projects within the predetermined scope of work.

Q. How many PDS were used by PTN 6 & 7 in 2009 and 2010?

A. As it relates to the execution of PTN 6 & 7, four PTN 6 & 7 vendors were authorized under the PDS process in 2009, and two additional vendors were authorized under the PDS process in 2010.[20] These vendors are BVZ, WEC, Bechtel Corporation ("Bechtel"), Environmental Consulting Technology ("ECT"), Golder Associates, Inc., and McNabb Hydrogeologic Consulting, Inc. In addition, PTN 6 & 7 utilized the PDS list for certain administrative needs such as office supplies.

Q. Does the PTN 6 & 7 project team expect the number of goods and services procured on a single or sole source basis to grow or contract in the future?

A. Yes. This results from the fact that many of the future goods and services that must be procured relate to proprietary design information that is specific to a single vendor. Thus, it will often be impossible to locate another vendor that is capable of providing these goods or services without re-creating thousands of man-hours to replicate the initial plant designs.

Q. What processes were in place to ensure that PTN 6 & 7 received the full value for the goods and services that were procured in 2009 and 2010 and that appropriate charges were invoiced to the Project?

A. In order to ensure that the Company and its customers received the full value of the goods and services that were procured, the PTN 6 & 7 Business Manager and his staff were responsible for reviewing each invoice received from the major PTN 6 & 7 project vendors including Bechtel, BVZ, McNabb Hydrogeologic Consulting, Inc., Golder Associates and ECT. In aggregate, these contracts represent a majority of the support received by PTN 6 & 7 from outside vendors. To perform this review, the Business Manager's staff received the invoices from each of these vendors. Upon receipt, an Invoice Review/Verification Form that detailed what technical or functional representative was responsible for reviewing each section of the invoice was attached to the invoice. This form and the respective invoice were then sent to each reviewer to verify that the appropriate charges were included in the invoice and that the work product met PTN 6 & 7's needs and contractual provisions prior to payment. When discrepancies were identified, FPL sought a credit on a future invoice or deducted the amount from the current invoice depending on discussions with the vendor. Similar processes are utilized by the departments supporting PTN 6 & 7.

Q. Were there instances in 2009 or 2010 where project vendors were found to be including inappropriate charges in their invoices?

A. Yes. For example, a vendor was noted to have included a small number of markups to subcontractor billings since 2008. These charges were discovered by the invoice review process and by an audit of the vendor's payments to subcontractors in Spring 2009. Upon discovery of this item, FPL withheld payment of this amount when completing payment of the next monthly invoice.

From time-to-time, FPL also discovered and challenged minor, inappropriate expenses from other vendors.

Q. Does Concentric have any observations related to FPL's management of the contract management and administration processes?

A. Yes, Concentric observed that while the contract management and administration processes functioned appropriately in 2009 and 2010, opportunities to further strengthen these controls for future procurements may have existed. Specifically, Concentric believed a need existed for a formal guideline related to procurements in excess of $5 million. This guideline would state that any bids received in response to an RFP, in excess of $5 million, are reviewed by ISC roughly contemporaneously and with at least two people participating in the review process. Similarly, when a material delay is granted to one RFP respondent, all bidders should be notified of an opportunity to further revise their bid. Concentric has not observed, and does not believe there have been, any instances of impropriety in the Project's RFP process in the review period. This recommendation was made solely with the intent to prevent future challenges or concerns before they occur. FPL implemented a new Procurement Guideline in 2010 to address these observations. This guideline, which defined contracts in excess of $5 million as "Critical Path Agreements," established procedures to be followed regarding justification and bid review for such arrangements.[21]

Concentric has also observed potential enhancements to the invoice review and approval process. Again, Concentric has not observed instances where a deficiency exists in the current system, but believes further

enhancements are warranted to ensure continued adequacy of this control. Concentric recommended to FPL that one manner of addressing this observation might include developing a simple spreadsheet to track invoice credits that are expected from project vendors. FPL took steps to address this observation in 2010, as Project Controls created a spreadsheet to track credits pending from invoices processed through Engineering and Construction and Development, allowing for a more robust review of potential invoice credits and assisting the Business Manager's staff in making certain that these invoice credits are received on time and as expected.

Lastly, Concentric noted two opportunities to improve the transparency of the invoice review and approval process. Observations on how to improve this transparency included modifying the existing Invoice Review/Approval Checklist to include the magnitude of each individual's approval authority and modifying the Invoice Review/Approval Checklist to eliminate the column whereby the technical representatives are asked to check a box to concur with the invoice. Project Controls has implemented the two improvements. The invoice Review/Approval Checklist now includes the approver's authority level, not each individual reviewer's authority level. Additionally, the column (box) to check for concurrence with the invoice has been eliminated. That change created a more transparent audit trail. Additionally, the review process is now modified such that the persons responsible for the invoice review do not execute the Invoice Review/Approval Checklist unless they concur with the invoice.

Internal Oversight Mechanisms

Q. What internal reporting mechanisms were used to inform the Company's senior management of PTN 6 & 7's status and key decisions?

A. The PTN 6 & 7 project team used a number of periodic reports to inform the project management team and the Company's Executive Steering Committee. These reports are detailed in the direct testimony of Company Witness Scroggs and are used to make certain that the costs PTN 6 & 7 is incurring are the result of prudent decision-making processes. These reports included monthly reports that detailed key budget and schedule performance and solicited input for key project decisions.

Q. How did the PTN 6 & 7 project team solicit FPL's senior management's guidance on each of these decisions?

A. On a regular basis, PTN 6 & 7 project managers provided either a formal or informal presentation of issues facing PTN 6 & 7 in 2009 and 2010. These presentations focused on specific challenges and decision points such as the decision to execute or not execute an EPC or EP agreement, the withdrawal of the Company's application for a LWA, the decoupling of the licensing and construction phases of the Project, and the status of issues related to licenses and approvals. In these presentations the PTN 6 & 7 project team provided recommendations to FPL's senior management team and then solicited senior management's feedback and approval of the recommendations. In addition, where significant decisions to take action occurred (*i.e.*, the withdrawal of the Company's application for a LWA and the 2010 project schedule revision), the PTN 6 & 7 project team produced a Project Memorandum that explicitly

discussed why this decision was made. These Project Memoranda are in response to Concentric's recommendations in 2009.

Q. Do you believe it was prudent for FPL to make these management decisions in 2009 and 2010?

A. Yes I do. These decisions clearly reflect a management philosophy that maximizes FPL's, and its customers', flexibility in the near term. By decoupling the licensing and construction work plans, and delaying the projected deployment dates, FPL will likely receive greater certainty in the future with regards to costs and external risk factors, and avoid committing FPL and its customers to capital expenditures and major, long term agreements prematurely. Such a management approach is clearly prudent in my opinion as it permits FPL to preserve the option to deploy additional nuclear capacity in the future while minimizing near term expenditures and risk.

Q. What other internal oversight and review mechanisms exist for PTN 6 & 7?

A. PTN 6 & 7 is subject to FPL's corporate GO procedures, but is being developed external to the FPL Nuclear Division. Thus, PTN 6 & 7 is not automatically subject to the Nuclear Division's policies. To address this condition, and to remain in compliance with the NRC's QA requirements, the FPL QA/QC department developed a procedure, QI-2-NNP-01, that identifies which FPL Nuclear Division polices are applicable to PTN 6 & 7. In response to Concentric's 2009 recommendation, QA/QC staff created a regular update schedule to revise and update this procedure in order to adapt to the dynamic nature of the Project.

Similarly, during 2009 and 2010, PTN 6 & 7 continued to develop its own set of New Nuclear Project Instructions that relate to the following activities:

- Project instruction preparation
- Document retention
- NRC Correspondence
- COLA submittal
- Project management briefings
- COLA related document reviews
- Department training requirements
- Project schedule and configuration control

Additionally, there were two primary active internal oversight and review mechanisms for PTN 6 &7: the FPL Internal Audit Division and the FPL QA/QC division.

Q. Please describe the FPL Internal Audit Division and its function.

A. FPL's Internal Audit Division performs regular audits of PTN 6 & 7, not only focusing on the eligibility of the costs being recorded to the NCRC for recovery from customers, but also considering internal controls as part of its procedures, and commenting to PTN 6 & 7 if it finds areas for improvement. In both 2009 and 2010, the FPL Internal Audit Division performed an audit of the costs recorded to the NCRC to test whether only appropriate charges were being billed to the project and that these charges were being accounted for correctly. The majority of Internal Audit's findings are resolved during the course of the

audit, and any unresolved items are tracked within a database to make sure they are completed on schedule.

In 2010, PTN 6 & 7 received an audit rating of "Good," the highest rating used by Internal Audit. Internal Audit presented its recommendations to the PTN 6 & 7 project team in reports issued in November 2009, for the audit conducted in 2009, and May 2010 for the audit conducted in 2010.

Q. Please describe the FPL QA/QC division and its purpose.

A. The FPL QA/QC division is responsible for implementing the Company's QA Program, which is mandated by the NRC in 10 CFR 50, Appendix B QA Program ("Appendix B"). The QA/QC division is separate from PTN 6 & 7 and reports to the Company's Chief Nuclear Officer through the Director of Nuclear Assurance. Appendix B defines eighteen criteria for a NRC licensee's QA program. It is the responsibility of the QA/QC division to ensure that FPL's QA program meets these criteria and other regulatory guidance.

Q. What quality assurance activities related to PTN 6 & 7 took place in 2009 and 2010?

A. In 2010, QA/QC performed an annual audit of PTN 6 & 7, concluding that PTN 6 & 7 was in compliance with the audited sections of Appendix B.[22] Deficiencies that were identified by the audit (*i.e.*, control of QA records, outdated procedure practices, errors in procedures, control of software, and the absence of a departmental Condition Report ("CR") trend analysis report) were deemed to be found at an early stage of the project, and CR's were produced to document the issues. In 2009 and 2010, the QA/QC division was also responsible for witnessing certain activities by PTN 6 & 7's vendors. These

surveillance activities included multiple in-person reviews of the sufficiency of the project vendors' analytical techniques, qualifications and QA programs, a complete scope audit of Bechtel in 2010. Finally, the QA/QC division monitored NRC QA activities and suggested changes to PTN 6 & 7 to respond to the NRC's findings at other new nuclear projects. This is an example of how lessons learned from other new nuclear developers were implemented by PTN 6 & 7 in 2009 and 2010.

Q. Does Concentric have any recommendations regarding the results of the QA/QC audit performed in 2010?

A. Yes. Following the 2010 QA/QC audit, a CR was written to document the findings regarding outdated or errors in procedures, leading to a full review of PTN 6 & 7's procedures to update them, as needed. Concentric recommends that such a review be formalized based on a regular (*i.e.*, annual, or semi-annual) review cycle.

Q. Does the Company maintain other internal oversight and review mechanisms for PTN 6 & 7?

A. Yes. The Company maintains other internal oversight mechanisms that ensure that PTN 6 & 7 is prudently incurring costs. The first of these mechanisms is the FPL Corporate Risk Committee ("RiskCom"). This committee consists of FPL director-level and other senior employees, and is tasked with periodically reviewing the Project and its associated risks. The PTN 6 & 7 project team met with RiskCom twice in 2010.

Q. Did Concentric have any observations related to PTN 6 & 7's internal oversight mechanisms?

A. Yes. Concentric believes it would be useful for each department providing support to PTN 6 & 7 to consider maintaining its own list of project risks. Concentric understands that the current process calls for each supporting department to meet with PTN 6 & 7 project management to describe and discuss project risk. A consolidated risk tracker is then maintained by PTN 6 & 7 project management. Concentric believes that by having the supporting departments develop and maintain their own risk trackers that provide input to the master project risk tracker, these supporting departments are more likely to maintain a sense of ownership of each risk.

External Oversight Mechanisms

Q. What external review mechanisms were used by the PTN 6 & 7 project team in 2009 and 2010 to ensure that the Company is prudently incurring costs?

A. PTN 6 & 7 and FPL have been subject to several external reviews. These reviews are utilized to make certain industry best practices are incorporated into PTN 6 & 7 and to improve overall project and senior management performance. These reviews include Concentric's review of the Company's activities and project controls, and the FPSC Staff's financial and internal controls audits. Additionally, as a publicly traded company, NextEra Energy must undergo an annual company-wide audit of its financial and internal controls. As discussed by FPL Witness Powers, these reviews were conducted by Deloitte & Touche, LLP in 2009 and 2010.

Q. Are there other external information sources relied upon by the PTN 6 & 7 project team?

A. Yes. In 2009 and 2010, FPL maintained membership in several industry groups that relate to the development of new nuclear projects. These groups include the NuStart Consortium, APOG (the AP 1000 Owners Group), the Electric Power Research Institute, and NEI, among others. Each of these groups provides the PTN 6 & 7 project team with access to a breadth and depth of information that can be used to enhance the PTN 6 & 7 project team's effectiveness. For instance, these industry groups have been utilized during the preparation of the PTN 6 & 7 COLA to identify and analyze potential areas of concern by the NRC and the appropriate response to the NRC's Requests for Additional Information. Similarly, certain members of the ISC organization that maintain a matrix reporting relationship to PTN 6 & 7 are also members of the APOG – Supply Chain Management Working Group. This is a collaborative group that is working to enhance the supply chain management for all developers of the AP 1000 through information sharing and potential joint procurement initiatives.

Q. Did Concentric have any observations related to the external oversight mechanisms utilized by FPL in 2009 or 2010?

A. Based on Concentric's review to date, Concentric believes the PTN 6 & 7 project team is proactively seeking to incorporate best practices into the management of PTN 6 & 7. This is being achieved by retaining outside experts to review and comment on certain aspects of the project, and by soliciting external information sources that can provide useful guidance to the project team.

Q. Did Concentric identify any other observations related to PTN 6 & 7 in 2009 or 2010?

A. No, we did not.

Section VII: Conclusions

Q. Please summarize your conclusions.

A. It is my conclusion that there were no imprudently incurred costs or project management deficiencies that led to imprudently incurred costs during Concentric's review periods for the Project. Based on Concentric's review of the Project in 2010 and 2011, we have also made a number of recommendations and observations related to the Project that are detailed in Section VI and Exhibit JJR-NNP-5 of my testimony. These recommendations and observations are intended to enhance the effectiveness of FPL's management of the Project. In addition, it is important to note that for over three decades nuclear power has provided a number of substantial benefits to utility customers in Florida. These benefits include electric generation with virtually no GHG emissions, fuel cost savings, fuel diversity, reduced exposure to fuel price volatility and more efficient land use. As a result, it is prudent for FPL to develop additional nuclear capacity for the benefit of its customers. In order to do so, FPL is carefully managing PTN 6 & 7 through capable project managers and directors who are guided by detailed company procedures and appropriate management oversight.

Q. Does this conclude your testimony?

A. Yes, it does.

[1] Environmental Protection Agency, eGRIDweb online application. http://cfpub.epa.gov/egridweb/view.cfm

[2] Broder, John . *E.P.A. Clears Way for Greenhouse Gas Rules.* New York Times, April 17, 2009.

[3] Gardner, Timothy, and Richard Cowan. *Senate Defeats Move to Stop EPA CO_2 Regulation.* Reuters, June 10, 2010.

[4] *Florida Nuclear Profile* (last updated September, 2010). Department of Energy, Energy Information Administration.

[5] Production cost is equal to operating and maintenance costs plus fuel costs.

[6] Separate, concurring opinion of Justice Louis Brandeis, Missouri ex. Rel. Southwestern Bell Telephone Co. v. Public Service Commission, 262 U.S. 276 (1923). Clarification added.

[7] West Ohio Gas Co. v. Public Utilities Commission of Ohio (No.1), 249 U.S. 63, (1935), Opinion.

[8] Staff recommendation in Docket no. 060658-EI – Petition on behalf of Citizens of the State of Florida to require Progress Energy Florida, Inc to refund customers $143 million, citing.

[9] Docket No. 820001-EU-A, In Re: Investigation of Fuel Cost Recovery Clauses of Electric Utilities (Gulf Power Company – Maxine Mine).

[10] FL PSC Order No. PSC-07-0816-FOF-EI, at 4.

[11] Sears, Keoki S., Glenn A. Sears, and Richard H. Clough, Construction Project Management: A Practical Guide to Field Construction Management. 5th Edition, John Wiley & Sons, Hoboken, NJ, 2008, at 20.

[12] Note, as of January 27, 2011, the NRC has placed the PTN 6 & 7 schedule under review.

[13] Remaining open areas of completion review include groundwater impacts related to construction of backup cooling water supply, changes to the proposed mitigation plan, and design features of the plant. *See*, Response to Staff New DR 1.1.

[14] *See*, Response to Staff New DR 1.1.

[15] *See*, Response to Concentric Data Request 3.3.

[16] *See*, Response to Concentric Data Request 1.12, "Project Plan for Turkey Point Units 6 & 7," Revision 1, March 15, 2010.

[17] *See*, Response to Staff New DR1.11, "Q3 2010 Risk Assessment for Turkey Point 6 & 7 Licensing and Permitting."

[18] *See*, Response to Concentric Data Request 1.12, "New Nuclear Projects Project Plan," Revision 1, March 15, 2010, at 15.

[19] *See*, Response to Concentric Data Request 3.8.

[20] *See*, Response to Concentric Data Request 2.20.

[21] *See*, New Nuclear Projects Procurement Guideline, "Award of Critical Project Agreements," Draft November 12, 2010.

[22] *See*, Response to Concentric Data Request 1.10, "Turkey Point Nuclear Oversight Report," May 17, 2010.

JJR-1

John J. Reed
Chairman and Chief Executive Officer

John J. Reed is a financial and economic consultant with more than 30 years of experience in the energy industry. Mr. Reed has also been the CEO of an NASD member securities firm, and Co-CEO of the nation's largest publicly traded management consulting firm (NYSE: NCI). He has provided advisory services in the areas of mergers and acquisitions, asset divestitures and purchases, strategic planning, project finance, corporate valuation, energy market analysis, rate and regulatory matters and energy contract negotiations to clients across North and Central America. Mr. Reed's comprehensive experience includes the development and implementation of nuclear, fossil, and hydroelectric generation divestiture programs with an aggregate valuation in excess of $20 billion. Mr. Reed has also provided expert testimony on financial and economic matters on more than 150 occasions before the FERC, Canadian regulatory agencies, state utility regulatory agencies, various state and federal courts, and before arbitration panels in the United States and Canada. After graduation from the Wharton School of the University of Pennsylvania, Mr. Reed joined Southern California Gas Company, where he worked in the regulatory and financial groups, leaving the firm as Chief Economist in 1981. He served as executive and consultant with Stone & Webster Management Consulting and R.J. Rudden Associates prior to forming REED Consulting Group (RCG) in 1988. RCG was acquired by Navigant Consulting in 1997, where Mr. Reed served as an executive until leaving Navigant to join Concentric as Chairman and Chief Executive Officer.

REPRESENTATIVE PROJECT EXPERIENCE

Executive Management

As an executive-level consultant, worked with CEOs, CFOs, other senior officers, and Boards of Directors of many of North America's top electric and gas utilities, as well as with senior political leaders of the U.S. and Canada on numerous engagements over the past 25 years. Directed merger, acquisition, divestiture, and project development engagements for utilities, pipelines and electric generation companies, repositioned several electric and gas utilities as pure distributors through a series of regulatory, financial, and legislative initiatives, and helped to develop and execute several "roll-up" or market aggregation strategies for companies seeking to achieve substantial scale in energy distribution, generation, transmission, and marketing.

Financial and Economic Advisory Services

Retained by many of the nation's leading energy companies and financial institutions for services relating to the purchase, sale or development of new enterprises. These projects included major new gas pipeline projects, gas storage projects, several non-utility generation projects, the purchase and sale of project development and gas marketing firms, and utility acquisitions. Specific services provided include the development of corporate expansion plans, review of acquisition candidates, establishment of divestiture standards, due diligence on acquisitions or financing, market entry or expansion studies, competitive assessments, project financing studies, and negotiations relating to these transactions.

Litigation Support and Expert Testimony

Provided expert testimony on more than 150 occasions in administrative and civil proceedings on a wide range of energy and economic issues. Clients in these matters have included gas distribution utilities, gas pipelines, gas producers, oil producers, electric utilities, large energy consumers, governmental and regulatory

agencies, trade associations, independent energy project developers, engineering firms, and gas and power marketers. Testimony has focused on issues ranging from broad regulatory and economic policy to virtually all elements of the utility ratemaking process. Also frequently testified regarding energy contract interpretation, accepted energy industry practices, horizontal and vertical market power, quantification of damages, and management prudence. Have been active in regulatory contract and litigation matters on virtually all interstate pipeline systems serving the U.S. Northeast, Mid-Atlantic, Midwest, and Pacific regions.

Also served on FERC Commissioner Terzic's Task Force on Competition, which conducted an industry-wide investigation into the levels of and means of encouraging competition in U.S. natural gas markets. Represented the interests of the gas distributors (the AGD and UDC) and participated actively in developing and presenting position papers on behalf of the LDC community.

Resource Procurement, Contracting and Analysis

On behalf of gas distributors, gas pipelines, gas producers, electric utilities, and independent energy project developers, personally managed or participated in the negotiation, drafting, and regulatory support of hundreds of energy contracts, including the largest gas contracts in North America, electric contracts representing billions of dollars, pipeline and storage contracts, and facility leases.

These efforts have resulted in bringing large new energy projects to market across North America, the creation of hundreds of millions of dollars in savings through contract renegotiation, and the regulatory approval of a number of highly contested energy contracts.

Strategic Planning and Utility Restructuring

Acted as a leading participant in the restructuring of the natural gas and electric utility industries over the past fifteen years, as an adviser to local distribution companies (LDCs), pipelines, electric utilities, and independent energy project developers. In the recent past, provided services to many of the top 50 utilities and energy marketers across North America. Managed projects that frequently included the redevelopment of strategic plans, corporate reorganizations, the development of multi-year regulatory and legislative agendas, merger, acquisition and divestiture strategies, and the development of market entry strategies. Developed and supported merchant function exit strategies, marketing affiliate strategies, and detailed plans for the functional business units of many of North America's leading utilities.

PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2002 – Present)
Chairman and Chief Executive Officer

CE Capital Advisors (2004 – Present)
Chairman, President, and Chief Executive Officer

Navigant Consulting, Inc. (1997 – 2002)
President, Navigant Energy Capital (2000 – 2002)
Executive Director (2000 – 2002)
Co-Chief Executive Officer, Vice Chairman (1999 – 2000)
Executive Managing Director (1998 – 1999)
President, REED Consulting Group, Inc. (1997 – 1998)

REED Consulting Group (1988 – 1997)
Chairman, President and Chief Executive Officer

R.J. Rudden Associates, Inc. (1983 – 1988)
Vice President

Stone & Webster Management Consultants, Inc. (1981 – 1983)
Senior Consultant
Consultant

Southern California Gas Company (1976 – 1981)
Corporate Economist
Financial Analyst
Treasury Analyst

EDUCATION AND CERTIFICATION

B.S., Economics and Finance, Wharton School, University of Pennsylvania, 1976
Licensed Securities Professional: NASD Series 7, 63, and 24 Licenses

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BOARDS OF DIRECTORS (PAST AND PRESENT)

Concentric Energy Advisors, Inc.
Navigant Consulting, Inc.
Navigant Energy Capital
Nukem, Inc.
New England Gas Association
R. J. Rudden Associates
REED Consulting Group

AFFILIATIONS

National Association of Business Economists
International Association of Energy Economists
American Gas Association
New England Gas Association
Society of Gas Lighters
Guild of Gas Managers

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SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Alaska Public Utilities Commission				
Chugach Electric	12/86	Chugach Electric	Docket No. U-86-11	Cost Allocation
Chugach Electric	6/87	Enstar Natural Gas Company	Docket No. U-87-2	Tariff Design
Chugach Electric	12/87	Enstar Natural Gas Company	Docket No. U-87-42	Gas Transportation
Chugach Electric	2/88	Chugach Electric	Docket No. U-87-35	Cost of Capital
California Energy Commission				
Southern California Gas Co.	8/80	Southern California Gas Co.	Docket No. 80-BR-3	Gas Price Forecasting
California Public Utility Commission				
Southern California Gas Co.	3/80	Southern California Gas Co.	TY 1981 G.R.C.	Cost of Service, Inflation
Pacific Gas Transmission Co.	10/91	Pacific Gas & Electric Co.	App. 89-04-033	Rate Design
Pacific Gas Transmission Co.	7/92	Southern California Gas Co.	A. 92-04-031	Rate Design
Colorado Public Utilities Commission				
AMAX Molybdenum	2/90	Commission Rulemaking	Docket No. 89R-702G	Gas Transportation
AMAX Molybdenum	11/90	Commission Rulemaking	Docket No. 90R-508G	Gas Transportation
Xcel Energy	8/04	Xcel Energy	Docket No. 031-134E	Cost of Debt
CT Dept. of Public Utilities Control				
Connecticut Natural Gas	12/88	Connecticut Natural Gas	Docket No. 88-08-15	Gas Purchasing Practices
United Illuminating	3/99	United Illuminating	Docket No. 99-03-04	Nuclear Plant Valuation
Southern Connecticut Gas	2/04	Southern Connecticut Gas	Docket No. 00-12-08	Gas Purchasing Practices
Southern Connecticut Gas	4/05	Southern Connecticut Gas	Docket No. 05-03-17	LNG/Trunkline
Southern Connecticut Gas	5/06	Southern Connecticut Gas	Docket No. 05-03-17PH01	LNG/Trunkline
Southern Connecticut Gas	8/08	Southern Connecticut Gas	Docket No. 06-05-04	Peaking Service Agreement

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
District Of Columbia PSC				
Potomac Electric Power Company	3/99, 5/99, 7/99	Potomac Electric Power Company	Docket No. 945	Divestiture of Gen. Assets & Purchase Power Contracts
Fed'l Energy Regulatory Commission				
Safe Harbor Water Power Corp.	8/82	Safe Harbor Water Power Corp.		Wholesale Electric Rate Increase
Western Gas Interstate Company	5/84	Western Gas Interstate Company	Docket No. RP84-77	Load Fcst. Working Capital
Southern Union Gas	4/87	El Paso Natural Gas Company	Docket No. RP87-16-000	Take-or-Pay Costs
Connecticut Natural Gas	11/87	Penn-York Energy Corporation	Docket No. RP87-78-000	Cost Alloc./Rate Design
AMAX Magnesium	12/88	Questar Pipeline Company	Docket No. RP88-93-000	Cost Alloc./Rate Design
Western Gas Interstate Company	6/89	Western Gas Interstate Company	Docket No. RP89-179-000	Cost Alloc./Rate Design, Open-Access Transportation
Associated CD Customers	12/89	CNG Transmission	Docket No. RP88-211-000	Cost Alloc./Rate Design
Utah Industrial Group	9/90	Questar Pipeline Company	Docket No. RP88-93-000, Phase II	Cost Alloc./Rate Design
Iroquois Gas Trans. System	8/90	Iroquois Gas Transmission System	Docket No. CP89-634-000/001; CP89-815-000	Gas Markets, Rate Design, Cost of Capital, Capital Structure
Boston Edison Company	1/91	Boston Edison Company	Docket No. ER91-243-000	Electric Generation Markets

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Cincinnati Gas and Electric Co., Union Light, Heat and Power Company, Lawrenceburg Gas Company	7/91	Texas Gas Transmission Corp.	Docket No. RP90-104-000, RP88-115-000, RP90-192-000	Cost Alloc./Rate Design Comparability of Svc.
Ocean State Power II	7/91	Ocean State Power II	ER89-563-000	Competitive Market Analysis, Self-dealing
Brooklyn Union/PSE&G	7/91	Texas Eastern	RP88-67, et al	Market Power, Comparability of Service
Northern Distributor Group	9/92	Northern Natural Gas Company	RP92-1-000, et al	Cost of Service
Canadian Association of Petroleum Producers and Alberta Pet. Marketing Comm.	10/92	Lakehead Pipe Line Co. L.P.	IS92-27-000	Cost Allocation, Rate Design
Colonial Gas, Providence Gas	7/93, 8/93	Algonquin Gas Transmission	RP93-14	Cost Allocation, Rate Design
Iroquois Gas Transmission	94	Iroquois Gas Transmission	RP94-72-000	Cost of Service and Rate Design
Transco Customer Group	1/94	Transcontinental Gas Pipeline Corporation	Docket No. RP92-137-000	Rate Design, Firm to Wellhead
Pacific Gas Transmission	2/94	Pacific Gas Transmission	Docket No. RP94-149-000	Rolled-In vs. Incremental Rates
Tennessee GSR Group	1/95, 3/95	Tennessee Gas Pipeline Company	Docket Nos. RP93-151-000, RP94-39-000, RP94-197-000, RP94-309-000	GSR Costs
Pacific Gas Transmission	2/95	Pacific Gas Transmission	RP94-149-000	Rate Design
ProGas and Texas Eastern	1/96	Tennessee Gas Pipeline Company	RP93-151	Declaration
PG&E and SoCal Gas	96	El Paso Natural Gas Company	RP92-18-000	Stranded Costs

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Iroquois Gas Transmission System, L.P.	97	Iroquois Gas Transmission System, L.P.	RP97-126-000	Cost of Service, Rate Design
BEC Energy - Commonwealth Energy System	2/99	Boston Edison Company/ Commonwealth Energy System	EC99-___-000	Market Power Analysis – Merger
Central Hudson Gas & Electric, Consolidated Co. of New York, Niagara Mohawk Power Corporation, Dynegy Power Inc.	10/00	Central Hudson Gas & Electric, Consolidated Co. of New York, Niagara Mohawk Power Corporation, Dynegy Power Inc.	Docket No. EC00-___	Market Power 203/205 Filing
Wyckoff Gas Storage	12/02	Wyckoff Gas Storage	CP03-33-000	Need for Storage Project
Indicated Shippers/Producers	10/03	Northern Natural Gas	Docket No. RP98-39-029	Ad Valorem Tax Treatment
Maritimes & Northeast Pipeline	6/04	Maritimes & Northeast Pipeline	Docket No. RP04-360-000	Rolled-In Rates
ISO New England	8/04	ISO New England	Docket No. ER03-563-030	Cost of New Entry
Transwestern Pipeline Company, LLC	9/06	Transwestern Pipeline Company, LLC	Docket No. RP06-614-000	
Portland Natural Gas Transmission System	6/08	Portland Natural Gas Transmission System	Docket No. RP08-306-000	Market Assessment, natural gas transportation; rate setting
Portland Natural Gas Transmission System	5/10	Portland Natural Gas Transmission System	Docket No. RP10-729-000	Business risks; extraordinary and non-recurring events pertaining to discretionary revenues
Morris Energy	7/10	Morris Energy	Docket No. RP10-	Affidavit re: Impact of Preferential Rate

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Florida Public Service Commission				
Florida Power and Light Co.	10/07	Florida Power & Light Co.	Docket No. 070650-EI	Need for new nuclear plant
Florida Power and Light Co.	5/08	Florida Power & Light Co.	Docket No. 080009-EI	New Nuclear cost recovery, prudence
Florida Power and Light Co.	3/09	Florida Power & Light Co.	Docket No. 080677-EI	Benchmarking in support of ROE
Florida Power and Light Co.	3/09	Florida Power & Light Co.	Docket No. 090009-EI	New Nuclear cost recovery, prudence
Florida Power and Light Co.	3/10; 5/10, 8/10	Florida Power & Light Co.	Docket No. 100009-EI	New Nuclear cost recovery, prudence
Florida Senate Committee on Communication, Energy and Utilities				
Florida Power and Light Co.	2/09	Florida Power & Light Co.		Securitization
Hawaii Public Utility Commission				
Hawaiian Electric Light Company, Inc. (HELCO)	6/00	Hawaiian Electric Light Company, Inc.	Cause No. 41746	Standby Charge
Indiana Utility Regulatory Commission				
Northern Indiana Public Service Company	10/01	Northern Indiana Public Service Company	Docket No. 99-0207	Valuation of Electric Generating Facilities
Northern Indiana Public Service Company	01/08	Northern Indiana Public Service Company	Cause No. 43396	Asset Valuation
Northern Indiana Public Service Company	08/08	Northern Indiana Public Service Company	Cause No. 43526	Fair Market Value Assessment

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Iowa Utilities Board				
Interstate Power and Light	7/05	Interstate Power and Light and FPL Energy Duane Arnold, LLC	Docket No. SPU-05-15	Sale of Nuclear Plant
Interstate Power and Light	5/07	City of Everly, Iowa	Docket No. SPU-06-5	Municipalization
Interstate Power and Light	5/07	City of Kalona, Iowa	Docket No. SPU-06-6	Municipalization
Interstate Power and Light	5/07	City of Wellman, Iowa	Docket No. SPU-06-10	Municipalization
Interstate Power and Light	5/07	City of Terril, Iowa	Docket No. SPU-06-8	Municipalization
Interstate Power and Light	5/07	City of Rolfe, Iowa	Docket No. SPU-06-7	Municipalization
Maine Public Utility Commission				
Northern Utilities	5/96	Granite State and PNGTS	Docket No. 95-480, 95-481	Transportation Service and PBR
Maryland Public Service Commission				
Eastalco Aluminum	3/82	Potomac Edison	Docket No. 7604	Cost Allocation
Potomac Electric Power Company	8/99	Potomac Electric Power Company	Docket No. 8796	Stranded Cost & Price Protection
Mass. Department of Public Utilities				
Haverhill Gas	5/82	Haverhill Gas	Docket No. DPU #1115	Cost of Capital
New England Energy Group	1/87	Commission Investigation		Gas Transportation Rates
Energy Consortium of Mass.	9/87	Commonwealth Gas Company	Docket No. DPU-87-122	Cost Alloc./Rate Design
Mass. Institute of Technology	12/88	Middleton Municipal Light	DPU #88-91	Cost Alloc./Rate Design
Energy Consortium of Mass.	3/89	Boston Gas	DPU #88-67	Rate Design
PG&E Bechtel Generating Co./ Constellation Holdings	10/91	Commission Investigation	DPU #91-131	Valuation of Environmental Externalities

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Coalition of Non-Utility Generators		Cambridge Electric Light Co. & Commonwealth Electric Co.	DPU 91-234 EFSC 91-4	Integrated Resource Management
The Berkshire Gas Company Essex County Gas Company Fitchburg Gas and Elec. Light Co.	5/92	The Berkshire Gas Company Essex County Gas Company Fitchburg Gas & Elec. Light Co.	DPU #92-154	Gas Purchase Contract Approval
Boston Edison Company	7/92	Boston Edison	DPU #92-130	Least Cost Planning
Boston Edison Company	7/92	The Williams/Newcorp Generating Co.	DPU #92-146	RFP Evaluation
Boston Edison Company	7/92	West Lynn Cogeneration	DPU #92-142	RFP Evaluation
Boston Edison Company	7/92	L'Energia Corp.	DPU #92-167	RFP Evaluation
Boston Edison Company	7/92	DLS Energy, Inc.	DPU #92-153	RFP Evaluation
Boston Edison Company	7/92	CMS Generation Co.	DPU #92-166	RFP Evaluation
Boston Edison Company	7/92	Concord Energy	DPU #92-144	RFP Evaluation
The Berkshire Gas Company Colonial Gas Company Essex County Gas Company Fitchburg Gas and Electric Company	11/93	The Berkshire Gas Company Colonial Gas Company Essex County Gas Company Fitchburg Gas and Electric Co.	DPU #93-187	Gas Purchase Contract Approval
Bay State Gas Company	10/93	Bay State Gas Company	Docket No. 93-129	Integrated Resource Planning
Boston Edison Company	94	Boston Edison	DPU #94-49	Surplus Capacity
Hudson Light & Power Department	4/95	Hudson Light & Power Dept.	DPU #94-176	Stranded Costs
Essex County Gas Company	5/96	Essex County Gas Company	Docket No. 96-70	Unbundled Rates
Boston Edison Company	8/97	Boston Edison Company	D.P.U. No. 97-63	Holding Company Corporate Structure
Berkshire Gas Company	6/98	Berkshire Gas Mergeco Gas Co.	D.T.E. 98-87	Merge approval
Eastern Edison Company	8/98	Montaup Electric Company	D.T.E. 98-83	Marketing for divestiture of its generation business.
Boston Edison Company	98	Boston Edison Company	D.T.E. 97-113	Fossil Generation Divestiture

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Boston Edison Company	98	Boston Edison Company	D.T.E. 98-119	Nuclear Generation Divestiture
Eastern Edison Company	12/98	Montaup Electric Company	D.T.E. 99-9	Sale of Nuclear Plant
NStar	9/07, 12/07	NStar, Bay State Gas, Fitchburg G&E, NE Gas, W. MA Electric	DPU 07-50	Decoupling, risk
Mass. Energy Facilities Siting Council				
Mass. Institute of Technology	1/89	M.M.W.E.C.	EFSC-88-1	Least-Cost Planning
Boston Edison Company	9/90	Boston Edison	EFSC-90-12	Electric Generation Mkts
Silver City Energy Ltd. Partnership	11/91	Silver City Energy	D.P.U. 91-100	State Policies; Need for Facility
Michigan Public Service Commission				
Detroit Edison Company	9/98	Detroit Edison Company	Case No. U-11726	Market Value of Generation Assets
Consumers Energy Company	8/06	Consumers Energy Company	Case No. U-14992	Sale of Nuclear Plant
Minnesota Public Utilities Commission				
Xcel Energy/No. States Power	9/04	Xcel Energy/No. States Power	Docket No. G002/GR-04-1511	NRG Impacts
Interstate Power and Light	8/05	Interstate Power and Light and FPL Energy Duane Arnold, LLC	Docket No. E001/PA-05-1272	Sale of Nuclear Plant
Northern States Power Company d/b/a Xcel Energy	11/05	Northern States Power Company	Docket No. E002/GR-05-1428	NRG Impacts on Debt Costs
Northern States Power Company d/b/a Xcel Energy	09/06	NSP v. Excelsior	Docket No. E6472/M-05-1993	PPA, Financial Impacts
Northern States Power Company d/b/a Xcel Energy	11/06	Northern States Power Company	Docket No. G002/GR-06-1429	Return on Equity

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Northern States Power	11/08	Northern States Power Company	Docket No. E002/GR-08-1065	Return on Equity
Northern States Power	11/09	Northern States Power Company	Docket No. G002/GR-09-1153	Return on Equity
Northern States Power	11/10	Northern States Power Company	Docket No. E002/GR-10-971	Return on Equity
Missouri Public Service Commission				
Missouri Gas Energy	1/03	Missouri Gas Energy	Case No. GR-2001-382	Gas Purchasing Practices; Prudence
Aquila Networks	2/04	Aquila-MPS, Aquila_L&P	Case Nos. ER-2004-0034 HR-2004-0024	Cost of Capital, Capital Structure
Aquila Networks	2/04	Aquila-MPS, Aquila_L&P	Case No. GR-2004-0072	Cost of Capital, Capital Structure
Missouri Gas Energy	11/05	Missouri Gas Energy	Case Nos. GR-2002-348 GR-2003-0330	Capacity Planning
Missouri Gas Energy	11/10, 1/11	KCP&L	Case No. ER-2010-0355	Natural Gas DSM
Missouri Gas Energy	11/10, 1/11	KCP&L GMO	Case No. ER-2010-0356	Natural Gas DSM
Montana Public Service Commission				
Great Falls Gas Company	10/82	Great Falls Gas Company	Docket No. 82-4-25	Gas Rate Adjust. Clause
Nat. Energy Board of Canada				
Alberta-Northeast	2/87	Alberta Northeast Gas Export Project	Docket No. GH-1-87	Gas Export Markets

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Alberta-Northeast	11/87	TransCanada Pipeline	Docket No. GH-2-87	Gas Export Markets
Alberta-Northeast	1/90	TransCanada Pipeline	Docket No. GH-5-89	Gas Export Markets
Indep. Petroleum Association of Canada	1/92	Interprovincial Pipe Line, Inc.	RH-2-91	Pipeline Valuation, Toll
The Canadian Association of Petroleum Producers	11/93	Transmountain Pipe Line	RH3-93	Cost of Capital
Alliance Pipeline L.P.	6/97	Alliance Pipeline L.P.	GH-3-97	Market Study
Maritimes & Northeast Pipeline	97	Sable Offshore Energy Project	GH-6-96	Market Study
Maritimes & Northeast Pipeline	2/02	Maritimes & Northeast Pipeline	GH-3-2002	Natural Gas Demand Analysis
TransCanada Pipelines	8/04	TransCanada Pipelines	RH-3-2004	Toll Design
Brunswick Pipeline	9/06	Brunswick Pipeline	GH-1-2006	Market Study
TransCanada Pipelines Ltd.	3/07	TransCanada Pipelines Ltd.: Gros Cacouna Receipt Point Application	RH-1-2007	Toll Design
Repsol Energy Canada Ltd	3/08	Repsol Energy Canada Ltd	GH-1-2008	Market Study
Maritimes & Northeast Pipeline	7/10	Maritimes & Northeast Pipeline	RH-4-2010	Regulatory policy, toll development
New Brunswick Energy and Utilities Board				
Atlantic Wallboard/JD Irving Co	1/08	Enbridge Gas New Brunswick	MCTN #298600	Rate Setting for EGNB
Atlantic Wallboard/Flakeboard	09/09, 6/10, 7/10	Enbridge Gas New Brunswick	NBEUB 2009-017	Rate Setting for EGNB
NH Public Utilities Commission				
Bus & Industry Association	6/89	P.S. Co. of New Hampshire	Docket No. DR89-091	Fuel Costs
Bus & Industry Association	5/90	Northeast Utilities	Docket No. DR89-244	Merger & Acq. Issues
Eastern Utilities Associates	6/90	Eastern Utilities Associates	Docket No. DF89-085	Merger & Acq. Issues
EnergyNorth Natural Gas	12/90	EnergyNorth Natural Gas	Docket No. DE90-166	Gas Purchasing Practices

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
EnergyNorth Natural Gas	7/90	EnergyNorth Natural Gas	Docket No. DR90-187	Special Contracts, Discounted Rates
Northern Utilities, Inc.	12/91	Commission Investigation	Docket No. DR91-172	Generic Discounted Rates
New Jersey Board of Public Utilities				
Hilton/Golden Nugget	12/83	Atlantic Electric	B.P.U. 832-154	Line Extension Policies
Golden Nugget	3/87	Atlantic Electric	B.P.U. No. 837-658	Line Extension Policies
New Jersey Natural Gas	2/89	New Jersey Natural Gas	B.P.U. GR89030335J	Cost Alloc./Rate Design
New Jersey Natural Gas	1/91	New Jersey Natural Gas	B.P.U. GR90080786J	Cost Alloc./Rate Design
New Jersey Natural Gas	8/91	New Jersey Natural Gas	B.P.U. GR91081393J	Rate Design; Weather Norm. Clause
New Jersey Natural Gas	4/93	New Jersey Natural Gas	B.P.U. GR93040114J	Cost Alloc./Rate Design
South Jersey Gas	4/94	South Jersey Gas	BRC Dock No. GR080334	Revised levelized gas adjustment
New Jersey Utilities Association	9/96	Commission Investigation	BPU AX96070530	PBOP Cost Recovery
Morris Energy Group	11/09	Public Service Electric & Gas	BPU GR 09050422	Discriminatory Rates
New Jersey American Water Co.	4/10	New Jersey American Water Co.	BPU WR 1040260	Tariff Rates and Revisions
New Mexico Public Service Commission				
Gas Company of New Mexico	11/83	Public Service Co. of New Mexico	Docket No. 1835	Cost Alloc./Rate Design
New York Public Service Commission				
Iroquois Gas. Transmission	12/86	Iroquois Gas Transmission System	Case No. 70363	Gas Markets
Brooklyn Union Gas Company	8/95	Brooklyn Union Gas Company	Case No. 95-6-0761	Panel on Industry Directions

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Central Hudson, ConEdison and Niagara Mohawk	9/00	Central Hudson, ConEdison and Niagara Mohawk	Case No. 96-E-0909 Case No. 96-E-0897 Case No. 94-E-0098 Case No. 94-E-0099	Section 70, Approval of New Facilities
Central Hudson, New York State Electric & Gas, Rochester Gas & Electric	5/01	Joint Petition of NiMo, NYSEG, RG&E, Central Hudson, Constellation and Nine Mile Point	Case No. 01-E-0011	Section 70, Rebuttal Testimony
Rochester Gas & Electric	12/03	Rochester Gas & Electric	Case No. 03-E-1231	Sale of Nuclear Plant
Rochester Gas & Electric	01/04	Rochester Gas & Electric	Case No. 03-E-0765 Case No. 02-E-0198 Case No. 03-E-0766	Sale of Nuclear Plant; Ratemaking Treatment of Sale
Rochester Gas and Electric and NY State Electric & Gas Corp	2/10	Rochester Gas & Electric NY State Electric & Gas Corp	Case No. 09-E-0715 Case No. 09-E-0716 Case No. 09-E-0717 Case No. 09-E-0718	Depreciation policy
Oklahoma Corporation Commission				
Oklahoma Natural Gas Company	6/98	Oklahoma Natural Gas Company	Case PUD No. 980000177	Storage issues
Oklahoma Gas & Electric Company	9/05	Oklahoma Gas & Electric Company	Cause No. PUD 200500151	Prudence of McLain Acquisition
Oklahoma Gas & Electric Company	03/08	Oklahoma Gas & Electric Company	Cause No. PUD 200800086	Acquisition of Redbud generating facility
Ontario Energy Board				
Market Hub Partners Canada, L.P.	5/06	Natural Gas Electric Interface Roundtable	File No. EB-2005-0551	Market-based Rates For Storage

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Pennsylvania Public Utility Commission				
ATOC	4/95	Equitrans	Docket No. R-00943272	Rate Design, unbundling
ATOC	3/96	Equitrans	Docket No. P-00940886	Rate Design, unbundling
Rhode Island Public Utilities Commission				
Newport Electric	7/81	Newport Electric	Docket No. 1599	Rate Attrition
South County Gas	9/82	South County Gas	Docket No. 1671	Cost of Capital
New England Energy Group	7/86	Providence Gas Company	Docket No. 1844	Cost Alloc./Rate Design
Providence Gas	8/88	Providence Gas Company	Docket No. 1914	Load Forecast., Least-Cost Planning
Providence Gas Company and The Valley Gas Company	1/01	Providence Gas Company and The Valley Gas Company	Docket No. 1673 and 1736	Gas Cost Mitigation Strategy
The New England Gas Company	3/03	New England Gas Company	Docket No. 3459	Cost of Capital
Texas Public Utility Commission				
Southwestern Electric	5/83	Southwestern Electric		Cost of Capital, CWIP
P.U.C. General Counsel	11/90	Texas Utilities Electric Company	Docket No. 9300	Gas Purchasing Practices, Prudence
Oncor Electric Delivery Company	8/07	Oncor Electric Delivery Company	Docket No. 34040	Regulatory Policy, Rate of Return, Return of Capital and Consolidated Tax Adjustment
Oncor Electric Delivery Company	6/08	Oncor Electric Delivery Company	Docket No.35717	Regulatory policy
Oncor Electric Delivery Company	10/08	Oncor, TCC, TNC, ETT, LCRA TSC, Sharyland, STEC, TNMP	Docket No. 35665	Competitive Renewable Energy Zone

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
CenterPoint Energy	6/10 10/10	CenterPoint Energy/Houston Electric	Docket No. 38339	Regulatory policy, risk, consolidated taxes
Oncor Electric Delivery Company	1/11	Oncor Electric Delivery Company	Docket No. 38929	Regulatory policy, risk
Texas Railroad Commission				
Western Gas Interstate Company	1/85	Southern Union Gas Company	Docket 5238	Cost of Service
Atmos Pipeline Texas	9/10; 1/11	Atmos Pipeline Texas	GUD 10000	Ratemaking Policy, risk
Utah Public Service Commission				
AMAX Magnesium	1/88	Mountain Fuel Supply Company	Case No. 86-057-07	Cost Alloc./Rate Design
AMAX Magnesium	4/88	Utah P&L/Pacific P&L	Case No. 87-035-27	Merger & Acquisition
Utah Industrial Group	7/90	Mountain Fuel Supply	Case No. 89-057-15	Gas Transportation Rates
AMAX Magnesium	9/90	Utah Power & Light	Case No. 89-035-06	Energy Balancing Account
AMAX Magnesium	8/90	Utah Power & Light	Case No. 90-035-06	Electric Service Priorities

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Questar Gas Company	12/07	Questar Gas Company	Docket No. 07-057-13	Benchmarking in support of ROE
Vermont Public Service Board				
Green Mountain Power	8/82	Green Mountain Power	Docket No. 4570	Rate Attrition
Green Mountain Power	12/97	Green Mountain Power	Docket No. 5983	Cost of Service
Green Mountain Power	7/98, 9/00	Green Mountain Power	Docket No. 6107	Ratae development
Wisconsin Public Service Commission				
WEC & WICOR	11/99	WEC	Docket No. 9401-YO-100 Docket No. 9402-YO-101	Approval to Acquire the Stock of WICOR
Wisconsin Electric Power Company	1/07	Wisconsin Electric Power Co.	Docket No. 6630-EI-113	Sale of Nuclear Plant
Wisconsin Electric Power Company	10/09	Wisconsin Electric Power Co.	Docket No. 6630-CE-302	CPCN Application for wind project

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
American Arbitration Association				
Michael Polsky	3/91	M. Polsky vs. Indeck Energy		Corporate Valuation, Damages
ProGas Limited	7/92	ProGas Limited v. Texas Eastern		Gas Contract Arbitration
Attala Generating Company	12/03	Attala Generating Co v. Attala Energy Co.	Case No. 16-Y-198-00228-03	Power Project Valuation; Breach of Contract; Damages
Nevada Power Company	4/08	Nevada Power v. Nevada Cogeneration Assoc. #2		Power Purchase Agreement
Commonwealth of Massachusetts, Suffolk Superior Court				
John Hancock	1/84	Trinity Church v. John Hancock	C.A. No. 4452	Damages Quantification
State of Colorado District Court, County of Garfield				
Questar Corporation, et al	11/00	Questar Corporation, et al.	Case No. 00CV129-A	Partnership Fiduciary Duties
State of Delaware, Court of Chancery, New Castle County				
Wilmington Trust Company	11/05	Calpine Corporation vs. Bank Of New York and Wilmington Trust Company	C.A. No. 1669-N	Bond Indenture Covenants
Illinois Appellate Court, Fifth Division				
Norweb, plc	8/02	Indeck No. America v. Norweb	Docket No. 97 CH 07291	Breach of Contract; Power Plant Valuation

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Independent Arbitration Panel				
Alberta Northeast Gas Limited	2/98	ProGas Ltd., Canadian Forest Oil Ltd., AEC Oil & Gas		
Ocean State Power	9/02	Ocean State Power vs. ProGas Ltd.	2001/2002 Arbitration	Gas Price Arbitration
Ocean State Power	2/03	Ocean State Power vs. ProGas Ltd.	2002/2003 Arbitration	Gas Price Arbitration
Ocean State Power	6/04	Ocean State Power vs. ProGas Ltd.	2003/2004 Arbitration	Gas Price Arbitration
Shell Canada Limited	7/05	Shell Canada Limited and Nova Scotia Power Inc.		Gas Contract Price Arbitration
International Court of Arbitration				
Wisconsin Gas Company, Inc.	2/97	Wisconsin Gas Co. vs. Pan-Alberta	Case No. 9322/CK	Contract Arbitration
Minnegasco, A Division of NorAm Energy Corp.	3/97	Minnegasco vs. Pan-Alberta	Case No. 9357/CK	Contract Arbitration
Utilicorp United Inc.	4/97	Utilicorp vs. Pan-Alberta	Case No. 9373/CK	Contract Arbitration
IES Utilities	97	IES vs. Pan-Alberta	Case No. 9374/CK	Contract Arbitration
State of New Jersey, Mercer County Superior Court				
Transamerica Corp., et. al.	7/07	IMO Industries Inc. vs. Transamerica Corp., et. al.	Docket No. L-2140-03	Breach-Related Damages, Enterprise Value
State of New York, Nassau County Supreme Court				
Steel Los III, LP	6/08	Steel Los II, LP & Associated Brook, Corp v. Power Authority of State of NY	Index No. 5662/05	Property seizure

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Province of Alberta, Court of Queen's Bench				
Alberta Northeast Gas Limited	5/07	Cargill Gas Marketing Ltd. vs. Alberta Northeast Gas Limited	Action No. 0501-03291	Gas Contracting Practices
State of Rhode Island, Providence City Court				
Aquidneck Energy	5/87	Laroche vs. Newport		Least-Cost Planning
State of Texas Hutchinson County Court				
Western Gas Interstate	5/85	State of Texas vs. Western Gas Interstate Co.	Case No. 14,843	Cost of Service
State of Utah Third District Court				
PacifiCorp & Holme, Roberts & Owen, LLP	1/07	USA Power & Spring Canyon Energy vs. PacifiCorp. et. al.	Civil No. 050903412	Breach-Related Damages
U.S. Bankruptcy Court, District of New Hampshire				
EUA Power Corporation	7/92	EUA Power Corporation	Case No. BK-91-10525-JEY	Pre-Petition Solvency
U.S. Bankruptcy Court, District Of New Jersey				
Ponderosa Pine Energy Partners, Ltd.	7/05	Ponderosa Pine Energy Partners, Ltd.	Case No. 05-21444	Forward Contract Bankruptcy Treatment

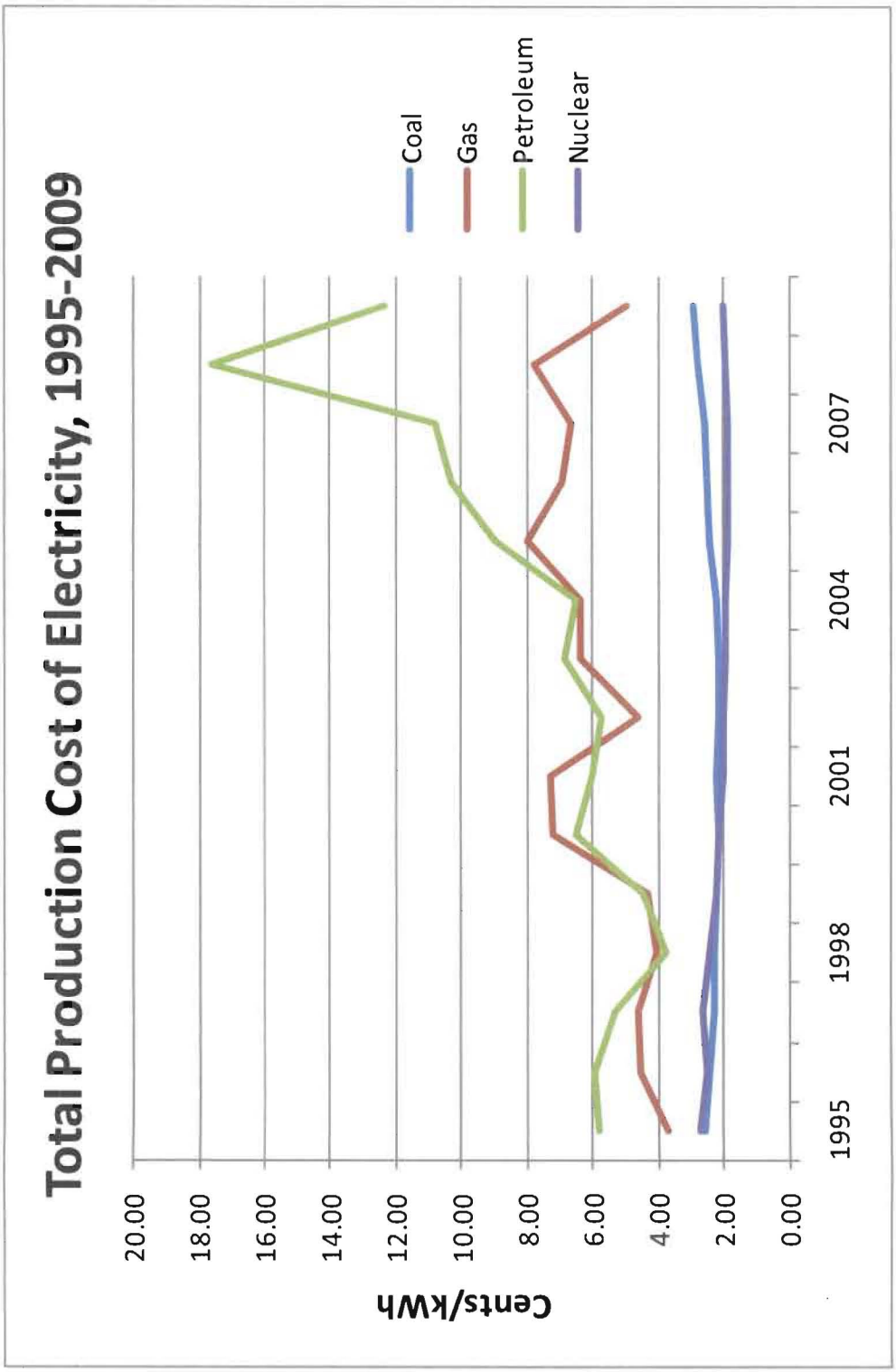
SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
U.S. Bankruptcy Court, No. District of New York				
Cayuga Energy, NYSEG Solutions, The Energy Network	09/09	Cayuga Energy, NYSEG Solutions, The Energy Network	Case No. 06-60073-6-sdg	Going concern
U.S. Bankruptcy Court, So. District Of New York				
Johns Manville	5/04	Enron Energy Mktg. v. Johns Manville; Enron No. America v. Johns Manville	Case No. 01-16034 (AJG)	Breach of Contract; Damages
U.S. Bankruptcy Court, Northern District Of Texas				
Southern Maryland Electric Cooperative, Inc. and Potomac Electric Power Company	11/04	Mirant Corporation, et al. v. SMECO	Case No. 03-4659; Adversary No. 04-4073	PPA Interpretation; Leasing
U. S. Court of Federal Claims				
Boston Edison Company	7/06	Boston Edison v. Department of Energy	No. 99-447C No. 03-2626C	Spent Nuclear Fuel Litigation
Consolidated Edison of New York	08/07	Consolidated Edison of New York, Inc. and subsidiaries v. United States	No. 06-305T	Leasing, tax dispute
Consolidated Edison Company	2/08	Consolidated Edison Company v. United States	No. 04-0033C	SNF Expert Report
Vermont Yankee Nuclear Power Corporation	6/08	Vermont Yankee Nuclear Power Corporation	No. 03-2663C	SNF Expert Report
U. S. District Court, Boulder County, Colorado				

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
KN Energy, Inc.	3/93	KN Energy vs. Colorado GasMark, Inc.	Case No. 92 CV 1474	Gas Contract Interpretation
U. S. District Court, Northern California				
Pacific Gas & Electric Co./PGT PG&E/PGT Pipeline Exp. Project	4/97	Norcen Energy Resources Limited	Case No. C94-0911 VRW	Fraud Claim
U. S. District Court, District of Connecticut				
Constellation Power Source, Inc.	12/04	Constellation Power Source, Inc. v. Select Energy, Inc.	Civil Action 304 CV 983 (RNC)	ISO Structure, Breach of Contract
U. S. District Court, Massachusetts				
Eastern Utilities Associates & Donald F. Pardus	3/94	NECO Enterprises Inc. vs. Eastern Utilities Associates	Civil Action No. 92-10355-RCL	Seabrook Power Sales
U. S. District Court, Montana				
KN Energy, Inc.	9/92	KN Energy v. Freeport MacMoRan	Docket No. CV 91-40-BLG-RWA	Gas Contract Settlement
U.S. District Court, New Hampshire				
Portland Natural Gas Transmission and Maritimes & Northeast Pipeline	9/03	Public Service Company of New Hampshire vs. PNGTS and M&NE Pipeline	Docket No. C-02-105-B	Impairment of Electric Transmission Right-of-Way

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
U. S. District Court, Southern District of New York				
Central Hudson Gas & Electric	11/99, 8/00	Central Hudson v. Riverkeeper, Inc., Robert H. Boyle, John J. Cronin	Civil Action 99 Civ 2536 (BDP)	Electric restructuring, environmental impacts
Consolidated Edison	3/02	Consolidated Edison v. Northeast Utilities	Case No. 01 Civ. 1893 (JGK) (HP)	Industry Standards for Due Diligence
Merrill Lynch & Company	1/05	Merrill Lynch v. Allegheny Energy, Inc.	Civil Action 02 CV 7689 (HB)	Due Diligence, Breach of Contract, Damages
U. S. District Court, Eastern District of Virginia				
Aquila, Inc.	1/05	VPEM v. Aquila, Inc.	Civil Action 304 CV 411	Breach of Contract, Damages
U. S. District Court, Portland Maine				
ACEC Maine, Inc. et al.	10/91	CIT Financial vs. ACEC Maine	Docket No. 90-0304-B	Project Valuation
Combustion Engineering	1/92	Combustion Eng. vs. Miller Hydro	Docket No. 89-0168P	Output Modeling; Project Valuation
U.S. Securities and Exchange Commission				
Eastern Utilities Association	10/92	EUA Power Corporation	File No. 70-8034	Value of EUA Power
Council of the District of Columbia Committee on Consumer and Regulatory Affairs				
Potomac Electric Power Co.	7/99	Potomac Electric Power Co.	Bill 13-284	Utility restructuring

JJR-3

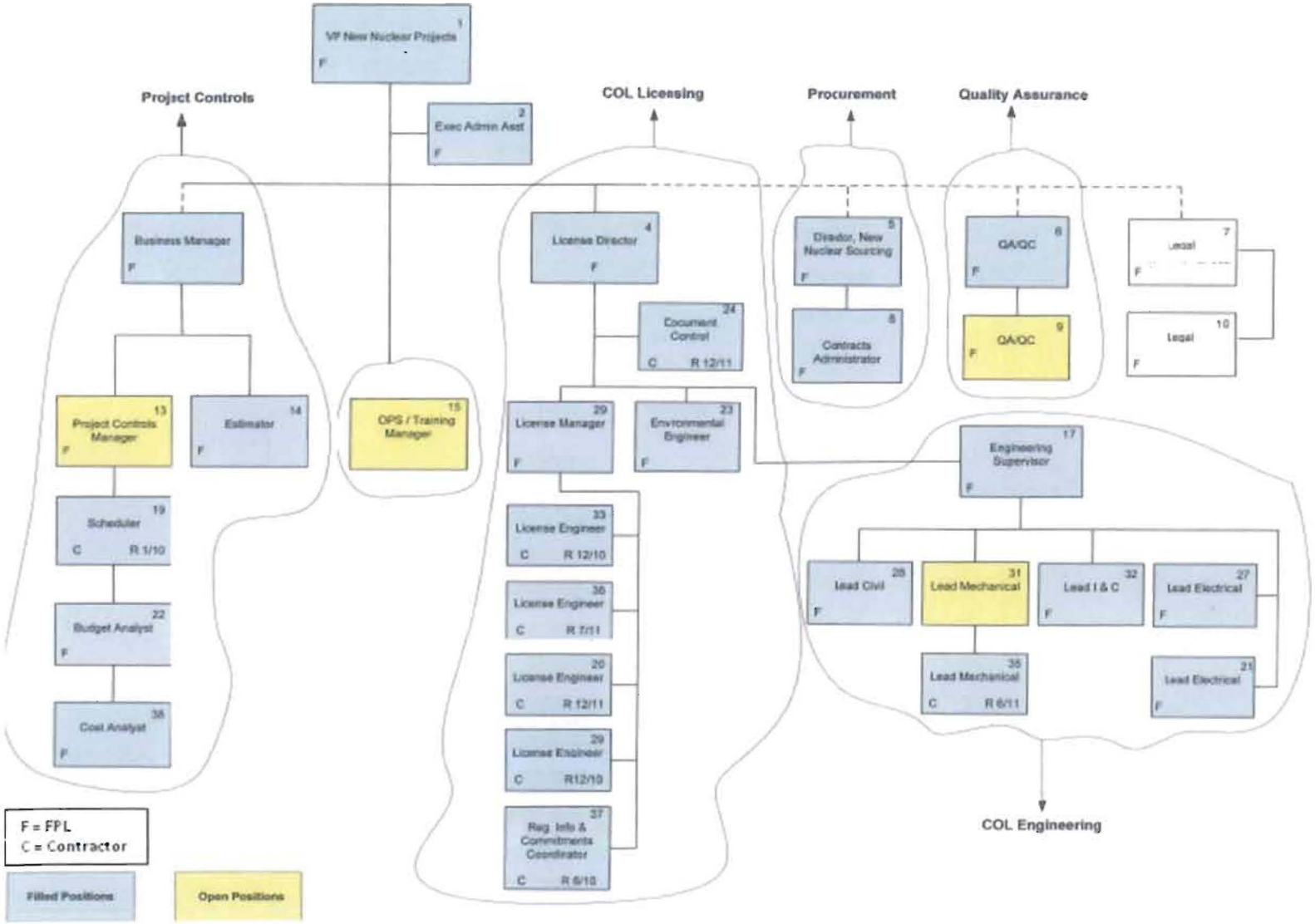
Docket No. 110009
Total Production Cost of
Electricity, 1995 – 2009
Exhibit JJR-NNP- 3, Page 1 of 1



JJR-4

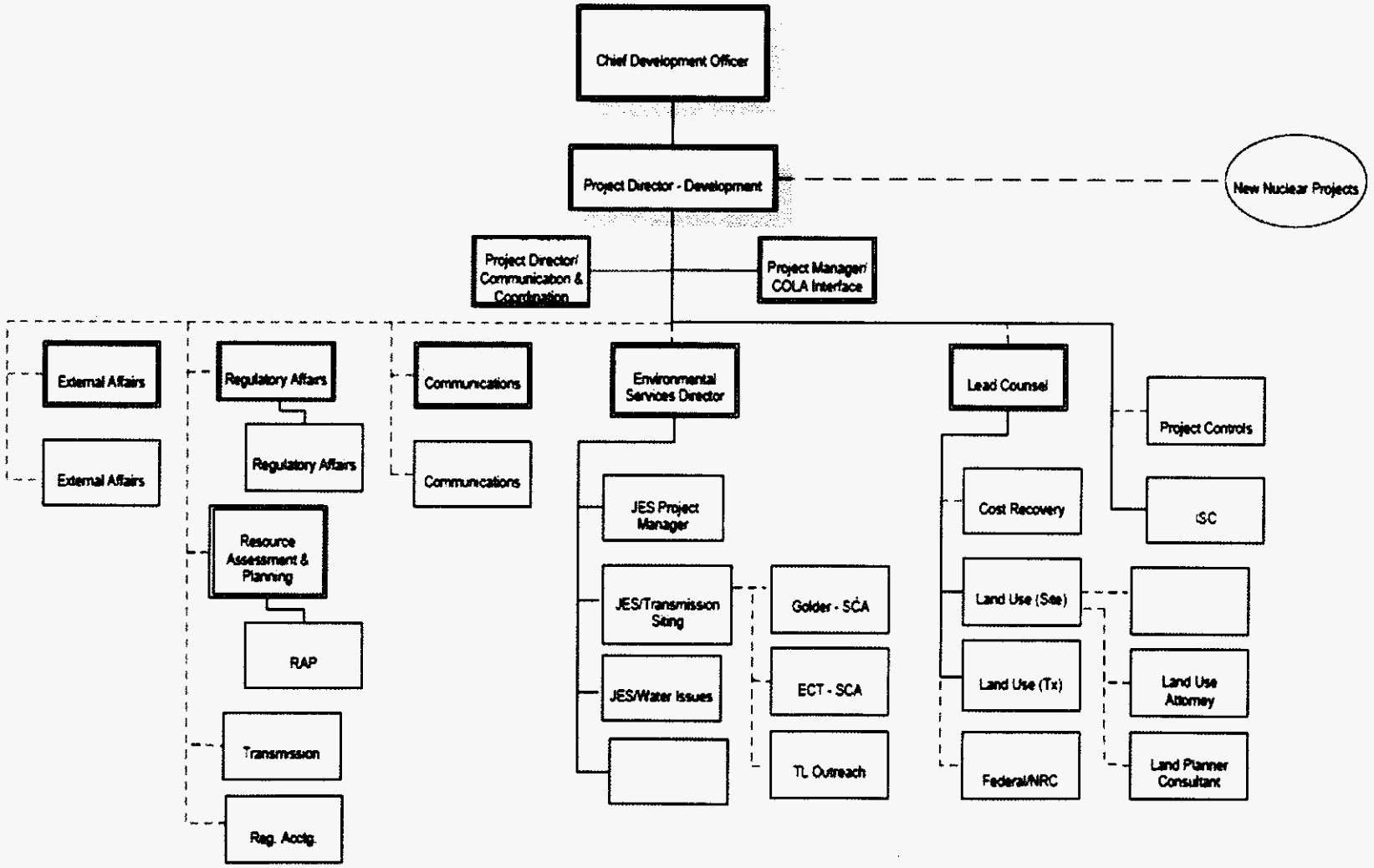
CONCENTRIC ENERGY ADVISORS

PTN Units 6 & 7 Project Organization
New Nuclear Projects



Docket No. 110009-EI
PTN 6 & 7 Organization Charts
Exhibit JJR–NNP-4, Page 1 of 2

Turkey Point 6 & 7
Development Project Organization
Licensing Phase



JJR-5

Observation	Description
Observation 1	Concentric observed that two Condition Reports (CR 2010-8156 and 2010-12430) written by the QA Department in 2010 did not appear on Project Controls' CR Trending Data Report for 2010. Upon further inquiry, it was determined that the trending function required to generate the CR Trending Data Report is not present in FPL's NAMS reporting system. Thus, the Company is still in the process of developing the CR Trending Data Report, pending resolution of NAMS trending function availability. This action item is currently tracked in FPL's PTT system.
Observation 2	Concentric observed that while Project Controls implemented Concentric's recommendation to eliminate the column from the Invoice Review/Approval Checklist whereby the technical representatives check a box to concur with the invoice, there was an instance in 2010 when an out-of-date form that still included the check box was used for invoice review. Despite this, the Invoice Review/Approval Checklist for this invoice was properly approved with signatures, displaying adequate compensating controls.
Observation 3	In the Cost Recovery Detail reports, a "% Favorable/Unfavorable column" was added in 2010. When $0 was planned for an activity, any spend for the activity showed up as a 0% variance (as opposed to -100%). Concentric recommends changing the formula in this column so that, in such instances, the variance will appear at -100%. In that way, if the report is sorted by the % Favorable/Unfavorable column, such variances will be grouped with other negative variances. Concentric notes that FPL adopted this recommendation in 2011.
Observation 4	In PTN 6 & 7's monthly Dashboard reports, Concentric observed that the Nuclear Regulatory Commission's Requests for Additional Information ("RAI's") were not mentioned in the reports until December, yet a number of RAI's were received in August through October. Concentric notes that PTN 6 & 7 has sufficient compensating controls to track RAI's, and is also in the process of revising the Dashboard reports to be more specific to the licensing phase of the project.

Observation	Description
Observation 5	Attachment 3 ("Plant SCA RAI Response Process Overview") to Project Instruction NNP-PI-04 refers to tasks being completed by "FPL," with no further designation. For clarity, Concentric recommends more specifically identifying the department or individual(s) responsible for these tasks.
Observation 6	According to Project Instruction NNP-PI-07 ("Department Training"), all New Nuclear employees are required to review all Project Instructions as part of the required reading list, but there is no required periodicity for this review. Concentric recommends that subsequent reviews of Project Instructions, as they become revised, be a requirement documented in NNP-PI-07.