



Florida Power & Light Company, 215 S. Monroe St., Suite 810, Tallahassee, FL 32301

RECEIVED-FPSC

11 JUL 25 PM 3:47

COMMISSION
CLERK

Jessica Cano
Principal Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5226
(561) 691-7135 (Facsimile)
Email: Jessica.Cano@fpl.com

July 25, 2011

VIA HAND DELIVERY

Ms. Ann Cole
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

Re: Docket No. 110009-EI; Nuclear Power Plant Cost Recovery Clause

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are an original and seven (7) copies of its Prehearing Statement in the above referenced docket. Also included in this filing is a compact disc containing FPL's Prehearing Statement in Microsoft Word format.

Please contact me if you or your Staff has any questions regarding this filing.

Sincerely,

Jessica A. Cano
for Jessica A. Cano

Enclosure
cc: Parties of Record

COM _____
APA _____
ECR _____
GCL _____
RAD _____
SSC _____
ADM _____
OPC _____
CLK _____

4 CDs containing prehearing statement fwd.

DOCUMENT NUMBER-DATE
05144 JUL 25 =

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 110009-EI
Filed: July 25, 2011

FLORIDA POWER & LIGHT COMPANY’S PREHEARING STATEMENT

Florida Power & Light Company (“FPL” or the “Company”), pursuant to Section 366.93, Florida Statutes, and Rule 25-6.0423, Florida Administrative Code, hereby files with the Florida Public Service Commission (“FPSC” or the “Commission”) its Prehearing Statement in connection with its Petition For Approval of Nuclear Power Plant Cost Recovery True-Up for the Periods Ending December 2009 and December 2010, filed March 1, 2011, and its Petition For Approval of Nuclear Power Plant Cost Recovery Amount for the Period January through December 2012, filed May 2, 2011, and states:

I. FPL WITNESSES

A. Direct Testimony

Witness	Subject Matter	Issues
Steven D. Scroggs FPL	Describes the deliberate, step-wise process FPL is employing in the development of the Turkey Point 6 & 7 project (“Turkey Point 6 & 7”); provides a description of key project management decisions and internal project budget, schedule, and cost controls; supports the prudence of actual costs incurred for the project during 2009 and 2010, and the reasonableness of FPL’s actual/estimated costs in 2011 and projected costs for 2012.	2, 3, 3A, 4-9
Nils Diaz The ND2 Group	Explains the role of the Nuclear Regulatory Commission (“NRC”) in the licensing of Turkey Point 6 & 7 and reviews FPL’s management approach, concluding that FPL’s step-wise approach to licensing and project scheduling is reasonable; addresses FPL’s withdrawal of the License Amendment Request (LAR) for the St. Lucie Unit 1 Extended Power Uprate (EPU) concluding that FPL’s withdrawal was prudent; and	3A, 6

DOCUMENT NUMBER-DATE

05144 JUL 25 =

FPSC-COMMISSION CLERK

	addresses the recent events at the Fukushima Daiichi Nuclear Plant in Japan and the potential impacts of those events on FPL's new nuclear and EPU projects.	
Winnie Powers FPL	Explains FPL's compliance with Rule 25-6.0423, F.A.C.; discusses the accounting controls FPL relies upon to help ensure only correct costs are appropriately charged to the projects; computes and presents FPL's total request for recovery during the January-December 2012 period.	1, 6-9, 11-14, 19
Armando Olivera FPL	Affirms that FPL provided complete and accurate information related to the Extended Power Uprate ("EPU") project to the Commission during the 2009 Nuclear Cost Recovery Clause hearing.	15A
John J. Reed Concentric Energy Advisors, Inc.	Presents his review of FPL's system of internal controls as it relates to the EPU project in 2009, the Turkey Point 6 & 7 project in 2009, and the Turkey Point 6 & 7 project in 2010; concludes that FPL's costs were prudently incurred.	6, 7, 11, 12
Terry O. Jones FPL	Explains the activities necessary for the EPU project; provides a description of key project management decisions and internal project budget, schedule, and cost controls; supports the prudence of actual costs incurred for the project during 2009 and 2010, and the reasonableness of FPL's actual/estimated costs in 2011 and projected costs for 2012.	10-14, 15A
William B. Derrickson WPD Associates	Reviews the prudence of the management of the EPU project in 2010 utilizing his extensive experience in nuclear power plant major construction projects and concludes that FPL prudently managed the EPU project in 2010.	11, 12
J. A. Stall	Explains the preliminary and unreliable nature of the EPU labor and cost forecast information FPL was receiving from its Engineering, Procurement, and Construction vendor in 2009 for the out years of the project, and why accepting or reporting that information would have been contrary to FPL's obligations to its customers and regulators.	15A
Steven R. Sim FPL	Demonstrates the continued long-term economic feasibility of both the Turkey Point 6 & 7 project and the EPU project; describes the analytical approach used in the long-term economic feasibility analysis of each project, which utilizes updated assumptions including forecasted ranges of projected fuel costs and environmental compliance costs; and describes the many customer benefits	3, 10

	each project will provide.	
--	----------------------------	--

B. Supplemental Testimony

Witness	Subject Matter	Issues
Terry O. Jones FPL	Provides project updates related to outage schedule changes, increased output being produced by St. Lucie Unit 2, and LAR acceptances or approvals.	13
Steven R. Sim FPL	Provides resource planning updates related to scheduled maintenance assumptions and the removal of Turkey Point Unit 1 from service, and provides updated feasibility analyses for both Turkey Point 6 & 7 and the EPU project, both of which remain solidly cost-effective for FPL's customers.	10

C. Rebuttal Testimony

Witness	Subject Matter	Issues
Armando Olivera FPL	Responds to OPC's claims and requested relief by reiterating FPL's position, first expressed during the need determination for the EPU project, that absent the applicability of the Nuclear Cost Recovery Rule FPL would not have undertaken the EPU project on an expedited time frame.	16
Terry Deason Rady Thomas Yon and Clarke	Explains why OPC's witnesses' recommendations are inconsistent with the Nuclear Cost Recovery Rule, contrary to previous decisions of the Commission, constitute bad regulatory policy, and are counter to the stated goals of the State of Florida.	16-18, 10A, 10B
John J. Reed Concentric Energy Advisors, Inc.	Rebuts OPC Witness Jacobs's and Smith's proposal to exclude sunk costs from the EPU feasibility analysis and explains that this would be inconsistent with industry and accounting norms; explains that OPC Witness Jacobs's recommendation to institute a risk sharing mechanism (by disallowing costs over some "breakeven" point) for the EPU project is inconsistent with Florida law, the Nuclear Cost Recovery Rule, and the state's policy of promoting investment in nuclear generation.	10A, 10B
Winnie Powers FPL	Presents the adjustment to address the recommendation of Staff Witness Welch.	19
William B. Derrickson WPD Associates	Explains three work stoppages that Staff Witnesses Fisher and Rich examined and why FPL's actions	11-13, 16

	were prudent; rebuts OPC Witness Jacobs's assertions relating to the expedited approach of the EPU project by explaining the nature of a "fast track" project.	
Terry O. Jones FPL	Rebuts the testimony of OPC Witness Jacobs by explaining the appropriateness of the current EPU cost estimate range and the prudence of FPL's management of the expedited EPU project; describes the prudence of FPL's actions related to the three work stoppages identified by Staff Witnesses Fisher and Rich.	10B, 12, 13, 16
J.A. Stall	Rebuts the testimony of OPC Witness Jacobs by reminding OPC that the benefits of the EPU project warrant the expedited approach and that the expedited approach was presented and approved during the need determination proceeding in 2007; explains why it would have been inappropriate to revise EPU testimony in 2009 to reflect preliminary and unreliable estimates from its EPC vendor.	15A, 16
Steven R. Sim FPL	Rebuts the testimony of OPC Witness Jacobs and Smith by explaining the appropriateness of accounting for sunk costs in feasibility analyses, the appropriateness of FPL's cumulative present value of revenue requirements ("CPVRR") evaluation of the feasibility of the EPU project, and the appropriateness of evaluating of the EPU project as a whole – all of which is consistent with the Commission's need determination for the EPU project and subsequent Nuclear Cost Recovery orders; presents the substantial customer benefits associated with the expedited approach to the EPU project.	10A, 10B, 15A, 16, 17

II. EXHIBITS

A. Direct

Exhibits	Witness	Sponsor	Description
SDS-1	Steven D. Scroggs Winnie Powers	FPL	Turkey Point 6 & 7 Pre-Construction Costs Nuclear Filing Requirements (NFRs) T-Schedules January 2009 - December 2009
SDS-2	Steven D. Scroggs Winnie Powers	FPL	Turkey Point 6, 7 Preconstruction Costs Nuclear Filing Requirements (NFRs) AE-Schedules (Actual/Estimate) January 2010 – December 2010

SDS-3	Steven D. Scroggs Winnie Powers	FPL	Turkey Point 6 & 7 Pre-Construction Costs Nuclear Filing Requirements (NFRs) T-Schedules January 2010 - December 2010
SDS-4	Steven D. Scroggs Winnie Powers	FPL	Turkey Point 6 & 7 Site Selection Costs T-Schedules January 2010 - December 2010
SDS-5	Steven D. Scroggs Winnie Powers	FPL	Turkey Point 6 & 7 Site Selection Costs AE-Schedules (Actual/Estimate) January 2010 - December 2010
SDS-6	Steven D. Scroggs Winnie Powers	FPL	Turkey Point 6 & 7 Site Selection Costs Nuclear Filing Requirements (NFRs) T-Schedules January 2010 - December 2010
SDS-7	Steven D. Scroggs	FPL	Licenses, Permits and Approvals
SDS-8	Steven D. Scroggs	FPL	Procedures and Work Instructions
SDS-9	Steven D. Scroggs Winnie Powers	FPL	Project Reports
SDS-10	Steven D. Scroggs Winnie Powers	FPL	Project Instruction Forms
SDS-11	Steven D. Scroggs	FPL	Project Memoranda
SDS-12	Steven D. Scroggs	FPL	2009 True-Up Costs Summary Tables
SDS-13	Steven D. Scroggs	FPL	Comparison of 2008 Case C and 2010 Cost Estimate Revision
SDS-14	Steven D. Scroggs	FPL	2010 True-Up Costs Summary Tables
SDS-15	Steven D. Scroggs	FPL	New Nuclear Deployment Schedule
SDS-16	Steven D. Scroggs Winnie Powers	FPL	Forging Reservation Agreement
SDS-17	Steven D. Scroggs Winnie Powers	FPL	Turkey Point 6 & 7 Site Selection NFRs consists of 2011 P Schedules and 2011 TOR Schedules.
SDS-18	Steven D. Scroggs Winnie Powers	FPL	Turkey Point 6 & 7 Pre-Construction Costs Nuclear Filing Requirements (NFRs) 2011 AE-Schedules (Actual/Estimated) 2012 P-Schedules (Projections) TOR-Schedules (True-up to Original) January 2011 - December 2012

SDS-19	Steven D. Scroggs	FPL	Turkey Point 6 & 7 Site Selection Costs Nuclear Filing Requirements (NFRs) 2011 AE-Schedules (Actual/Estimated) 2012 P-Schedules (Projections) TOR-Schedules (True-up to Original) January 2011 - December 2012
SDS-20	Steven D. Scroggs	FPL	2011-2012 Cost Summary Tables
NJD-1	Nils J. Diaz	FPL	Resume of Nils J. Diaz
NJD-2	Nils J. Diaz	FPL	New NRC Combined Licensing Process
NJD-3	Nils J. Diaz	FPL	New Reactor Licensing Applications
NJD-4	Nils J. Diaz	FPL	Nuclear Power Plant Technology Evolution
NJD-5	Nils J. Diaz	FPL	NRC Letter to FPL
WP-1	Winnie Powers	FPL	Revenue Requirements for 2009
WP-2	Winnie Powers	FPL	2009 Costs for Prudence Determination
WP-3	Winnie Powers	FPL	2009 Base Rate Revenue Requirements
WP-4	Winnie Powers	FPL	2009 Incremental Labor Guidelines
WP-5	Winnie Powers	FPL	2009 and 2010 Revenue Requirements
WP-6	Winnie Powers	FPL	2010 Uprate Construction Costs and 2009 and 2010 Turkey Point 6 & 7 Preconstruction Costs
WP-7	Winnie Powers	FPL	2010 Base Rate Revenue Requirements
WP-8	Winnie Powers	FPL	2009 and 2010 Incremental Labor Guidelines
WP-9	Winnie Powers	FPL	2010 Incremental Labor Guidelines Memo
WP-10	Winnie Powers	FPL	2011 and 2012 Revenue Requirements, details the Revenue Requirements being recovered in 2011 and to be recovered in 2012.

WP-11	Winnie Powers	FPL	2011 and 2012 Base Rate Revenue Requirements, details the revenue requirements for the Uprate plant modifications expected to be placed into service during 2011 (as updated for actual/estimated) and during 2012 (as projected).
JJR-EPU 1	John J. Reed	FPL	Curriculum Vitae of John J. Reed
JJR-EPU 2	John J. Reed	FPL	Testimony of John J. Reed 1998 – 2011
JJR-EPU 3	John J. Reed	FPL	Total Production Cost of Electricity
JJR-EPU 4	John J. Reed	FPL	List of the EPU Projects' Periodic Meetings
JJR-EPU 5	John J. Reed	FPL	Concentric Observations Regarding the EPU Projects' Activities in 2009
JJR-EPU 6	John J. Reed	FPL	Concentric's Prior Recommendations for the EPU Projects
JJR-NNP- 1	John J. Reed	FPL	Curriculum Vitae of John J. Reed
JJR-NNP- 2	John J. Reed	FPL	Testimony of John J. Reed 1998 – 2011
JJR-NNP- 3	John J. Reed	FPL	Total Production Cost of Electricity
JJR-NNP- 4	John J. Reed	FPL	PTN 6 & 7 Project Organizational Chart
JJR-NNP- 5	John J. Reed	FPL	Concentric Observations Regarding PTN 6 & 7's Activities
TOJ-1	Terry O. Jones Winnie Powers	FPL	EPU T-Schedules, 2009 EPU Construction Costs, containing schedules T-1 through T-7A
TOJ-2	Terry O. Jones	FPL	2009 Extended Power Uprate Project Instructions (EPPI) Index as of December 31, 2009
TOJ-3	Terry O. Jones	FPL	2009 Extended Power Uprate Project Organization Chart
TOJ-4	Terry O. Jones	FPL	2009 Extended Power Uprate Project Reports

TOJ-5	Terry O. Jones	FPL	St. Lucie Low Pressure (LP) Turbine Rotors
TOJ-6	Terry O. Jones	FPL	St. Lucie Low Pressure (LP) Turbine Rotor Rings
TOJ-7	Terry O. Jones	FPL	St. Lucie Low Pressure (LP) Turbine Rotor Ring Testing
TOJ-8	Terry O. Jones	FPL	Plant Change Modification (PCM) Status as of December 31, 2009
TOJ-9	Terry O. Jones	FPL	Extended Power Uprate Equipment List as of December 31, 2009
TOJ-10	Terry O. Jones	FPL	Extended Power Uprate Project Schedule as of December 31, 2009
TOJ-11	Terry O. Jones	FPL	Summary of 2009 Extended Power Uprate Construction Costs
TOJ-12	Terry O. Jones Winnie Powers	FPL	AE Schedules, 2010 EPU Construction Costs, containing schedules AE-1 through AE-7B.
TOJ-13	Terry O. Jones Winnie Powers	FPL	T-Schedules, 2010 EPU Construction Costs, containing schedules T-1 through T-7B.
TOJ-14	Terry O. Jones	FPL	2010 Extended Power Uprate Project Instructions (EPPI) Index as of December 31, 2010
TOJ-15	Terry O. Jones	FPL	2010 Extended Power Uprate Project Site Centered Organization Chart
TOJ-16	Terry O. Jones	FPL	2010 Extended Power Uprate Project Reports
TOJ-17	Terry O. Jones	FPL	Plant Change Modification (PCM) Status as of December 31, 2010
TOJ-18	Terry O. Jones	FPL	Extended Power Uprate Equipment List as of December 31, 2010
TOJ-19	Terry O. Jones	FPL	Extended Power Uprate Project Schedule as of December 31, 2010
TOJ-20	Terry O. Jones	FPL	Summary of 2010 Extended Power Uprate Construction Costs
TOJ-21	Terry O. Jones Winnie Powers	FPL	Exhibit TOJ-21 consists of 2011 P Schedules and 2011 TOR Schedules

TOJ-22	Terry O. Jones Winnie Powers	FPL	Exhibit TOJ-22 consists of 2011 AE Schedules, 2012 P Schedules, and 2012 TOR Schedules.
TOJ-23	Terry O. Jones	FPL	Extended Power Uprate Project Schedule as of April 2011
TOJ-24	Terry O. Jones	FPL	2011 Extended Power Uprate Work Activities
TOJ-25	Terry O. Jones	FPL	EPU Actual/Estimated 2011 Summary Cost Tables
TOJ-26	Terry O. Jones	FPL	2012 Extended Power Uprate Work Activities
TOJ-27	Terry O. Jones	FPL	EPU Projected 2012 Summary Cost Tables
WBD-1	William B. Derrickson	FPL	Resume of William B. Derrickson
WBD-2	William B. Derrickson	FPL	"A Nuclear Plant Built on Schedule"
WBD-3	William B. Derrickson	FPL	"Achieving Project Goals in Contrasting Environments-The Value of a Strong Management Philosophy"
WBD-4	William B. Derrickson	FPL	"Nuclear Construction-Doing it Right"
WBD-5	William B. Derrickson	FPL	Chronology of Nuclear Power Event and Regulations
WBD-6	William B. Derrickson	FPL	Cumulative Regulatory Changes (1968-1985)
WBD-7	William B. Derrickson	FPL	The list of persons with whom I discussed the EPU Project
WBD-8	William B. Derrickson	FPL	The list of documents reviewed
WBD-9	William B. Derrickson	FPL	Photographs of the Turkey Point Plant
WBD-10	William B. Derrickson	FPL	Photographs of the St. Lucie Plant
WBD-11	William B. Derrickson	FPL	PTN3R25 and 4R26 EPU Outage Details
WBD-12	William B. Derrickson	FPL	PSL EPU Outage Details

SRS-1	Steven R. Sim	FPL	Summary of Results from FPL's 2011 Feasibility Analyses of the EPU and Turkey Point 6 & 7 Projects
SRS-2	Steven R. Sim	FPL	Comparison of Key Assumptions Utilized in the 2010 and 2011 Feasibility Analyses of FPL Nuclear Projects: Projected Fuel Costs (Medium Fuel Cost Forecast)
SRS-3	Steven R. Sim	FPL	Comparison of Key Assumptions Utilized in the 2010 and 2011 Feasibility Analyses of FPL Nuclear Projects: Projected Environmental Compliance Costs (Env II Forecast)
SRS-4	Steven R. Sim	FPL	Comparison of Key Assumptions Utilized in the 2010 and 2011 Feasibility Analyses of FPL Nuclear Projects: Summer Peak Demand Load Forecast
SRS-5	Steven R. Sim	FPL	Projection of FPL's Resource Needs Through 2025
SRS-6	Steven R. Sim	FPL	Comparison of Key Assumptions Utilized in the 2010 and 2011 Feasibility Analyses of FPL Nuclear Projects: Other Assumptions
SRS-7	Steven R. Sim	FPL	The Two Resource Plans Utilized in the 2011 Feasibility Analyses of the EPU Project
SRS-8	Steven R. Sim	FPL	2011 Feasibility Analyses Results for the EPU Project: Total Costs and Total Cost Differentials for All Fuel and Environmental Compliance Cost Scenarios in 2011\$
SRS-9	Steven R. Sim	FPL	2011 Feasibility Analyses Results for the EPU Project: Percentage of FPL's Fuel Mix from Nuclear, 2010 - 2020
SRS-10	Steven R. Sim	FPL	The Two Resource Plans Utilized in the 2011 Feasibility Analyses of Turkey Point 6 & 7
SRS-11	Steven R. Sim	FPL	2011 Feasibility Analyses Results for Turkey Point 6 & 7: Total Costs, Total Cost Differentials, and Breakeven Costs for All Fuel and Environmental Compliance Cost Scenarios in 2011\$
SRS-12	Steven R. Sim	FPL	Direct Testimony and Exhibits of Steven R. Sim in the 2010 NCRC docket

B. Supplemental Exhibits

Exhibits	Witness	Sponsor	Description
Supplemental SRS-1	Sim	FPL	Summary of Results from FPL's 2011 Feasibility Analyses of the EPU and Turkey Point 6 & 7 Projects
Supplemental SRS-3	Sim	FPL	Comparison of Key Assumptions Utilized in 2010 and 2011 Feasibility Analyses of FPL Nuclear Projects: Projected Environmental Compliance Costs (Env II Forecast)
Supplemental SRS-5	Sim	FPL	Projection of FPL's Resource Needs through 2025
Supplemental SRS-7	Sim	FPL	The Two Resource Plans Utilized in the 2011 Feasibility Analyses of the EPU Project
Supplemental SRS-8	Sim	FPL	The Two Resource Plans Utilized in the 2011 Feasibility Analyses of the EPU Project
Supplemental SRS-9	Sim	FPL	2011 Feasibility Analyses Results for the EPU Project: Percentage of FPL's Fuel Mix from Nuclear, 2010 - 2020
Supplemental SRS-10	Sim	FPL	The Two Resource Plans Utilized in the 2011 Feasibility analyses of Turkey Point 6&7
Supplemental SRS-11	Sim	FPL	2011 Feasibility Analyses Results for Turkey Point 6 & 7: Total Costs, Total Cost Differentials, and Breakeven Costs for All Fuel and Environmental Compliance Cost Scenarios in 2011\$

C. Rebuttal Exhibits

Exhibits	Witness	Sponsor	Description
TD-1	Deason	FPL	Biographical Information for Terry Deason
TOJ-28	Jones	FPL	FPL's Response to OPC's Sixth Set of Interrogatories No. 47
TOJ-29	Jones	FPL	SL 1-24 Design Engineering Production

SRS-13	Sim	FPL	Transcript of Dr. Jacobs' Panel Testimony in a recent Georgia Power nuclear docket
SRS-14	Sim	FPL	Comparison of 2009 Feasibility Analysis Results and Sensitivity Analysis Results

In addition to the above pre-filed exhibits, FPL reserves the right to utilize any exhibit introduced by any other party. FPL additionally reserves the right to introduce any additional exhibit necessary for rebuttal, cross-examination, or impeachment at the final hearing.

III. STATEMENT OF BASIC POSITION

Section 403.519(4), Florida Statutes, Section 366.93, Florida Statutes, and Rule 25-6.0423, Florida Administrative Code (“the Rule”) establish the legal and regulatory framework for the recovery of costs in the development of nuclear generation in Florida. Section 403.519(4), Florida Statutes, applies to the determination of need for a nuclear-fueled power plant. This section emphasizes the Florida Legislature’s desire to improve fuel diversity, reduce dependence on fuel oil and natural gas, reduce air emission compliance costs, and contribute to the long-term stability and reliability of the electric grid in Florida; establishes the prudence standard that shall be applied in nuclear cost recovery proceedings; and makes clear that a utility is entitled to recover all prudently incurred costs. Specifically, the statute states that after a determination of need is granted, “the right of a utility to recover any costs incurred prior to commercial operation, including but not limited to costs associated with the siting, design, licensing, or construction of the plant...shall not be subject to challenge” unless a preponderance of the evidence supports a finding that “certain costs” were imprudently incurred. The statute further makes clear that (i) proceeding with the construction of the nuclear power plant following an order by the Commission approving the need for it “shall not constitute or be evidence of

imprudence”; and (ii) “imprudence shall not include any cost increases due to events beyond the utility’s control.” *See* § 403.519(4)(e), Fla. Stat.

Section 366.93, Florida Statutes, requires the Commission to establish by rule a cost recovery framework that promotes utility investment in nuclear power plants and allows for the recovery of all prudently incurred preconstruction costs and the carrying costs on construction cost balances. It also entitles utilities to increase their base rates upon commercial operation of the nuclear power plant, requires annual reporting of budgeted and actual costs, and provides for cost recovery should the project be cancelled. *See* §366.93(4), (5), and (6), Fla. Stat., respectively. In response to this legislative direction, the Commission promulgated Rule 25-6.0423, Florida Administrative Code (“the Rule”). The stated purpose of the Rule is to establish an alternative cost recovery mechanism that promotes utility investment in nuclear power plants and allow for recovery of all prudently incurred costs. It also provides for the recovery of reasonable actual/estimated costs for the current year and reasonable projected costs for the following year.

FPL is currently undertaking two nuclear projects that qualify for cost recovery under the Nuclear Cost Recovery Clause (“NCRC”) process described above – the Extended Power Uprate project (“EPU” or “Uprate Project”) at its St. Lucie and Turkey Point plants, and the development of two new nuclear units, Turkey Point 6 & 7. Each project was granted an affirmative determination of need by the Commission pursuant to Section 403.519(4), Florida Statutes, and FPL is therefore entitled to recover all its prudent and reasonable costs. *See* Order No. PSC-08-0021-FOF-EI, issued January 7, 2008 (making an affirmative determination of need for FPL’s expedited EPU project) and Order No. PSC-08-0237-FOF-EI, issued April 11, 2008 (making an affirmative determination of need for Turkey Point 6 & 7). As required by the Rule, and as demonstrated in the testimony, exhibits, and Nuclear Filing Requirements (“NFRs”) filed

in this docket, FPL's expenditures in 2009 and 2010 on each of these projects were prudently incurred, and FPL's actual/estimated 2011 expenditures and projected 2012 expenditures are reasonable. FPL has also demonstrated that its feasibility analyses for each project should be approved. No intervenor has demonstrated that a single dollar was imprudently incurred.

With respect to the Uprate Project, in 2009 and 2010, FPL prudently incurred necessary project costs related to the license application, engineering and design, permitting, project management, power block engineering and procurement, and non-power block engineering and procurement. Significant progress was made in 2009 and 2010 to advance this complex undertaking, with implementation activities occurring in 2010 and planned for 2011 and 2012. FPL's 2009 and 2010 costs were prudently incurred, and its 2011 actual/estimated costs and 2012 projected costs are reasonable. All of FPL's EPU costs are supported by overlapping project, budget, cost and schedule controls.

For Turkey Point 6 & 7, 2009 and 2010 pre-construction costs were necessarily and prudently incurred to continue with the licensing and permitting of the project, for engineering and design, and for power block engineering and procurement. In 2011 and 2012, FPL has incurred and expects to incur licensing and permitting pre-construction costs to continue with the work necessary to obtain the licenses and permits that will allow for future construction. Throughout the development of Turkey Point 6 & 7, FPL has adhered to a deliberate, step-wise approach focused on maintaining the ability to move forward with the project, while fully recognizing and responding to industry and regulatory uncertainty. As a result, FPL has been able to make prudent and cost-effective decisions each step of the way. FPL's 2009 and 2010 costs were prudently incurred, and its 2011 actual/estimated costs and 2012 projected costs are reasonable. All of FPL's Turkey Point 6 & 7 costs are supported by overlapping project, budget, cost and schedule controls.

Using updated non-binding cost estimates, the Uprate Project and Turkey Point 6 & 7 both continue to be projected as solidly cost-effective for FPL's customers. FPL has updated the inputs to its long-term feasibility analyses and these analyses show that – assuming a wide range of potential fuel costs, a wide range of potential environmental compliance costs, and updated assumptions for the load forecast and capital costs among others – each of these projects are projected to be solidly cost-effective generation additions for FPL's customers. Indeed, the EPU project is cost-effective in seven out of seven different fuel cost and environmental compliance cost scenarios. Turkey Point 6 & 7 is cost-effective in six out of seven different fuel cost and environmental compliance cost scenarios, and is within the range of the non-binding cost estimate (i.e., the result is neutral) in the seventh scenario.

Each project is projected to provide substantial customer benefits. For example, assuming a Medium Fuel Cost and the “Environmental II” compliance cost scenario, the EPU project is projected to provide estimated fuel cost savings for FPL's customers of approximately \$139 million (nominal \$) in the first full year of operation; provide estimated fuel cost savings for FPL's customers over the life of the plant of approximately \$4.5 billion (nominal \$); diversify FPL's fuel sources by decreasing reliance on natural gas by 3% beginning in the first full year of operation; reduce annual fossil fuel usage by the equivalent of six million barrels of oil or 37 million mmBTU of natural gas; and reduce carbon dioxide (“CO₂”) emissions by an estimated 28 million tons over the life of the plant.

Similarly, assuming the same fuel and environmental compliance cost scenario, Turkey Point 6 & 7 is projected to provide estimated fuel cost savings for FPL's customers of approximately \$1.07 billion (nominal \$) in the first full year of operation; provide estimated fuel cost savings for FPL's customers over the life of the plant of approximately \$75 billion (nominal \$); diversify FPL's fuel sources by decreasing reliance on natural gas by approximately 13%

beginning in the first full year of operation; reduce annual fossil fuel usage by the equivalent of 28 million barrels of oil or 177 million mmBTU of natural gas; and reduce CO₂ emissions by an estimated 287 million tons over the life of the plant, which is the equivalent of operating FPL's entire generating system with zero CO₂ emissions for 7 years.

For all the reasons discussed above, and as explained in more detail in the direct, supplemental, and rebuttal testimony provided by its witnesses, FPL's total requested NCRC amount of \$196,092,631 should be approved. For a typical residential customer consuming 1,000 kWh per month, this amount equates to an approximate monthly bill impact of \$2.09. FPL's request complies with the requirements of Section 366.93, Florida Statutes, complies with the Rule, and will enable the proper recovery of prudent costs incurred in the pursuit of additional nuclear generation for the benefit of FPL's customers.

IV. ISSUES AND POSITIONS

Florida Power & Light Company

FPL - Accounting

Issue 1: Should any FPL 2010 Nuclear Cost Recovery Clause rate-case type expenses be disallowed from recovery?

FPL: No. FPL used a separate non-Nuclear Cost Recovery Clause work order to capture regulatory expenses (i.e., "rate case type expenses") related to the 2010 Nuclear Cost Recovery hearing, and therefore no adjustment is needed. (Powers)

FPL - Turkey Point 6 & 7

Issue 2: Do FPL's activities through 2010 related to Turkey Point Units 6 & 7 qualify as "siting, design, licensing, and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.?

FPL: Yes. FPL is conducting activities and incurring necessary expenses in the course of actively pursuing the license, permits and approvals necessary to create the option for new nuclear generation consistent with the intent of Section 366.93, F.S., which is to promote electric utility investment in nuclear power plants. Because FPL has received a determination of need for Turkey Point 6 & 7 pursuant to Section

403.519(4), F.S., FPL is entitled to recover all prudently incurred costs including, but not limited to, those associated with siting, design, licensing, and construction. The fact that FPL is not simultaneously involved in each category of activity (i.e., FPL is not currently in the construction phase of the project) does not affect the applicability of Section 366.93, F.S., and the Commission's Nuclear Cost Recovery Rule to FPL's Turkey Point 6 & 7 costs. (Scroggs)

Issue 3: Should the Commission approve what FPL has submitted as its 2010 and 2011 annual detailed analyses of the long-term feasibility of completing the Turkey Point 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C? If not, what action, if any, should the Commission take?

FPL: Yes. FPL used three different fuel cost forecasts and three environmental compliance cost forecasts for several types of emissions (SO₂, NO_x, and CO₂) in its analyses. This allows a number of combinations of fuel and environmental compliance costs to serve as possible future scenarios with which to view the economics of Turkey Point 6 & 7. FPL annually updates these fuel and environmental compliance cost projections, and updates a number of other assumptions such as the load forecast, for its economic analyses. Based on this analysis, Turkey Point 6 & 7 is projected to be a solidly cost-effective addition for FPL's customers in six out of seven scenarios and is neutral in the seventh scenario. The results of the analysis fully support the feasibility of continuing the Turkey Point 6 & 7 project. (Sim, Scroggs)

Issue 3A: Was FPL's 2010 decision to continue pursuing a Combined Operating License from the Nuclear Regulatory Commission for Turkey Point Units 6 & 7 reasonable? If not, what action, if any, should the Commission take?

FPL: Yes. FPL's decision to continue pursuing a Combined Operating License is reasonable because obtaining a license will provide FPL an option to build Turkey Point 6 & 7 that can be exercised during a period of 20 years. Pursuing a COL and obtaining this option is of great value to FPL's customers, because FPL's feasibility analysis in this proceeding shows that exercising the option and constructing Turkey Point 6 & 7 is projected to save customers tens of billions of dollars in fuel and environmental costs in a wide range of potential future fuel and environmental compliance cost scenarios. This is in addition to greatly reducing reliance on fossil fuels and improving fuel diversity consistent with the direction of the Florida Legislature, as well as reducing environmental emissions and supporting electric system reliability with base load generating capacity. While providing additional flexibility during uncertain times, obtaining a COL does not prevent the Company from pursuing other resource strategies should such strategies prove favorable to FPL's customers. Accordingly, continued pursuit of the COL is reasonable and consistent with the prudent, step-wise management approach that FPL has taken for Turkey Point 6 & 7 since its inception. (Scroggs, Diaz)

Issue 4: What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project and is that reasonable?

FPL: FPL's current non-binding cost estimate range for Turkey Point 6 & 7 is \$3,482/kW to \$5,063/kW, as stated in the May 2, 2011 direct testimony of Steven Scroggs. (Scroggs)

The language "and is that reasonable" in this issue is in dispute. A determination of reasonableness with respect to the total project cost would be contrary to Section 403.519(4)(e), F.S. and Rule 25-6.0423, F.A.C., which require only that a non-binding cost estimate be provided. The only issues available for a Commission determination on reasonableness in this docket are FPL's 2011 actual/estimated and 2012 projected costs.

Issue 5: What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility and is that reasonable?

FPL: For planning purposes, FPL's current estimated commercial operations dates of Turkey Point Units 6 & 7 are 2022 and 2023, respectively, as stated in the May 2, 2011 direct testimony of Steven Scroggs. (Scroggs)

The language "and is that reasonable" in this issue is in dispute. A determination of reasonableness with respect to the estimated in-service dates is not a determination that parties are entitled to pursuant to Section 403.519(4)(e), F.S., Section 366.93, F.S. or Rule 25-6.0423, F.A.C. The only issues available for a Commission determination on reasonableness in this docket are FPL's 2011 actual/estimated and 2012 projected costs.

Issue 6: Should the Commission find that for years 2009 and 2010 FPL's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

FPL: Yes. FPL relies on its comprehensive corporate and overlapping business unit controls. These comprehensive and overlapping controls include FPL's Accounting Policies and Procedures; financial systems and related controls including FPL's general ledger and construction asset tracking system; FPL's annual budgeting and planning process and reporting and monitoring of costs incurred; and Business Unit specific controls and processes. The project internal controls are comprised of various financial systems, department procedures, work/desktop instructions and best practices, providing governance and oversight of project cost and schedule processes. The project management, cost estimation, and risk management attributes of FPL are highly developed, well documented, and adhered to by the project teams. FPL's management decisions with respect to the Turkey Point 6 & 7 project are the product of properly qualified, well-informed FPL management following appropriate procedures and internal controls. (Scroggs, Reed, Diaz, Powers)

Issue 7: What system and jurisdictional amounts should the Commission approve as FPL's final 2009 and 2010 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

FPL: For 2009, the Commission should approve \$37,731,525 (system) and \$37,599,045 (jurisdictional) as FPL's final 2009 prudently incurred preconstruction costs, as well as \$857,693 in preconstruction carrying charges and \$373,162 in jurisdictional carrying charges on prior years' unrecovered site selection costs. FPL's 2009 expenditures were supported by comprehensive procedures, processes and controls that help ensure those expenditures were the result of prudent decision making. The final 2009 true up amount is an over recovery of \$7,845,423 in pre-construction expenditures and an over recovery of \$2,802,854 in preconstruction carrying charges and on site selection unrecovered costs. The net amount of (\$10,648,277), which is currently included in FPL's 2011 NCRC recovery amount, should be approved.

For 2010, the Commission should approve \$25,593,577 (system) and \$25,291,109 (jurisdictional) as FPL's final 2010 prudently incurred preconstruction costs, as well as \$5,849,900 in preconstruction carrying charges and \$145,965 in jurisdictional carrying charges on prior years' unrecovered site selection costs. FPL's 2010 expenditures were supported by comprehensive procedures, processes and controls that help ensure those expenditures were the result of prudent decision making. The final 2010 true up amount is an over recovery of \$16,834,744 in pre-construction expenditures and an over recovery of \$1,115,115 in preconstruction carrying charges and on site selection unrecovered costs. The net amount of (\$17,949,858), should be approved and included in FPL's 2012 NCRC recovery amount. (Scroggs, Reed, Powers)

Issue 8: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2011 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

FPL: The Commission should approve \$37,955,536 (system) and \$37,506,973 (jurisdictional) as FPL's reasonable 2011 actual/estimated pre-construction costs, as well as (\$812,681) in pre-construction carrying charges and \$171,052 in jurisdictional carrying charges on prior years' unrecovered site selection costs. FPL's 2011 actual/estimated expenditures are supported by comprehensive procedures, processes and controls which help ensure that these costs are reasonable.

The 2011 true up amount is an under recovery of \$8,385,772 in pre-construction expenditures and an over recovery of \$3,001,875 in pre-construction carrying charges and on site selection unrecovered costs. The net amount of \$5,383,897 should be included in FPL's 2012 NCRC recovery amount. (Scroggs, Powers)

Issue 9: What system and jurisdictional amounts should the Commission approve as reasonably projected 2012 costs for FPL's Turkey Point Units 6 & 7 project?

FPL: The Commission should approve \$31,393,088 (system) and \$31,022,080 (jurisdictional) as FPL's reasonable 2012 projected pre-construction costs, as well as \$5,620,298 in pre-construction carrying charges and \$180,883 in carrying charges on prior years' unrecovered site selection costs. The total amount of \$36,823,261 should be included in setting FPL's 2012 NCRC recovery amount. FPL's 2012 projected expenditures are supported by comprehensive procedures, processes and controls which help ensure that these projected costs are reasonable. (Scroggs, Powers)

FPL - Extended Power Uprate Project

Issue 10: Should the Commission approve what FPL has submitted as its 2010 and 2011 annual detailed analyses of the long-term feasibility of completing the Extended Power Uprate project, as provided for in Rule 25-6.0423, F.A.C? If not, what action, if any, should the Commission take?

FPL: Yes. FPL used three different fuel cost forecasts and three environmental compliance cost forecasts for several types of emissions (SO₂, NO_x, and CO₂) in its analyses. This allows a number of combinations of fuel and environmental compliance costs to serve as possible future scenarios with which to view the economics of the EPU project. Additionally, FPL annually updates these fuel and environmental compliance cost projections, and updates a number of other assumptions such as the load forecast, for its economic analyses. Based on this analysis, the EPU Project is still projected to be a solidly cost-effective addition for FPL's customers in seven out of seven scenarios. Additionally, the substantial benefits of the EPU project in terms of fuel diversity, reduced fossil fuel usage, and system emission reductions are evident. The results of the analysis fully support the feasibility of continuing the EPU Project. (Sim, Jones)

Issue 10A: Should the Commission accept the quantitative methodology that FPL employed to assess the long-term feasibility of the EPU project?

FPL: Yes. Rule 25-6.0423, F.A.C. requires that the feasibility analysis examine the feasibility of *completing* the proposed nuclear project. This supports a forward-looking analytical approach. The Commission has affirmed this forward looking approach in Order No. PSC-08-0237-FOF-EI, which requires FPL to account for sunk costs in its feasibility analysis. It is therefore consistent with the Commission's Rule and Order to exclude sunk costs from the analysis. Additionally, it is a widely accepted and logical principle to exclude sunk costs in economic decision making.

The Cumulative Present Value Revenue Requirements (CPVRR) method presented by FPL since its need determination proceeding in 2007 provides the Commission with a wide range of fuel and environmental compliance costs from which to judge

the EPU project and its economic feasibility. In contrast, the OPC's recommended approach would sacrifice this robust assessment in exchange for a single, arbitrary snapshot obtained from a breakeven analysis that would change the following year. The Commission should reject OPC's recommendations to exclude sunk costs and to abandon the economic analysis approach that has been consistently used and approved by the Commission to evaluate the EPU project since the need determination. (Sim, Reed, Deason)

FPL notes that this issue is subject to FPL's pending Motion to Strike.

Issue 10B: Should the Commission require FPL to perform separate long-term feasibility analyses for the Turkey Point and St. Lucie uprate activities?

FPL: No. FPL proposed and has managed the EPU project as a comprehensive project encompassing both sites since its inception, and the FPSC approved the project in its entirety in its need determination for the overall system and customer benefits that would be realized from the project. OPC's recommendation to require that the analysis of the EPU project be broken out into two separate, site-specific parts also ignores this fact as well as the cost savings and efficiencies that have been gained by proceeding with one, comprehensive project. (Sim, Jones, Deason)

FPL notes that this issue is subject to FPL's pending Motion to Strike.

Issue 11: Should the Commission find that for the years 2009 and 2010 FPL's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Extended Power Uprate project?

FPL: Yes. FPL relies on its comprehensive corporate and overlapping business unit controls. These comprehensive and overlapping controls include FPL's Accounting Policies and Procedures; financial systems and related controls including FPL's general ledger and construction asset tracking system; FPL's annual budgeting and planning process and reporting and monitoring of costs incurred; and Business Unit specific controls and processes. The project internal controls are comprised of various financial systems, department procedures, work/desktop instructions and best practices, providing governance and oversight of project cost and schedule processes. The project management, cost estimation, and risk management attributes of FPL are highly developed, well documented, and adhered to by the project teams. FPL's management decisions with respect to the EPU project are the product of properly qualified, well-informed FPL management following appropriate procedures and internal controls. (Jones, Reed, Derrickson, Powers)

Issue 12: What system and jurisdictional amounts should the Commission approve as FPL's final 2009 and 2010 prudently incurred costs and final true-up amounts for the Extended Power Uprate project?

FPL: For 2009, the Commission should approve \$237,677,629 (system) in EPU expenditures and \$498,077 (system) in O&M cost as FPL's final 2009 prudently

incurred costs. The resultant jurisdictional costs, net of joint owner and other adjustments, are \$236,605,950 for EPU expenditures, \$16,459,883 in carrying charges, and \$480,934 in O&M costs. In addition, 2009 prudently incurred jurisdictional base rate revenue requirements are \$12,802. FPL's 2009 EPU costs are supported by comprehensive procedures, processes and controls that help ensure those expenditures were the result of prudent decision making. The final 2009 true up amount is an over recovery of \$3,837,507 in carrying costs, an over recovery of \$63,533 in O&M costs and an over recovery of \$70,658 in base rate revenue requirements. The net amount of (\$3,971,698), which is currently being recovered in FPL's 2011 NCRC recovery amount, should be approved.

For 2010, the Commission should approve \$309,982,999 (system) in EPU expenditures and \$7,176,395 (system) in O&M costs as FPL's final 2010 prudently incurred costs. The resultant jurisdictional costs, net of joint owner and other adjustments, are \$289,147,514 for EPU expenditures, \$41,568,087 in carrying charges, and \$7,067,402 in O&M costs. In addition, 2010 prudently incurred jurisdictional base rate revenue requirements are \$414,079. FPL's 2010 EPU costs are supported by comprehensive procedures, processes and controls that help ensure those expenditures were the result of prudent decision making. The final 2010 true up amount is an over recovery of \$784,236 in carrying costs, an under recovery of \$3,926,433 in O&M costs and an over recovery of \$1,604,242 in base rate revenue requirements. The net amount of \$1,531,532, should be approved and included in FPL's 2012 NCRC recovery amount. (Jones, Reed, Derrickson, Powers)

Issue 13: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2011 costs and estimated true-up amounts for FPL's Extended Power Uprate project?

FPL: The Commission should approve \$587,845,328 (system) in EPU expenditures and \$12,721,405 (system) in O&M costs as FPL's reasonable actual/estimated 2011 costs. The resultant jurisdictional costs, net of joint owner and other adjustments, are \$558,520,431 for EPU expenditures, \$70,287,307 in carrying charges, and \$12,263,818 in O&M costs. In addition, reasonable jurisdictional base rate revenue requirements are \$16,585,797, with carrying charges of (\$432,212). FPL's 2011 actual/estimated EPU costs are supported by comprehensive procedures, processes and controls which help ensure that these costs are reasonable

The 2011 true up amount is an under recovery of \$21,157,568 in carrying costs, an under recovery of \$8,346,616 in O&M costs, and an over recovery of \$11,684,594 in base rate revenue requirements with carrying charges of (\$432,212). The net amount of \$17,387,377 should be included in setting FPL's 2012 NCRC recovery amount. (Jones, Derrickson, Powers)

Issue 14: What system and jurisdictional amounts should the Commission approve as reasonably projected 2012 costs for FPL's Extended Power Uprate project?

FPL: The Commission should approve the amount of \$736,198,427 (system) in EPU expenditures and \$5,626,844 (system) in O&M costs as FPL's reasonably projected 2012 costs. The resultant jurisdictional costs, net of joint owner and other adjustments, are \$701,018,839 in EPU expenditures, \$67,264,453 in carrying charges, and \$5,461,197 in O&M costs. In addition, reasonable jurisdictional base rate revenue requirements are \$80,190,773. The total amount of \$152,916,422 should be included in setting FPL's 2012 NCRC recovery amount. FPL's 2012 projected construction expenditures are supported by comprehensive procedures, processes and controls which help ensure that these projected costs are reasonable. (Jones, Powers)

Issue 15A: Did FPL willfully withhold information concerning the estimated capital costs of its EPU uprate projects and its related long-term study of the feasibility of the EPU uprates that is required by Rule 25-6.0423, F.A.C., and that the Commission needed to make an informed decision at the time of the September 2009 hearing in Docket No. 090009-EI?

FPL: No. As testified to by Armando Olivera, FPL's President and Chief Executive Officer, "FPL did not willfully withhold information that the Commission needed to make an informed decision during the September 2009 hearing in Docket No. 090009-EI."

FPL is required by rule to provide information related to the prior year's nuclear project costs in March of each year and an estimate of the current and projected years' costs in May of each year. FPL is also required to provide a feasibility analysis in May of each year. FPL fully complied with these obligations, presenting the best information it had available at the time of these filings and at the September 2009 hearing.

As to OPC's assertion that FPL had an obligation to update its testimony in September 2009, the record clearly shows that the information OPC claims should have been provided was preliminary, unreliable, and incomplete. FPL simply did not have the information necessary to support a reliable update to its non-binding cost estimate in September 2009. Moreover, there is no obligation to provide this type of information as an update to testimony, as OPC seems to assert.

The Commission did not need this unreliable information to make informed decisions in the 2009 docket. The 2009 NCR docket examined 2008 costs for prudence, 2009 and 2010 costs for reasonableness, and project feasibility. The information OPC claims should have been provided had no effect on the 2008, 2009, or 2010 costs that the Commission was reviewing. With respect to project feasibility, FPL performed a sensitivity analysis in July 2009 to examine the impacts of potential cost increases as well as potential unit output increases, and to determine whether the project would still be cost-effective for customers using these assumptions. The sensitivity analysis demonstrated that, even assuming higher costs *without* the potential for increased output, the EPU project remained solidly cost-effective for FPL's customers. As a result, even if FPL had provided

this information as some sort of “update” to its testimony, the Commission’s decisions would have remained the same. (Olivera, Stall, Jones, Sim)

Issue 15B: If the answer is yes, does the Commission possess statutory and regulatory authority with which to address FPL’s withholding of information?

FPL: As explained above, the answer to 15A is “no”. FPL did not withhold information that the Commission needed to make an informed decision. Nonetheless, parties appear to be in disagreement as to whether FPL should have considered providing this information as some sort of an “update” at some point to the Commission. To the extent the Commission or Staff would like more frequent reporting of this type of project information (in addition to the annual reporting provided for by Rule 25-6.0423 and the constant reporting provided through the discovery process), the Commission has the statutory authority to revise the NCRC rule, Rule 25-6.0423, or impose other reporting obligations on a going-forward basis.

FPL has fully complied with all applicable rules, orders, and statutes, including the Nuclear Cost Recovery Rule. That Rule requires FPL to file in May of each year a feasibility analysis as well as its nonbinding cost estimate, which FPL did, using the best information available at the time. Accordingly, claims that FPL should have updated its filing with information FPL’s senior management knew at the time of the September 2009 hearing to be preliminary and unreliable vendor information should be rejected, and the Commission should find that FPL complied with and did not willfully violate the Nuclear Cost Recovery Rule. (Legal)

Issue 15C: In light of the determinations in Issues 15A and 15B, what action, if any, should the Commission take?

FPL: Because FPL did not willfully withhold information that the Commission needed to make an informed decision, no action is necessary. (Legal)

Issue 16: Was it prudent for FPL to undertake the EPU projects at Turkey Point and St. Lucie on a “fast track” basis?

FPL: Yes. The fuel cost savings, improved fuel diversity, increased system reliability and emission reduction benefits to FPL’s customers expected from putting the EPU project into service during the 2012 time frame clearly supports the prudence of FPL’s 2007 decision to pursue the EPU project on an expedited or “fast track” approach.

In contrast, proceeding with the EPU project on a non-expedited schedule would have taken about six years longer, cost more than proceeding on an expedited basis, as well as have deprived FPL’s customers of more than \$800 million in fuel cost savings, as compared with the expedited approach proposed by FPL in 2007 and approved by the Commission in its EPU project need determination order.

Moreover, FPL would not have proceeded with the EPU project on an expedited basis absent the confirmation provided by the Commission in its 2008 need

determination order that the EPU project is subject to Florida's nuclear cost recovery regulatory framework. OPC's claim should therefore be rejected both as factually unfounded and representing poor regulatory policy directly in conflict with Florida's legislative policy of encouraging investment in additional nuclear generation to serve customers. (Olivera, Stall, Jones, Derrickson, Sim, Deason)

FPL notes that this issue and OPC's related testimony are subject to FPL's pending Motion to Strike. FPL's motion should be granted for several reasons, any one of which is legally sufficient to strike OPC's related testimony and together clearly compel rejection of OPC's claims:

- (i) OPC's claim that FPL's decision to implement the EPU project on an expedited or "fast track" basis was imprudent is a prohibited collateral attack on the Commission's 2008 need determination order approving FPL's 2007 proposal to undertake the EPU project on an expedited basis;
- (ii) OPC's position on this issue is a legally barred "hindsight" claim, and by attacking a 2007 FPL decision is also not within the scope of the present proceeding, which is limited to review of 2009 and 2010 FPL management decisions; and
- (iii) OPC's position challenging FPL's pursuit of the EPU project on an expedited basis is contrary to Section 403.519(4)(e), Florida Statutes, which states that "[p]roceeding with the construction of the nuclear or integrated gasification combined cycle power plant following an order by the commission approving the need for the nuclear or integrated gasification combined cycle power plant under this act shall not constitute or be evidence of imprudence."

Issue 17: Was it prudent for FPL to undertake the EPU projects at Turkey Point and St. Lucie in the absence of a break-even calculation?

FPL: Yes. The CPVRR analysis approach used by FPL since 2007 and approved by the Commission each year since its 2008 determination of need is appropriate, and there is no need for a breakeven analysis. The breakeven approach recommended by OPC would restrict the breadth of the view by which the EPU project may be judged to a single scenario of fuel and environmental compliance costs. An arbitrary breakeven standard would not be an improvement as compared to the current approach. (Deason, Sim)

FPL notes that this issue and OPC's related testimony are subject to FPL's pending Motion to Strike. FPL's motion should be granted for several reasons, any one of which is legally sufficient to strike OPC's related testimony and together clearly compel rejection of OPC's claims:

- (iv) OPC's claim that FPL's decision to undertake the EPU project without a break-even calculation is a prohibited collateral attack on the Commission's 2008 need determination order approving FPL's 2007 proposal to undertake the EPU project based on the CPVRR analysis results;

- (v) OPC's position on this issue is a legally barred "hindsight" claim, and by attacking a 2007 FPL decision is also not within the scope of the present proceeding, which is limited to review of 2009 and 2010 FPL management decisions; and
- (vi) OPC's position challenging FPL's pursuit of the EPU project is contrary to Section 403.519(4)(e), Florida Statutes, which states that "[p]roceeding with the construction of the nuclear or integrated gasification combined cycle power plant following an order by the commission approving the need for the nuclear or integrated gasification combined cycle power plant under this act shall not constitute or be evidence of imprudence."

Issue 18: If the Commission finds FPL was imprudent in Issues 16 or 17, what action can and should the Commission take?

FPL: Because FPL's 2007 decisions were not imprudent, and because these 2007 decisions are not properly before the Commission for determination in this docket, no action is necessary. In any event, pursuant to Section 403.519(4)(e) and Section 366.93, Florida Statutes, FPL is entitled to recover all its prudently incurred costs. Accordingly, any proposed Commission action that would prevent the recovery of all prudently incurred costs would be contrary to Florida law. The Commission has already determined that a risk sharing mechanism that disallows costs over some pre-established threshold (such as a "break even" amount) is prohibited in last year's Nuclear Cost Recovery docket. (Deason)

FPL notes that this issue is subject to FPL's pending Motion to Strike.

FPL – Accounting

Issue 19: What is the total jurisdictional amount to be included in establishing FPL's 2012 Capacity Cost Recovery Clause factor?

FPL: The total jurisdictional amount of \$196,092,631 should be included in establishing FPL's 2012 Capacity Cost Recovery Clause factor. This amount consists of carrying charges on site selection costs, pre-construction costs and associated carrying charges for continued development of Turkey Point 6 & 7; and carrying charges on construction costs, O&M costs and base rate revenue requirements, all as provided for in Section 366.93 and the Rule. (Powers)

Progress Energy Florida, Inc

Issues 20-37: FPL takes no position on any of the issues identified for Progress Energy Florida.

V. STIPULATED ISSUES

There are no stipulated issues at this time.

VI. PENDING MOTIONS

Motion Document No.	Date	Description
05057-11	7/21/11	Motion to Strike OPC's Testimony and Proposed Issues
04738-11	7/11/2011	Motion for temporary protective order for audit report
04637-11	7/6/2011	Motion for temporary protective order for Mr. Kundalkar's deposition transcript.
04428-11	6/27/11	Motion for temporary protective order for deposition transcripts of Steven Sim, John Reed, and Terry Jones.
04102-11	6/15/11	Motion for temporary protective order for witness Art Stall deposition transcript.
04066-11	6/13/11	Motion for temporary protective order of information included in responses to OPC's 10th request for PODs and 7th set of interrogatories.
03684-11	5/25/11	Motion for temporary protective order for FPL's responses to OPC's 9th request for PODs (Nos. 68, 70-71, and 74).
03128-11	5/05/11	Motion for temporary protective order, to exempt from Section 119.07(1), FS, confidential information included in Exhs TOJ-21 and TOJ-22 to prefiled testimony of Terry O. Jones and Exhs SDS-16 and SDS-18 to prefiled testimony of Steven D. Scroggs.
03093-11	5/04/11	Motion for temporary protective order for FPL's responses to OPC's discovery requests.
01571-11	3/10/11	Motion for temporary protective order of confidential information included in responses to OPC's 2nd set of interrogatories (No. 7) and 3rd request for PODs (No. 40).
01455-11	3/03/11	Motion for temporary protective order of information included in Exhs TOJ-1, TOJ-12, and TOJ-13 to prefiled testimony of Terry O. Jones and Exhs SDS-1, SDS-2, and SDS-3 to prefiled testimony of Steven D. Scroggs.
00967-11	2/10/11	Motion for temporary protective order of information contained in FPL's supplemental responses to OPC's 1st request for PODs (No. 21) and 2nd request for PODs (No. 32).
00384-11	1/14/11	Motion for temporary protective order of information contained in FPL's responses to OPC's 2nd request for PODs (Nos. 32-33 and 37-38).

VII. PENDING REQUESTS FOR CONFIDENTIAL CLASSIFICATION

Request Document No.	Date	Description
05095-11	7/22/11	Request for confidential classification of Mr. Jones's deposition transcript
04566-11	7/01/11	Request for confidential classification of internal controls audit workpapers.
04397-11	6/24/11	Request for confidential classification of staff's audit report on project management internal controls report.
04306-11	6/22/11	Request for confidential classification of materials provided pursuant to Audit No. 11-024-4-2.
04144-11	6/16/11	Request for extension of confidential classification of Exh. SDS-5 in Docket No. 090009-EI.
04050-11	6/10/2011	Request for confidential classification of materials provided pursuant to Audit No. 11-024-4-1.
03695-11	5/26/11	Request for confidential classification of audit workpapers (43-3/2) from Audit #08-248-4-2
03012-11	5/02/11	Request for confidential classification of the May 2011 filing.
1383-11	3/01/11	Request for confidential classification of the March 2011 True-Up filing.
0980-11	2/10/11	First request for extension of confidential classification of the May 2009 exhibits and testimony.
0086-11	1/05/11	First request for extension of confidential classification of the March 2009 exhibits and testimony
0085-11	1/05/11	First request for extension of confidential classification of response to Staff's 1 st request for POD 1 in Docket No. 090009-EI.
0084-11	1/05/11	First request for extension of confidential classification of responses to Staff's 2 nd request for PODs No. 2 & 3 in Docket No. 090009-EI.

VIII. OBJECTIONS TO WITNESSES' QUALIFICATIONS

At this time, FPL has no objections to any witness's qualifications.

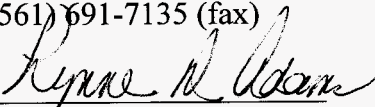
IX. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET

At this time, FPL is not aware of any requirements in the Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 25th of July, 2011.

Bryan S. Anderson
Fla. Auth. House Counsel No. 219511
Mitchell S. Ross
Fla. Bar No. 108146
Kenneth R. Rubin
Fla. Bar No. 349038
Jessica A. Cano
Fla. Bar No. 0037372
Attorneys for Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408-0420
(561) 304-5226
(561) 691-7135 (fax)

By:



tax
Jessica A. Cano
Fla. Bar No. 0037372

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

I HEREBY CERTIFY that a true and correct copy of FPL's Prehearing Statement was served electronically and by U.S. Mail this 25th day of July 2011, to the following:

Keino Young, Esq.
Anna Norris, Esq.
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
KYOUNG@PSC.STATE.FL.US
ANORRIS@PSC.STATE.FL.US

J. R. Kelly, Esq.
Charles Rehwinkel, Esq.
Joseph McGlothlin, Esq.
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399
Kelly.jr@leg.state.fl.us
Rehwinkel.Charles@leg.state.fl.us
mcglothlin.joseph@leg.state.fl.us

J. Michael Walls, Esq.
Blaise Huhta, Esq.
Carlton Fields Law Firm
P.O. Box 3239
Tampa, Florida 33601-3239
mwalls@carltonfields.com
bhuhta@carltonfields.com
Attorneys for Progress

R. Alexander Glenn, Esq.
John T. Burnett, Esq.
Progress Energy Service Company, LLC
P.O. Box 14042
St. Petersburg, Florida 33733-4042
john.burnett@pgnmail.com
alex.glenn@pgnmail.com
Attorneys for Progress

Matthew Bernier, Esq.
Carlton Fields Law Firm
215 S. Monroe Street, Ste. 500
Tallahassee, Florida 32301
mbernier@carltonfields.com

Mr. Paul Lewis, Jr.
106 East College Ave., Suite 800
Tallahassee, Florida 32301-7740
paul.lewisjr@pgnmail.com

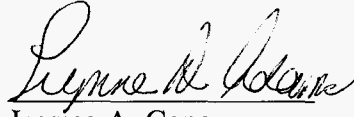
Jon C. Moyle, Jr., Esq.
Vicki Gordon Kaufman, Esq.
Keefe Anchors Gordon & Moyle, PA
118 North Gadsden Street
Tallahassee, Florida 32301
vkaufman@kagmlaw.com
jmoyle@kagmlaw.com
Attorneys for FIPUG

James W. Brew, Esq.
F. Alvin Taylor, Esq.
Brickfield, Burchette, Ritts & Stone, P.C.
1025 Thomas Jefferson Street, NW
Eighth Floor, West Tower
Washington, DC 20007-5201
jbrew@bbrslaw.com
ataylor@bbrslaw.com
Attorneys for PCS Phosphate

Randy B. Miller
White Springs Agricultural Chemicals, Inc.
Post Office Box 300
15843 Southeast 78th Street
White Springs, Florida 32096
RMiller@pcsphosphate.com

Karen S. White
AFCESA/ULFSC
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403-5319
karen.white@tyndall.af.mil

Gary A. Davis, Esq.
James S. Whitlock, Esq.
Gary A. Davis & Associates
61 North Andrews Avenue
PO Box 649
Hot Springs, NC 28743
gadavis@enviroattorney.com
jwhitlock@enviroattorney.com
Attorneys for SACE

By: 
Jessica A. Cano
Fla. Bar No. 0037372