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March 1, 2013

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COMMISSION CLERK

-VIA HAND DELIVERY -

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

Re: Docket No. 130009-EI

Dear Ms. Cole:

Please find enclosed for filing in the above referenced docket the original and seven (7) copies of Florida Power & Light Company's Petition for Approval of Nuclear Power Plant Cost Recovery True-Up for the Year Ending December 2012, with a compact disc containing the electronic version of the same. The operating system is Windows 7, and the word processing software in which the document appears is Word 2010.

Also enclosed for filing are the original and fifteen (15) copies of the prefiled testimony and exhibits of Florida Power & Light Company witnesses S. Scroggs; T. Jones; W. Powers; A. Ferrer, Burns & Roe, Inc.; J. Reed, Concentric Energy Advisors, Inc.; and N. Diaz, ND2 Group.

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

COM		• Scroggs - DN 01107-13
AFD	1	• Jones - DN 01108-13
APA	1	• Powers - DN 01109-13
ECO	1	• Ferrer - DN 01110-13
ENG	1	• Reed - DN 01111-13
GCL	1	• Diaz - DN 01112-13
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Sincerely,

R. S. Anderson

Bryan S. Anderson
Fla. Authorized House Counsel No. 219511
Admitted in IL, Not Admitted in FL

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

DOCUMENT NUMBER-DATE
01107 MAR-1 13
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Power Plant)	Docket No. 130009-EI
Cost Recovery Clause)	Filed: March 1, 2013

PETITION FOR APPROVAL OF NUCLEAR POWER PLANT COST RECOVERY TRUE-UP FOR THE YEAR ENDING DECEMBER 2012

Florida Power & Light Company ("FPL"), pursuant to Section 366.93, Florida Statutes, and Rule 25-6.0423, Florida Administrative Code, hereby petitions the Florida Public Service Commission ("the Commission") for approval of its 2012 Nuclear Power Plant Cost Recovery ("NPPCR") true-up amount of a $1,718,507 over-recovery, and for a determination that FPL prudently incurred its 2012 NPPCR costs. In support of this Petition, FPL states as follows:

INTRODUCTION

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

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

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DOCUMENT NUMBER-DATE
01107 MAR-1 13
FPSC-COMMISSION CLERK

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

BACKGROUND AND OVERVIEW

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

5. By Order No. PSC-08-0021-FOF-EI, issued January 7, 2008, the Commission made an affirmative determination of need for FPL's Extended Power Uprate ("EPU" or "Uprate") project. By Order No. PSC-08-0237-FOF-EI, issued April 11, 2008, the Commission made an affirmative determination of need for FPL's Turkey Point 6 & 7 new nuclear project. Both projects are eligible for NPPCR treatment pursuant to Section 366.93(3), Florida Statutes, and Rule 25-6.0423, Florida Administrative Code.

6. FPL's customers are expected to benefit significantly from this additional nuclear capacity and generation. Together, these nuclear projects are anticipated to add over 2,700 MW of emission-free baseload generation to FPL's system. In addition to being emission-free, this energy source will improve the fuel diversity of FPL's system – acting as a hedge against volatile fossil fuel prices and improving energy independence – and will substantially reduce fuel costs charged to customers after the units enter commercial operation. The addition of capacity at the Turkey Point site, both from the EPU project and from the Turkey Point 6 & 7 project, also will help maintain balance between generation and load in the Southeastern Florida area, further improving the reliability of the system.

7. The EPU project already is providing approximately 400 MW of nuclear power for FPL's customers, and will provide additional increases in power when the project is complete this year. FPL's substantial investment also is yielding other benefits. Through 2012, FPL's investment in the EPU project has employed on average over 3,500 workers every day at its nuclear power plant sites, who in turn support the local economies. This investment in Florida's energy infrastructure and economy has been made possible by the legislature's policy to support investment in nuclear projects, set forth in the NPPCR statute, and the Commission's careful implementation of that policy through the NPPCR Rule and its annual hearing process.

8. The EPU project currently is in the final part of its construction phase. Therefore, in compliance with the NPPCR Rule, FPL is recovering only the carrying charges on its construction balance, recoverable Operations & Maintenance ("O&M") expenses, and the partial-year base rate revenue requirements for the year systems are placed into service. FPL does not recover its capital investment in the EPU project until systems or components are placed in service, and even then, such base rate recovery does not reimburse FPL immediately.

Rather, the substantial sums FPL is expending (to purchase equipment, pay vendors, etc.) will be recovered over the lives of the uprated units or systems placed into service. For example, through 2012, FPL has invested approximately $2.9 billion in the EPU project but recovered approximately $320 million through the NPPCR process.

9. The Turkey Point 6 & 7 project is in the preconstruction phase. Accordingly, FPL is recovering the preconstruction costs and carrying costs it is incurring for the Turkey Point 6 & 7 project. These costs are necessary to pay vendors and personnel working now to obtain the various federal, state, and local licenses and permits needed for the Turkey Point 6 & 7 project. FPL is neither incurring nor recovering any construction costs.

10. The NPPCR amount that FPL is currently recovering as approved by Order No. PSC-12-0650-FOF-EI was based in part on actual/estimated 2012 cost data. As described below and in the testimony being filed herewith, the true-up of FPL's actual 2012 NPPCR amount for its EPU and Turkey Point 6 & 7 projects is an over-recovery of $1,718,507, to be returned to customers through the CCRC in 2014. FPL is seeking approval of this amount and a prudence determination with respect to the underlying actual 2012 EPU and Turkey Point 6 & 7 costs.

11. The prepared testimony and exhibits of FPL witnesses Winnie Powers, Terry Jones, Steven Scroggs, John Reed, Nils Diaz, and Albert Ferrer are being filed together with this Petition and are incorporated herein by reference. Exhibit TOJ-1 to the testimony of FPL witness Jones, parts of which are sponsored or co-sponsored by FPL witness Powers, contains the true-up NFR schedules for 2012 EPU costs. Exhibit SDS-1 to the testimony of FPL witness Scroggs, parts of which are sponsored or co-sponsored by FPL witness Powers, contains the true-up NFR schedules for 2012 Turkey Point 6 & 7 costs. These NFR schedules were developed by

the Commission Staff working with FPL, the Office of Public Counsel, Progress Energy Florida and others.[1]

UPRATE PROJECT

12. In 2012, FPL successfully managed the most intensive year of EPU implementation work, which included the completion of the uprate work at three of the four nuclear units that comprise the EPU project. FPL completed the major EPU modifications during outages at St. Lucie Unit 1, St. Lucie Unit 2, and Turkey Point Unit 3, and began the final outage at Turkey Point Unit 4. At least one unit was in a major outage during every day of 2012. All this work required substantial and iterative engineering design and construction planning, as well as continuous forward-looking project management that resulted in revisions to implementation plans, intensive contractor oversight and management, and the employment of thousands of workers. Additionally, FPL received all required Nuclear Regulatory Commission ("NRC") approvals in 2012.

13. FPL's 2012 EPU costs included $1,421,127,429 in construction costs ($1,369,032,571 jurisdictional, net of participants), $110,611,569 in carrying costs, and $7,520,744 in recoverable O&M expenses including interest ($7,214,153 jurisdictional, net of participants). FPL also incurred $84,590,266 in base rate revenue requirements including interest for plant placed into service in 2012. Only those costs necessary for the implementation of the Uprate – not those associated with other capital or maintenance activities – are included in FPL's Uprate construction cost expenditures. FPL's EPU expenditures are thus "separate and apart" from other nuclear plant expenditures.

1 The NPPCR NFRs consist of True-Up (T), Actual/Estimated (AE), Projected (P), and True-Up to Original (TOR) Schedules. The T Schedules are filed in March and provide the true-up for the prior year. The remaining schedules are filed in May.

14. FPL witness Jones's testimony discusses FPL's 2012 EPU activities, expenditures, and project controls. FPL witness Powers presents the calculation of the carrying costs, recoverable O&M, and revenue requirements recoverable pursuant to the NPPCR Rule, and related accounting controls. As demonstrated by each of those witnesses, and supported by the testimony of FPL witnesses Reed and Ferrer, the Uprate expenditures were prudently incurred at the direction of properly qualified and well-informed FPL management, subject to comprehensive cost and accounting controls, and based on decisions that result from robust project planning and project management processes.

TURKEY POINT 6 & 7 PROJECT

15. During 2012, FPL continued its pursuit of the approvals and authorizations necessary to proceed with the Turkey Point 6 & 7 project and maintained costs well within the annual budget. The project achieved key milestones in the Site Certification Application process by achieving "completeness" and moving on to the agency review stage. In the NRC licensing process, significant progress was made responding to Requests for Additional Information related to seismic issues and alternative sites and updating the Combined Operating License Application with Revision 4. FPL maintained its disciplined and steady approach in the execution of the project.

16. FPL's 2012 Turkey Point 6 & 7 costs included preconstruction costs and associated carrying costs, as well as carrying costs on its site selection costs. In 2012, FPL incurred $29,565,631 in preconstruction costs ($29,034,114 jurisdictional), $2,739,962 in preconstruction carrying costs, and $180,883 in site selection carrying costs for Turkey Point 6 & 7. FPL witness Scroggs's testimony discusses FPL's 2012 Turkey Point 6 & 7 activities and preconstruction costs, while FPL witness Powers presents the calculation of the recoverable

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

CONCLUSION

WHEREFORE, Florida Power & Light Company respectfully requests that the Commission (i) determine that FPL's actual 2012 Uprate project construction costs, associated carrying costs, recoverable O&M expenses, and base rate revenue requirements were prudently incurred; (ii) determine that FPL's actual 2012 Turkey Point 6 & 7 preconstruction costs and associated carrying costs and site selection carrying costs were prudently incurred; and (iii) approve a total 2012 NPPCR true-up over-recovery amount of $1,718,507 for inclusion in the calculation of the CCRC factors for the period beginning January 2014.

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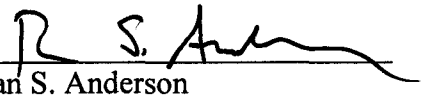
By: 

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CERTIFICATE OF SERVICE
DOCKET NO. 130009-EI

I HEREBY CERTIFY that a true and correct copy of FPL's Petition for Approval of Nuclear Power Plant Cost Recovery True-Up for the Year Ending December 2012 and accompanying testimony and exhibits (including an electronic copy of non-confidential exhibits created in Excel format) was served via hand delivery* or overnight UPS delivery this 1st day of March, 2013 to the following:

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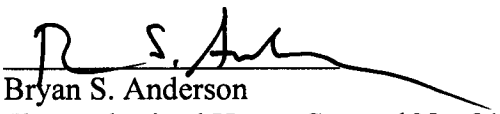
By: 

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Fla. Authorized House Counsel No. 219511
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130009-EI
FLORIDA POWER & LIGHT COMPANY

MARCH 1, 2013

IN RE: NUCLEAR POWER PLANT COST RECOVERY
FOR THE YEAR ENDING
DECEMBER 2012

TESTIMONY & EXHIBITS OF:

STEVEN D. SCROGGS

COM 5
AFD 1
APA 1
ECO 1
ENG 1
GCL 1
IDM 4
TEL
CLK 1-CA Reg

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01107 MAR-1 13
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

DIRECT TESTIMONY OF STEVEN D. SCROGGS

DOCKET NO. 130009-EI

MARCH 1, 2013

Q. Please state your name and business address.

A. My name is Steven D. Scroggs and my business address is 700 Universe Boulevard, Juno Beach, FL 33408.

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

A. I am employed by Florida Power & Light Company (FPL) as Senior Director, Project Development. In this position I have responsibility for the development of power generation projects.

Q. Please describe your duties and responsibilities with regard to the development of new nuclear generation to meet FPL customer needs.

A. Commencing in the summer of 2006, I was assigned the responsibility for leading the investigation into the potential of adding new nuclear generation to FPL's system, and the subsequent development of new nuclear generation additions to FPL's power generation fleet. I currently lead the development of FPL's Turkey Point Nuclear Units 6 and 7 (Turkey Point 6 & 7).

Q. Please describe your educational background and professional experience.

DOCUMENT NUMBER-DATE
01107 MAR-1 13
FPSC-COMMISSION CLERK

A. I graduated from the University of Missouri – Columbia in 1984 with a Bachelor of Science Degree in Mechanical Engineering. From 1984 until 1994, I served in the United States Navy as a Nuclear Submarine Officer. From 1994 to 1996, I was a research associate at The Pennsylvania State University, where I earned a Master of Science Degree in Mechanical Engineering. I provided consulting and management services to the regulated and unregulated power generation industry through a number of positions until 2003, when I joined FPL as Manager, Resource Assessment and Planning.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to describe FPL's activities and costs incurred in relation to the Turkey Point 6 & 7 project throughout 2012. Accordingly, this March 1 testimony contains information with respect to the project as of December 31, 2012. My testimony describes the deliberate, stepwise process FPL continues to manage so that FPL will have the opportunity to add new nuclear generation capacity for its customers. Specifically, I discuss the progress made on the project, key issues faced in 2012, and how those issues were evaluated and resolved. I also explain the Turkey Point 6 & 7 project internal controls and how those controls, supported by internal and external oversight, provide for diligent and professional project execution. Further, my testimony provides the actual expenditures incurred in 2012 and compares those expenditures to the actual/estimated values provided to the Florida Public Service Commission (FPSC) on April 27, 2012. Collectively, my

testimony provides the information necessary to demonstrate that FPL's 2012 costs for the project were prudently incurred.

Q. Please describe how your testimony is organized.

A. My testimony includes the following sections:

1. High Level Project Summary and Issues
2. 2012 Project Activities and Results
3. Project Management Internal Controls
4. Procurement Processes and Controls
5. Internal/External Audits and Reviews
6. 2012 Pre-construction and Site Selection Costs

Q. Please summarize your testimony.

A. During 2012, FPL continued to make progress on the licensing and permitting activities required for the Turkey Point 6 & 7 project, and maintained costs well within the annual budget. FPL continued its disciplined pursuit of the approvals and authorizations necessary to establish the opportunity to add the benefits of new nuclear generation for its customers. The benefits of adding new nuclear generation to FPL's system were confirmed by the 2012 annual feasibility analysis approved by Order No. PSC-12-0650-FOF-EI.

FPL achieved key milestones in the Site Certification Application (SCA) process, for example, by receiving notification that its application was complete and by moving to the next agency review stage. In the Nuclear Regulatory Commission (NRC) licensing process, significant progress was

made responding to Requests for Additional Information (RAIs) related to seismic issues and alternative sites and updating the Combined Operating License Application (COLA) with Revision 4. FPL has maintained its disciplined and steady approach in the execution of the project, while displaying a willingness to adapt project timelines to ensure an inclusive and complete review.

The project is being managed by a professional team of engineers, analysts, and managers to ensure process controls are maintained and activities comply with applicable corporate procedures and project-specific instructions. The project management process is being conducted in a well-informed, transparent and organized manner enabling executive oversight and facilitating reviews by internal and external parties. The Turkey Point 6 & 7 project team has the skills, experience, and executive oversight to guide the project through critical decisions using the best available information. This disciplined application of good business process by well-qualified FPL managers and their staff resulted in prudent decisions with respect to project activities and expenditures.

Q. Are you sponsoring any exhibits in this proceeding?

A. Yes, I am sponsoring or co-sponsoring the following exhibits:

- SDS-1, consisting of T-schedules T-1 through T-7 covering the 2012 actual period for the Turkey Point 6 & 7 project Site Selection and Pre-construction costs. Page 2 of SDS-1 contains a table of contents listing the

T-schedules sponsored and co-sponsored by FPL Witness Powers and by me, respectively.

- SDS-2, consisting of a table listing all licenses, permits and approvals FPL is preparing to support the Turkey Point 6 & 7 project.
- SDS-3, consisting of a comprehensive list of procedures and work instructions that govern the internal controls processes.
- SDS-4, consisting of a list describing various project reports, their periodicity and target audience.
- SDS-5, consisting of a comprehensive list of project instructions and forms.
- SDS-6, consisting of summary tables of the 2012 expenditures.

HIGH LEVEL PROJECT SUMMARY & ISSUES

Q. What are the customer benefits that justify the continued pursuit of new nuclear generation?

A. The benefits to FPL customers offered by additional nuclear generation are numerous. The key benefits relate to FPL's core mission of providing reliable electric service at reasonable rates. The fuel required for nuclear generation is not dependent on natural gas pipelines, railroad or maritime distribution systems or subject to volatile energy markets. Therefore, nuclear generation greatly adds to the reliability of a system by increasing fuel diversity, fuel supply reliability and energy security. Nuclear fuel markets provide a stable

cost input reducing the impact to monthly customer bills that result from fuel price volatility. In addition, the location of 2,200 MW of baseload generation in Miami-Dade County helps to maintain a balance of generation and load in Southeastern Florida. The feasibility analyses approved by the FPSC in 2008, 2009, 2010, 2011 and 2012 demonstrate the robust cost-effective nature of nuclear generation when compared to other baseload generation alternatives. Finally, nuclear generation is recognized as an important component of meeting state and national energy goals in addressing greenhouse gas reduction. By employing an approach that maintains progress, even during dynamic and demanding times, FPL is creating the opportunity to deliver those benefits on the most practicable schedule.

Q. Please expand on the value of FPL's approach to developing new nuclear generation.

A. Without the approvals, licenses, and permits needed to construct and operate a new nuclear facility, the opportunity and timeline for customers to benefit from this valuable generation source is remote and uncertain. By taking the steps to obtain the licenses and approvals, further defining the specific project, FPL is accomplishing several key objectives. First, the uncertainties around the approval process and the final definition of the project are significantly reduced. Second, the market for providing the equipment and services needed to construct the project is allowed to further mature, leveraging observations from first wave projects. Lastly, a shorter time span between the decision to initiate construction activities and the commercial operation dates reduces

uncertainties in the underlying feasibility analysis and provides the best decision basis available.

By applying this deliberate and flexible approach, FPL is able to maximize progress and the collection of information necessary to make subsequent decisions, while minimizing the current cost exposure of customers.

Q. Please summarize the progress FPL made on the Turkey Point 6 & 7 project in 2012.

A. FPL made measurable progress in all regulatory processes towards obtaining all necessary licenses, permits, and approvals. The three key processes include the Combined License (COL) process administered by the NRC, wetland permits under the jurisdiction of the US Army Corps of Engineers (USACOE), and the SCA process, coordinated by the Florida Department of Environmental Protection (FDEP). In general, 2012 was another year of information exchange with agencies to ensure all relevant and required information necessary for agency evaluations had been provided.

During 2012, FPL continued to respond to NRC questions through the RAI process. Specific areas of focus included seismic and geologic issues from a safety perspective, and alternative sites from an environmental perspective. Activities, including public meetings, have resulted in satisfying most of the NRC's requests, with the balance expected to be complete in 2013. The

USACOE permitting process, as designed, has maintained pace with the NRC process.

In the state SCA process, several key milestones were achieved. For the transmission aspects of the project, FDEP completed its Project Analysis Report for FPL's proposed transmission corridors and the SCA process was amended to allow the inclusion of additional alternative corridors. For the plant aspects of the project, all agency reports have been submitted, with the exception of Miami-Dade County's report. An application was developed and submitted for additional zoning approvals required by Miami-Dade County in July 2012.

Project staff continued to monitor industry milestones and events to identify potential impacts to the overall Turkey Point 6 & 7 project cost and schedule and provide indicators as to when preparation phase activities are warranted. Activities included continued involvement in industry groups and site visits to observe key construction milestones at the Southern Company's (Southern) Vogtle Electric Generating Plant (Vogtle) and South Carolina Electric & Gas' (SCE&G) Summer AP1000 projects in Georgia and South Carolina, respectively.

Q. What key events occurred in 2012 that impacted the national and international nuclear industry?

A. As part of its efforts to incorporate lessons learned from the events at Fukushima in March 2011, the NRC issued guidelines and rules for addressing seismic reviews and beyond design basis events. While the NRC has acknowledged that the Westinghouse AP1000 technology (AP1000), the same technology proposed for the Turkey Point 6 & 7 project, is uniquely positioned to be able to withstand the effects of these events, additional reviews and analyses are being requested by the NRC as part of their review of the Turkey Point 6 & 7 project COLA.

In June, the U.S. Court of Appeals for the D.C. Circuit overruled and remanded the NRC's revised "Waste Confidence" rule. The Waste Confidence rule is a formal NRC finding of its confidence that the federal government will make available a national geologic repository for high level nuclear waste when necessary following the shutdown of reactors. The Waste Confidence rule also reflects the NRC's determination that spent fuel can be safely stored onsite during the period between plant shutdown and the opening of a repository. The NRC uses these generic findings to support its environmental review of individual reactor license and license renewal applications.

The Court held that: (1) the NRC must perform an environmental review of its Waste Confidence rule; (2) the environmental review must assess the consequences of a failure to establish a repository; and (3) the environmental

review must assess the risk of spent fuel pool leaks and fires during the period prior to the establishment of a repository. The NRC has announced that, while its review of pending applications will continue, it will not issue any final COLs for new reactors or reactor license renewals until it has finished its revised rulemaking in response to the remand. The NRC schedule for these activities calls for the revised rulemaking and environmental review to be complete in 24 months, or in the fall of 2014. This is consistent with FPL's current project schedule for receipt of the COL.

Q. What other national level issues are being monitored for the potential impact to cost and schedule of the Turkey Point 6 & 7 project?

A. Developments in 1) the economy, 2) energy policy (at national and regional levels), and 3) the progress of international and domestic projects have the potential to affect the project.

The downturn in the economy and its rate of recovery has the potential to impact facets of the project, including: access to and cost of financing, material and labor cost indices, and the development of national and international supply chains for new nuclear projects. The annual feasibility analyses address these issues in a disciplined and consistent manner each year. During 2012, a general improvement in the economy was observed and continued positive progress was demonstrated in supply chain development as Georgia Power's Vogtle and SCE&G's Summer new nuclear projects moved into full scale construction activities in 2012.

National energy policy continues to be supportive of nuclear energy in general, and new nuclear energy development specifically, even following the Japanese tsunami and subsequent Fukushima events in March 2011. Domestic and international nuclear construction projects using the AP1000 design have continued to make progress in 2012. In China, the Sanmen and Haiyang AP1000 projects are proceeding through the construction phase, projecting operation in 2014 and 2015, respectively. Observations from these projects include lessons regarding logistics and crane design and placement. Significant differences in labor and regulatory schemes limit the transferability of the full construction experience to U.S. projects.

Q. What project specific issues were monitored in 2012 for the potential impact to cost and schedule of the Turkey Point 6 & 7 project?

A. Project specific issues include 1) FPL system and regional economic developments influencing the annual feasibility analysis, and 2) the pace and outcome of permit and license application reviews. The economic impact of these factors on the project feasibility is reviewed annually.

Q. Was the feasibility of the Turkey Point 6 & 7 project re-evaluated in 2012?

A. Yes. A complete feasibility analysis was conducted to review the economics of the project using updated assumptions for system demand, fuel forecasts, environmental compliance costs, and alternative generation costs. The

analysis is a two-step process, consistent with the original analysis supporting the 2008 Need Order.

The first step takes the form of developing a "break-even" cost to determine what the nuclear project could cost and remain economically competitive with alternative baseload generation sources. That "break-even" cost is compared to the high end of the project cost estimate range. The results of the analysis confirmed that the estimated project costs are below the "break-even" costs in 5 of 7 fuel and environmental cost scenarios and at the high end of the range in the remaining two scenarios. These results continue to demonstrate that the new nuclear project remains the best economic alternative for FPL's customers. An updated feasibility analysis will be submitted May 1, 2013.

2012 PROJECT ACTIVITIES AND RESULTS

Q. What were the major activities for the Turkey Point 6 & 7 project during 2012?

A. The major activities centered around completing the agency reviews of the federal and state applications, obtaining local land use approvals, and activities supporting completion of the Underground Injection Control (UIC) exploratory well at the project site. Additionally, progress was made in several key development areas that may impact the pace of the Turkey Point 6 & 7 project.

Q. What were the specific activities and results associated with federal licensing processes for the Turkey Point 6 & 7 project in 2012?

A. In 2012, FPL continued to analyze NRC schedule changes, timely respond to requests for information, maintain an open dialogue with its regulators, and otherwise work to enable the federal agencies' continued progress on the approval of FPL's submittals.

The NRC published a revised COLA review schedule on October 27, 2011. The new schedule added time to the Final Safety Evaluation Report (FSER) and Final Environmental Impact Statement (FEIS) completion dates, but reduced the projected timeline to obtain the final COL. In 2012, FPL conducted a review to determine what effect the changes may have on FPL's overall project schedule. The review indicated that the target in-service dates of 2022 and 2023 for Units 6 & 7 respectively were still achievable, although margin had been reduced.

In 2011, FPL filed motions with the NRC's Atomic Safety and Licensing Board (ASLB) asking for dismissal of three contentions proposed by interveners. In 2012, FPL continued to participate in the ASLB process. In February 2012, the ASLB dismissed two of the three contentions. This greatly reduces the issues that will be ultimately contested before the ASLB in the final stages of the NRC COL process.

In December 2012, FPL addressed many of the items raised by the NRC through the RAI process and provided additional updates in its COLA Revision 4. Revision 4 included several key updates, including incorporation of the 2010 Census results, an update to the groundwater model for the project and the inclusion of several updates made to the Reference COL.

Additionally, the USACOE continued its review of the project as a cooperating agency with the NRC through the RAI process and participation in public meetings. FPL maintained a continuous dialogue with the USACOE to provide requested information.

Q. Please explain FPL's management of the RAI response process in 2012.

A. FPL relied on its qualified contractor, including expert subcontractors, to prepare responses in 2012. FPL closely monitored the quality of responses provided by its contractors and subcontractors. FPL also hired a third party expert to review the responses of its contractors and subcontractors for completeness and quality. In total, FPL responded to 133 RAIs in 2012.

Throughout early 2012, the NRC continued to pursue a rigorous review of seismic, geologic and geotechnical engineering information (Section 2.5) in the Safety Review and pursued a higher level of detail regarding FPL's Alternative Site analysis (Section 9.3) in the Environmental Review. These areas of particular NRC focus each represent one section of one chapter out of a combined approximately 30 chapters that make up these voluminous

documents. In May 2012, the NRC issued a letter to FPL indicating that until revisions were made, the staff would not make further progress in reviews of these sections. The NRC agreed to continue its reviews of other sections, but nonetheless indicated the COLA Review Schedule for the Turkey Point 6 & 7 project was "under review". The May letter further requested additional quality reviews. In July 2012, the NRC had a public meeting to discuss the seismic, geologic and geotechnical engineering questions as well as results and corrective actions as a result of FPL's quality assurance reviews. In December 2012, a second public meeting was held to address the Alternative Site issues.

FPL managed multiple initiatives, including internal reviews and contractor audits to ensure FPL's submissions fully satisfied the NRC staff. A revised COLA Review Schedule for the Turkey Point 6 & 7 project is anticipated in the first half of 2013. Once that schedule is received, FPL will conduct a review to determine any impacts to the project cost or schedule, as was done in early 2012.

Q. What were the specific activities and results associated with the state SCA and permitting of the Turkey Point 6 & 7 project in 2012?

A. The state SCA process is generally managed in two tracks: transmission and plant focus areas.

During 2012 the transmission track moved forward in two key areas. The FDEP reviewed agency reports and published its Project Analysis Report on Transmission, recommending approval of FPL's Preferred Corridors. Two alternative corridors, submitted in 2011, were accepted into the review process in 2012. Through its interactive dialogue with stakeholders, FPL became aware that additional alternative corridors were being considered. Because the SCA process is not currently on the critical path for the overall project, FPL decided that accommodations could be made without impacting the overall project schedule. In coordination with the FDEP, the SCA process was amended to allow for submittal of additional alternative corridors. Three additional corridors were proposed in December 2012 and are now under review for inclusion in the process.

As of the end of 2012, agency reports on plant and non-transmission related facilities had been submitted by all agencies with the exception of Miami-Dade County. In general, these agency reports support approval of the project, with specific conditions of certification designed to ensure compliance with substantive requirements of each agency. Specifically, Florida Fish and Wildlife Conservation Commission recommended approval of the project and features to avoid, minimize and mitigate impacts to listed species habitat. The South Florida Water Management District (SFWMD) recommended approval of the project, with a particular emphasis on supporting the choice of reclaimed water as the primary source, with radial

collector wells providing water from beneath Biscayne Bay as the backup source.

Within the SCA process the local government authority provides a determination regarding the consistency of the site with zoning and land use policies. Through the completeness process, Miami-Dade County indicated that additional zoning approvals were required for the Reclaimed Water Treatment Facility and the Radial Collector Wells. It is FPL's position that these are ancillary facilities, and as such, these necessary project features were incorporated in the zoning resolution provided in 2007. Nonetheless, in an effort to expedite this additional step, and without waiving its position, FPL submitted a zoning application in July 2012. This resulted in a request to modify the dates for Miami Dade County's Land Use Determination and its Agency Report on plant and non-transmission facilities. Again, because the SCA process is not currently on the critical path for the overall project, FPL determined that this additional process could be accommodated without impacting the overall project schedule.

Q. What were the specific development activities and results observed related to the Turkey Point 6 & 7 project in 2012?

A. The UIC Exploratory Well and Dual Zone Monitoring Well were successfully completed in mid-2012. This is an important interim step in obtaining the Construction and Operation permits under the FDEP's UIC program. The project confirmed the geologic expectations and general suitability for use as a

disposal well. The next phase is to obtain approvals that will allow FPL to conduct injection testing that will more fully demonstrate the capability of the well system and subsequent additional wells required. These activities will continue in 2013 and 2014.

Q. Please describe any activities associated with the negotiation or execution of commercial or development agreements supporting the Turkey Point 6 & 7 project in 2012.

A. During 2012, the Forging Reservation Agreement was the focus of continued negotiation between FPL and Westinghouse Electric Company. The original agreement was based on the original project schedule. While progress was made, a new agreement was not developed. The term of the current agreement has been extended to March 31, 2013. If an agreement is not reached, the current agreement will likely be extended again.

Additionally, in support of its western preferred corridor, FPL has been engaged in negotiations with multiple state and federal agencies to exchange its current owned transmission line corridor in the eastern Everglades for a combination of easements and property that would provide a continuous transmission right-of-way between north and south Miami-Dade County that would not be in Everglades National Park (ENP). Collectively, these efforts are referred to as the ENP land exchange. These negotiations are captured in participation agreements, authorized by federal legislation and are undergoing final environmental review by the National Park Service (NPS). In 2011, the

NPS began developing an Environmental Impact Statement (EIS) to review the impact of the proposed land exchange. In 2012, NPS staff continued the review, which is now expected to result in a Draft EIS in mid-2013 with the Final EIS and Record of Decision available in late 2013.

Q. Please describe FPL's decision making related to the timing of initiating certain Pre-construction activities and the implications of those decisions.

A. In early 2012, FPL prepared its projections for expenditures in 2013. According to the current project schedule (Rev. 6), certain Pre-construction activities were due to be initiated in 2013. These activities support early stage contracting and design work that precedes actual construction activities onsite. The decision was made in early 2012 to maintain these activities in 2013 given the expected pace of the regulatory reviews.

PROJECT MANAGEMENT INTERNAL CONTROLS

Q. Please describe the project management structure responsible for the Turkey Point 6 & 7 project.

A. The management structure for the Turkey Point 6 & 7 project reflects the dual nature of the project relying on a working combination of two key groups: Project Development and New Nuclear Projects. The organization of the project into these two key groups helps maintain a consistent management and reporting structure with specific focus and areas of responsibility, while

allowing the project the flexibility to grow and adapt over time. During 2012, William Maher (Director of Licensing – New Nuclear Projects) and I reported to William Yeager, Sr. Vice President of Engineering, Construction and Corporate Services (ECCS).

Project Development, which I lead, has the primary responsibility for the execution of development and licensing activities not within the purview of the NRC, as well as all project communication activities and FPSC interface. Similar to the way other generation development projects are executed within FPL, Project Development utilizes matrix relationships with key business units in the company to provide essential support. For example, legal and environmental services are provided by those business units through assigned personnel.

Recognizing the need for specific nuclear-based skills and experience, FPL established the New Nuclear Project team within ECCS to manage the complex and specialized nature of the COLA process and the engineering, procurement and construction activities. This team is managed by Mr. Maher. The New Nuclear Project team has direct responsibility for the production and management of the COLA as well as the engineering, procurement, site preparation, construction, and start-up aspects of the project. The project team will adjust staffing as the project evolves, ensuring access to the necessary

skill sets are maintained to accomplish project objectives in the most cost-effective manner.

Q. Please describe the project management and staffing approach employed on the Turkey Point 6 & 7 project.

A. The project is staffed by a combination of employees fully dedicated to the project, employees from FPL business units who devote a portion of their time to the project, and a select group of contractors and subcontractors whose subject matter expertise and skills are required to complete the considerable tasks related to this undertaking. Leading the staff is a project management team charged with monitoring the day-to-day execution and strategic direction of the project. The project management team provides routine, dedicated oversight of the project including a determination of the timing and content of external reviews. The project management team is supported by project controls professionals that execute the day-to-day project activities and provide direct oversight of procedural compliance. The project also benefits from routine review, supervision, and direction provided by FPL executive management.

Q. What are the key elements of the project management process used to manage the Turkey Point 6 & 7 project?

A. FPL routinely and methodically evaluates the risks, costs, and issues associated with the Turkey Point 6 & 7 project using a system of internal controls, routine project meetings and communication tools, management

reports and reviews, internal and external audits, and an annual feasibility analysis.

Q. Please describe the system of internal controls applicable to the project.

A. 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.

Exhibit SDS-3 provides a list of procedures and work instructions that govern the internal controls processes and expectations. These procedures and work instructions are employed by dedicated and experienced project controls personnel who functionally report through ECCS Project Controls and provide project oversight and analysis. The Project Controls organization helps to ensure appropriate management decisions are made based upon assessment of available information leading to reasonable costs. Accountability is clear and understood throughout the controls organization and is a cornerstone of the services they provide.

Q. Please describe the specific reports generated to monitor the project and the periodicity and audience for those reports.

A. The project relies on a series of weekly or monthly reports and has standing meetings to discuss forward-looking analysis with project managers. Exhibit SDS-4 provides a list describing the reports, and their periodicity and target audience.

Q. Please describe the staff responsible for administering these internal controls and their specific responsibilities.

A. The internal controls staffing for the project is comprised of four personnel. A Project Controls Director provides functional leadership, governance, and oversight. A Project Controls Manager provides cost and schedule direction and analysis, coordinates internal and external audit requests, holds meetings with project management to review cost and schedule performance, and reviews all cost, scope changes, schedules and performance indicators. A Project Controls Analyst participates in meetings with project management to review cost and schedule performance, provides information regarding cost, scope changes, schedules and performance indicators, maintains cost templates, supports the production of documents and responses to information requests, and meets monthly or as required with department heads on forecasting and commitments. A Construction Capital Cost Estimator manages the master schedule and maintains the master project estimate template.

Q. How were the internal controls developed?

A. Many of the internal controls procedures, processes or work instructions were pre-existing FPL company or department processes. However, due to the unique characteristics of the Turkey Point 6 & 7 project, cost templates were specifically developed for monitoring expenditures to support FPSC filing requirements and to facilitate associated reviews. FPL has contractually placed significant reporting requirements on contractors by requiring trend,

tracking and performance indicators. This allows the internal controls team to monitor events and trends on a forward-looking basis. As the project evolves, additional controls will be developed as necessary.

Q. What are Project Instructions and why are they needed?

A. In the course of project development, FPL identified a need to develop some business processes unique to new nuclear deployment. These processes generally involve conducting business in compliance with NextEra Energy, Inc. and FPL policies and procedures, but also recognize project-specific requirements. For example, specific instructions are needed to ensure compliance with additional NRC requirements for quality control and document retention. Direction for such specific areas of focus is provided to project staff through a set of FPL's New Nuclear Project - Project Instructions (NNP–PI). These Project Instructions establish a standard for the project team which provides guidance, sets expectations and drives consistency. Exhibit SDS-5 provides FPL's comprehensive list of project instructions and forms.

Q. What processes are used to manage project risk?

A. Cost and schedule risk is managed by ensuring the project team recognizes and understands the issues facing different sub-teams that comprise the overall project. A mix of weekly meetings with small teams, monthly meetings with select members of the project team, and routine executive briefings ensure the project benefits from sufficient and timely communication. Further, the information flow begins at the working level and is integrated as it moves to the project management team to ensure the issues are adequately captured and

the interaction with other portions of the project is properly assessed. These meetings result in several reports identified in Exhibit SDS-4. These routine meetings allow project management to obtain updates from key project team members, provide direction on the conduct of the project activities and maintain tight control over project progress, expenditures, and key decisions.

Each week the project team holds multiple status meetings. These meetings, held by teams within the project, track project activities at a level that allows most issues to be identified, discussed, and resolved at the working team level. Examples include the COLA team, the SCA team consisting of plant and transmission sub-teams, and others. For those issues that cannot be resolved at the working team level, project management has provided a multi-step process to elevate the issue to the appropriate level for resolution. Contractor performance is also tracked on a weekly basis. Schedule and cost metrics are monitored and reported in standard format reports to allow close monitoring of contractor performance.

The project team meets monthly to review project schedule, budget performance, and key project issues. Project risk is specifically tracked and reviewed. The monthly Cost Report meeting provides an opportunity to drill down on project cost issues and expectations. Project management also provides a routine update to FPL executive management. Normally once per month, this update provides the opportunity for robust dialogue between the

project management team, Business Unit leaders and executive management. While the executive team is always available for consultation on developing issues and opportunities, the routine meetings ensure a broad range of topics are regularly reviewed and discussed.

The project utilizes a quarterly risk assessment tool to identify, characterize and track project risks. Six areas are assessed to identify key issues, estimate probability or likelihood of occurrence (high, medium, and low), and the magnitude of potential consequences (high, medium, and low). Further, mitigation actions or strategies to be employed to manage the risk are described. A monthly project dashboard report complements the Quarterly Risk Analysis. This document allows for monthly trending of project risk areas unique to the Turkey Point 6 & 7 project.

Q. What other periodic reviews are conducted to ensure the project is appropriately reviewed and analyzed?

A. Internal and external audits occur during the course of the project to ensure the project adheres to all corporate guidelines for financial accounting as well as employing best management and internal controls practices. When a deficiency is identified in an audit, an analysis is conducted to determine the cause of the deficiency and corrective actions are implemented to ensure the deficiencies are mitigated going forward.

The project is reviewed annually to determine its continued economic feasibility. This analysis is conducted in the same framework as the analysis accepted during the Need Determination proceeding, but is updated to reflect what is currently known regarding project cost, project schedule, and the cost and viability of alternative generation technologies. The analyses presented in the April 2012 Nuclear Cost Recovery (NCR) filings demonstrate the project remains feasible. An updated feasibility study will be filed on May 1, 2013.

Q. What other activities has FPL undertaken to ensure its decision processes are informed by the most current national and international industry information?

A. FPL is an industry leader in nuclear generation, and as such, has the experience, contacts, and industry presence to engage in many forums for exploration of nuclear industry issues. Nonetheless, the specific challenges of new nuclear deployment have created focus areas requiring additional coordination between entities involved in new plant licensing, construction, and operation. FPL participates in four key industry groups providing value to the Turkey Point 6 & 7 project. For several years, the NuStart Consortium has provided FPL access to the Reference COL (Southern's Vogtle Plant) and associated information developed by other AP1000 applicants necessary to maintain the Turkey Point 6 & 7 project COLA. In 2012, NuStart was also responsible for supporting the design finalization of the AP1000 technology. This involvement was essential in supporting the federal licensing process, which has resulted in the successful NRC authorization of the issuance of a

COL for the Vogtle 3 and 4 project. In addition, the Design Centered Working Group was formed to provide coordination among owners, vendors, and the NRC related to design modifications of the AP1000. This critical activity is necessary to ensure design changes for the AP1000 are made through a consensus process with the involvement of the NRC to preserve standardization of design, a cornerstone of new nuclear development. FPL also is a member of the AP1000 owners group (APOG) (a consortium of owners of the AP1000 design) and of the Advanced Nuclear Technology group organized by the Electric Power Research Institute (EPRI). These groups are primarily forums to identify and resolve issues that are of primary interest to owners, such as staffing, training and maintenance activities. For example, programs such as Procurement Specification Development, Equipment and Nuclear Fuel Reliability improvements, Advancing Welding Practices, and Modular Equipment Testing and Benchmarking provide FPL increased efficiency in program development and implementation resulting in future cost savings. The principle of standardization through operations and maintenance requires this level of industry coordination and dialogue. These different groups have unique and important roles in the successful execution of new nuclear deployment in the United States. Achieving the goal of industry standardization and realizing the associated economic and operational efficiencies requires active participation by industry participants in these venues.

Q. What steps were taken to ensure project expenditures are properly authorized?

A. For initial commitments, an approved request directed Integrated Supply Chain (ISC) to formally contract with the selected supplier. Initial commitments required appropriate authorizations including all documentation required by Corporate Procedures. This included contracts, purchase orders, notice to proceed, and, if required, a single or sole source justification. For Contract Change Orders (CCOs), the requests were authorized at the appropriate level and the CCOs executed prior to releasing the supplier to perform the requested scope of work. Tracking systems and processes were used to document and record procurement activities and to obtain the appropriate level of management authorization for expenditures.

Q. How would you summarize FPL's overall approach to project management in relation to the Turkey Point 6 & 7 project?

A. FPL followed robust project planning, management, and execution processes to manage the Turkey Point 6 & 7 project. These efforts were led by personnel with significant experience in project management and development supported by project management professionals trained in the deliberate execution of critical infrastructure projects through a comprehensive set of internal controls. Additionally, FPL capitalized on the experience of its other power generation development projects by implementing lessons learned by those project teams. Finally, FPL implemented an ongoing internal auditing and quality assurance process to continuously monitor compliance with the

controls discussed above. In summary, FPL had the right people with the right tools and oversight making decisions with the best available information. For all of these reasons, FPL is confident that its Turkey Point 6 & 7 project management decisions were well-founded and reasonable.

Further, FPL recognizes the unique nature of new nuclear deployment demanding a continuous watch be maintained to monitor developments in policy, regulatory and economic arenas. An ongoing analysis and incorporation of these events is necessary to ensure the appropriate actions are taken at the right time to establish the option for new nuclear generation. The application of sound project management fundamentals and critical questioning provides the best results.

PROCUREMENT PROCESSES AND CONTROLS

Q. What was FPL's preferred method of procurement and when might it be in the best interest of the project to use another method?

A. The preferred approach for the procurement of materials or services was to use competitive bidding. FPL benefitted from its strong market presence allowing it to leverage corporate-wide procurement activities to the specific benefit of individual project procurement activities. Maintaining a relationship with a range of service providers offered the opportunity to assess

capabilities, respond to changing resource loads and remain knowledgeable of current market trends and cost of service.

However, in certain situations the use of single or sole source procurement was in the best interest of the company and its customers. In some cases there was a limited pool of qualified entities to perform specific services or provide certain goods and materials. In other cases a service provider was engaged to conduct a specific scope of work based on a competitive bid or other analysis and additional scope was identified that the vendor could efficiently provide. Circumstances such as the above examples are common in the nuclear industry, and especially on complex long-term projects such as the Turkey Point 6 & 7 project.

Q. Do you anticipate the use of single or sole source procurement practices will change over the course of the project?

A. Yes. As the project moves through various phases, the proportion of single source procurement will shift based on the nature of the major expenditures associated with each phase. During the licensing phase, the majority of the costs are expended on the federal licensing activities, which have been or will be competitively bid. In contrast, the next phase of the project will involve proprietary engineering and procurement activity that FPL must contract from the equipment provider, a sole source of these goods and services. Then, as the project moves to construction, FPL is taking steps to develop credible providers who can competitively bid specific scopes of the construction work.

Developing a set of credible competitors, especially for the very large and complex construction phase, requires a concerted effort, but is expected to result in reduced costs regardless of which vendor is selected.

Q. Please describe the single and sole source procurement procedures that applied to the Turkey Point 6 & 7 project.

A. NextEra Energy, Inc. corporate policy NEE-PRO-1470 requires proper documentation and authorization for single or sole source procurement. Such authorization must be from an individual with a commitment/spend authority at least equal to the value of the good or service being procured. The procedure also calls for a review of the justification for reasonableness. Throughout 2012, FPL maintained its vigilance in creating adequate single or sole source documentation consistent with NEE-PRO-1470.

Q. What is a Predetermined Source (PDS) and how has FPL used this type of source to ensure procurement decisions are prudent and costs are reasonable?

A. A PDS is a source that has demonstrated through a competitive evaluation and/or other documented economic analysis to be the preferred source for particular goods or services. A PDS is designated by the FPL ISC in accordance with the Predetermined Sources section of the FPL Procurement Process Manual. The New Nuclear Project sourcing team determined PDS designations would be appropriate for certain project sources, primarily to streamline the process being used for CCOs. Previously, all CCOs were handled as single or sole source justifications, even if the underlying initial

commitment was competitively bid. Such procurement management is a standard trade practice used to increase procurement efficiency.

For additional work beyond authorized limits, the full FPL requisition and procurement process requirements must be met in order to increase the limits as required by additional work scope being authorized. Other work awarded to the same supplier for different scopes of work are still subject to the full FPL procurement process requirements.

In 2012, FPL had five vendors under PDS status for the New Nuclear Project. Bechtel, Westinghouse, Environmental and Consulting Technology, Inc. (ECT), Golder Associates, Inc., and McNabb Hydrogeologic Consulting, Inc. each provided a specific scope of services to the project. Because of their specific expertise and the evolving nature of the services provided, these vendors remain good candidates for PDS selection.

INTERNAL/EXTERNAL AUDITS AND REVIEWS

Q. What external audits or reviews have been conducted to ensure the project controls are adequate and costs are reasonable?

A. Concentric Energy Advisors (Concentric) has been engaged to conduct a review of the project internal controls, with a focus on management processes, as was conducted in 2008, 2009, 2010 and 2011. FPL has addressed all of

Concentric's recommendations from prior year reviews. Concentric's 2012 review is discussed by Witness Reed.

The FPSC Staff conducts a financial audit of the project ledger and accounts and an internal controls audit annually. The 2012 audits are currently underway.

Q. What internal audits or reviews were conducted to ensure the project controls are adequate and costs are reasonable?

A. An annual FPL internal audit focuses on ensuring that costs charged to the project are for Turkey Point 6 & 7 project related activities and are recorded in accordance with Rule 25-6.0423. This audit is underway to review the project costs for the period January 1, 2012 to December 31, 2012, the results of which will be available to the Commission, Commission Staff, and other parties upon completion in the second quarter of 2013.

2012 PRE-CONSTRUCTION AND SITE SELECTION COSTS

Q. Describe the Pre-construction costs incurred for the Turkey Point 6 & 7 project in 2012.

A. As represented in Exhibit SDS-6 and Exhibit SDS-1, Schedule T-6, FPL incurred a total of $29,565,631 in Pre-construction costs. This is $5,341,794 less than the April 27, 2012 Actual/Estimated costs of $34,907,425. The costs are broken down into the following categories: 1) Licensing $22,569,505; 2)

Permitting $1,004,335; 3) Engineering and Design $5,991,791; 4) Long Lead Procurement advanced payments $0; and 5) Power Block Engineering and Procurement $0.

Q. Please describe the costs incurred in the Licensing subcategory.

A. In 2012, Licensing costs were $22,569,505 as shown in Exhibit SDS-6 Table 2 and Exhibit SDS-1, Schedule T-6, Line 3. Licensing costs consist primarily of FPL employee, contractor labor, and specialty consulting services necessary to develop the COLA required for construction and operation of the Turkey Point 6 & 7 project and the state SCA providing state certification of the project. The largest portion of these expenditures, $11,430,903, was a result of costs incurred supporting the COLA process. This value is a combination of COLA Team Costs and Bechtel COLA contract payments.

The permit and license applications contain project specific information, assessments and studies required by the NRC, FDEP, and other federal, state, and local entities to support the reviews leading to decisions on the technical, environmental and social acceptability of the project. Some activities are common between applications, and therefore offer opportunities to coordinate efforts and manage costs. However, each application analyzes each issue from a unique perspective and may require differing levels of detail.

Q. Please explain the reasons behind the variances between the actual Licensing costs and the costs projected in the 2012 Nuclear Cost Recovery filing in Docket No. 120009-EI.

A. Licensing costs were $5,236,064 below plan primarily as a result of the protracted SCA schedule. This was partially offset by higher than projected COL costs due to an underestimation of NRC fees.

Q. Please describe the costs incurred in the Permitting subcategory.

A. In 2012, Permitting costs were $1,004,335 as shown in Exhibit SDS-6 Table 3 and Exhibit SDS-1, Schedule T-6, Line 4. Permitting costs consist primarily of project employees and legal services necessary to support the various license and permit applications required by the Turkey Point 6 & 7 project. Exhibit SDS-6, Table 3 provides a detailed breakdown of the Permitting subcategory costs in 2012, including a description of items included within each category.

Q. Please explain any variance between the actual Permitting costs and the costs provided in the 2012 Nuclear Cost Recovery filing.

A. Permitting costs were $459,633 below plan in 2012 primarily due to reduced support requirements caused by the protracted SCA schedule.

Q. Please describe the costs incurred in the Engineering and Design subcategory.

A. In 2012, Engineering and Design costs were $5,991,791 as shown in Exhibit SDS-6 Table 4 and Exhibit SDS-1, Schedule T-6, Line 5. Engineering and Design costs consist primarily of FPL employee services and/or engineering consulting services necessary to support the UIC exploratory well. Exhibit SDS-6 Table 4 provides a detailed breakdown of the Engineering and Design

subcategory costs in 2012, including a description of items included within each category.

In 2012, the majority of costs in the Engineering and Design subcategory were related to the installation of the UIC exploratory well. The exploratory well is a necessary interim step to obtaining the UIC operating permit, required for plant operations. Costs associated with EPRI's Advanced Nuclear Technology working group and membership in the APOG industry group are also included in the Engineering and Design category.

Q. Please explain any variance between the actual Engineering and Design costs and the costs provided in the 2012 Nuclear Cost Recovery filing.

A. Engineering and Design costs were $353,903 above plan primarily due to modifications to the drilling and testing plan for the UIC well and the need to provide for EPRI costs.

Q. Please describe the costs incurred in the Long Lead Procurement subcategory.

A. In 2012, there were no Long Lead Procurement costs.

Q. Please describe the costs incurred in the Power Block Engineering and Procurement subcategory.

A. In 2012, there were no Power Block Engineering and Procurement costs.

Q. Was there a variance between the actual Long Lead Procurement or Power Block Engineering and Procurement costs and the costs provided in the 2012 Nuclear Cost Recovery filing?

A. No.

Q. Were any costs expended in the Transmission category or during 2012?

A. No.

Q. Please describe the Site Selection costs incurred in 2012.

A. FPL's Site Selection work was completed in October 2007 with the filing of the Need Petition. The cost of $180,883 in this category relates to carrying charges. FPL Witness Powers supports the calculation of carrying charges.

Q. Were the 2012 project activities prudent and were the related costs prudently incurred?

A. Yes. All costs were incurred as a result of the deliberately managed process at the direction of a well-informed, properly qualified management team. The costs were incurred in the process of conducting the necessary Pre-construction activities such as obtaining the necessary licenses and permits for the Turkey Point 6 & 7 project. All costs were reviewed and approved under the direction of the Turkey Point 6 & 7 project management team and were made fully subject to project internal controls. Costs were processed using FPL standard procurement procedures and authorization processes, are reasonable and were prudently incurred.

Q. Does this conclude your testimony?

A. Yes.

SDS – 1 is in the Nuclear Filing Requirements Book

FEDERAL AUTHORIZATIONS

Jurisdictional Agency	Authority, Law, or Regulation	Description of Requirement	Activity Covered
NRC	10 CFR Part 30	By-Product License	Possession of fuel
NRC	10 CFR Part 40	Source Material License	Possession of source material
NRC	10 CFR Part 50	Licensing of nuclear power plant	Approval for construction of nuclear power plant
NRC	10 CFR Part 51, 10 CFR Part 52	NRC approval of an Environmental Report	Evaluation of environmental impacts from construction and operation of a nuclear power plant
NRC	10 CFR Part 52	COL	Safety review of the nuclear power plant site
NRC	10 CFR Part 61	Licensing requirements for land disposal of radioactive wastes	Land disposal of radioactive waste that contains byproduct source and Special Nuclear Material (SNM)
NRC	10 CFR Part 70	Special Nuclear Material License	Possession of SNM
NRC	10 CFR Part 71	Packaging and transportation of radioactive material	Packaging and transportation of licensed radioactive material
DOE	Nuclear Waste Policy Act (42 U.S.C 10101 et seq.) and 10 CFR Part 961	Spent Fuel Contract	Disposal of spent nuclear fuel
USACOE	Clean Water Act of 1976 /33 U.S.C section 1344	Section 404 Permit	Discharge of dredge and fill materials into waters of the United States
USACOE	Rivers and Harbors Act of 1899/ 33 U.S.C. section 401 et. seq.	Section 10 -Rivers and Harbors Act Permit	Excavation or filling within navigable waters of the United States
USACOE	Secretary of the Army	License for use of government owned lands; Modified water deliveries to Everglades National Park	Use of Government owned lands for the purpose of onsite investigations in support of a Phase 1 Environmental Site Accessment, Wetland delineation, preparation of legal description and soil borings

Federal Aviation Agency (FAA)	14 C.F.R. Part 77 - Safe, Efficient Use, and Preservation of Navigable Airspace	FAA Obstruction Permit for Unit 6 Containment Building	FAA Obstruction Permit for Unit 6 Containment Building
FAA	14 C.F.R. Part 77 - Safe, Efficient Use, and Preservation of Navigable Airspace	FAA Obstruction Permit for Unit 7 Containment Building	FAA Obstruction Permit for Unit 7 Containment Building
FAA	14 C.F.R. Part 77 - Safe, Efficient Use, and Preservation of Navigable Airspace	FAA Obstruction Permit for Construction Cranes	FAA Obstruction Permit for construction Cranes - to be obtained as necessary
Department of the Interior	RE-DO-53	Special Use Permit; Temporary Construction Easement	Provide access to delineate wetland boundaries within the proposed utility line right of way relocation in Everglades National Park
Department of the Interior	RE-DO-53	Special Use Permit; Temporary Construction Easement	Provide access to conduct visual and pedestrian surveys for Phase I environmental assessment within the proposed utility line right of way relocation in Everglades National Park
US Fish and Wildlife Service (USFWS)	16 U.S.C 1539(a)(1)(A); 50 CFR Parts 13, 17	Endangered species permit to take American crocodile during monitoring	Provides authorization to take (capture, examine, weigh, identify sex, collect tissue samples, mark, radio-tag, radio-track, relocate, release) endangered American crocodile individuals during population monitoring.
USFWS	16 U.S.C 703-712	Special purpose salvage permit, migratory birds	Provides authorization to: salvage dead migratory birds, abandoned nests, and addled eggs after nesting season; salvage dead bald or golden eagles; and possess live migratory birds for transport to permitted rehabilitator

USFWS	16 U.S.C. 703-7121 50 CFR Part 13:50 CFR 21.41	Federal Fish and Wildlife Permit	Emergency relocation of active migratory bird nests when birds, nests, or eggs pose a direct threat to human health and safety or when the safety of the bird is at risk if the nest and/or birds are not removed

STATE OF FLORIDA AUTHORIZATIONS

Jurisdictional Agency	Authority, Law, or Regulation	Description of Requirement	Activity Covered
FDEP, Siting Board	F.S. §403.501-.518, F.S	Power Plant Site Certification*	Construction and operation of a power plant with more than 75 MW of steam generated power and associated facilities
FDEP, USEPA Region IV review	F.A.C. 62-621	National Pollutant Discharge Elimination System (NPDES) Storm water Operations Permit for Industrial Activities	Operation of an industrial facility
FDEP	Chapter 403 F.S.	Exploratory Well Construction Permit	Allows for the construction of the exploratory well and dual-zone monitor well
FDEP	Chapter 403 F.S.	UIC Well Construction Permit	Allows for the conversion of the exploratory well to an injection well and perform operational testing for up to 2 years
FDEP	Chapter 403 F.S.	UIC Well Construction Permit	Allows for the construction of up to 12 additional injection wells and associated dual - zone monitoring wells and perform operational testing for up to 2 years
FDEP	Chapter 403 F.S.	Class I Well Operation Permit	Allows for the operation of the injection wells. This permit must be renewed every 5 years
FDEP, EPA Region IV review	F.A.C. 62-621	Prevention of Significant Deterioration Construction Permit	Construction and operation of facilities that generate air emissions
FDEP, EPA Region IV review	403.0885 F.S.	Modification of Industrial Wastewater Treatment Facility (IWW) permit	Construction of Units 6 & 7 within the industrial wastewater facility
FDEP/EPA	F.A.C. 62-25, 62-40	NPDES Construction Storm water Permit	Construction of any facility that disturbs 1 acre or more

Florida Fish and Wildlife Conservation Commission (FWCC)	F.A.C. 68A-9.002; 68A-25.002; 68A-27.003	Special purpose live-capture permit	Provides authorization for live-capture, insertion of data loggers in nests, and collection of samples, on FPL properties of American crocodiles for mark/recapture and scientific data collection; also provides for live-capture, relocation, and release of American alligators and eastern indigo snakes and other endangered or threatened species or species of special concern
FDEP	403.087, F.S. and F.A.C. 62-4, 62-520, 62-522, 62-528 62-550, 62-600, 62-601	Operation of Class V, Group 3 domestic wastewater injection (gravity flow) well	Operation of treated domestic sewage injection well.
FDEP	403, F.S. and F.A.C. 62-600, 62-601, 62-602, 62-620, 62-640, 62-699	Operation of domestic wastewater treatment facility (WWTF)	Operation of Turkey Point Power Plant WWTF
FDEP	F.A.C. 62-213	Title V Operations Permit	Operations of facilities that generate air emissions
FDEP	253.12 F.S. F.A.C. 18-18, 18-20, 18-21, 18-22	Sovereign Submerged Lands Easements	Obtain easements for facilities to be located below surface water bodies in state owned lands
FDEP	253.12 F.S. F.A.C. 18-2	Upland Easements	Obtain easements for facilities to be located in state owned lands (uplands)
FDEP, SFWMD	F.A.C. 40B-3	Well Construction Permit	Construct, repair, modify, or abandon a well
SFWMD	F.A.C. 40E-3	Well Abandonment Permit	Well abandonment permits
SFWMD, USACOE	33 USC S 408	Federal Jurisdiction Per Section 14 of the Rivers and Harbors Act of 1899	Permission to place facilities in the vicinity of or otherwise use levees owned or controlled by the SFWMD originally constructed by the USACOE
SFWMD	Chapter 373 F.S.	Water well construction permits	Pump test for test wells
State of Florida	F.A.C. 40E-3	Well Abandonment Permit	Application to construct, repair, modify, or abandon well

FWCC	F.A.C. 68A-9.002, 68A-9.025, 68A-27	Carcass Salvage Permit	Salvage, mount, and display wildlife carcasses upon encounter for educational or scientific purposes
FWCC	F.A.C. 68A-9.002, 68A-27.005	Removal of nests and ospreys	Removal and replacement of inactive nests of ospreys and other migratory birds

*Pursuant to the Florida Electrical Power Plant Siting Act (PPSA) all state, regional and local permits, except for certain local land use and zoning approvals and certain state issued licenses required under federally delegated or approved permit programs, are covered under a single "Certification." Because the Certification is the sole license of the state and any agency required for construction and operation of the proposed electrical power plant, it is not necessary to apply for permits individually.

FOREIGN STATE AUTHORIZATIONS

Jurisdictional Agency	Authority, Law, or Regulation	Description of Requirement	Activity Covered
Utah Department of Environmental Quality Division of Radiation Control	R313-26 of the Utah Radiation Control Rules	Revision of existing General Site Access Permit	Transport of radioactive materials into the State of Utah
Tennessee Department of Environment and Conservation Division of Radiological Health	TDEC Rule 1200-2-10.32	Revision of existing Tennessee Radioactive Waste License-for-Delivery	Transport of radioactive waste into the State of Tennessee

LOCAL AUTHORIZATIONS

Jurisdictional Agency	Authority, Law, or Regulation	Description of Requirement	Activity Covered
Miami-Dade County	Chapter 163 F.S.; Miami-Dade County Comprehensive Plan and adopted regulations	Land use and zoning conditional approval (unusual use approval)	Unusual Use (zoning approval) to permit a nuclear power plant (atomic reactors) and ancillary structures and equipment

Miami-Dade County	Chapter 163 F.S.; Miami-Dade County Comprehensive Plan (CDMP) and adopted regulations	CDMP text amendment	Excavation for fill source. Application was withdrawn 03/05/2010
Miami-Dade County	Chapter 163 F.S.; Miami-Dade County Comprehensive Plan (CDMP) and adopted regulations	CDMP text amendment	Temporary access roads
Miami-Dade County	Miami-Dade County Ordinances	IW6 Permit (Industrial Well field) for site investigation	Land use -non-residential, within major well field protection areas not served by sanitary sewers
Miami-Dade County Health Department	Chapter 373 F.S.	Water well construction permits	Well installation for hydrologic investigation
Miami-Dade County	Miami-Dade County Code Chapter 24	Domestic wastewater annual operating permit	Stabilization treatment facility
Miami-Dade County	Miami-Dade County Code Chapter 24	Operation of pollution control facility permit	Operation of fleet vehicle maintenance facility that generates waste oil, coolant, and used batteries with a solvent wash tank and served by septic tank
Miami-Dade County	Miami-Dade County Ordinances, Chapter 14	Burn Permit	Onsite combustion of construction debris. Annual permit issued
Miami-Dade County	Miami-Dade County Ordinances, Section 24-35	IW5 Permit (or waiver)	Hazardous materials or hazardous waste – large user or generator. Hazardous waste permit issued 10/01/2008
Miami-Dade County	Miami-Dade County Ordinances, Section 24	Stratospheric Ozone Protection Annual Operations Permit	Use of refrigerants R-12, R-22, R-502 for Robinair Recovery Units, Models 25200, 25200A, 25200B
Miami-Dade County	Miami-Dade County Ordinances, Section 24	Industrial Waste Annual Operations Permit	Onsite disposal of Class III industrial solid waste consisting of earth and earth-like products, concrete, rock, bricks, and land clearing debris

Miami-Dade County	Miami-Dade County Ordinances, 89-104	Marine Facilities Annual Operations Permit	Operation of 1 wet slip, 1 dry slip, 2 commercial vessels

PROCEDURES AND WORK INSTRUCTIONS

QI4-NSC-1Rev9ProcurementControl
BO-AA-102-1008 r0 Procurement Control
FPL - Affiliate Charge Review Process
FPL - Affiliate Charging FPL
FPL - Clause Recovery Charging Guideline
FPL - Clause Recovery Training Costs
FPL - Shopping Cart Training
FPL - Utility Retention Process
NEE - Project Controls Framework
E&C Monthly Accrual Process
Acquiring/Developing FPL Fixed Assets
PTN 67 - Expense Report Review
PTN 67 - Invoice Review
PTN 67 - Monthly Cost Report Process
PTN 67 - Payroll Distr Review Process
PTN 67 - Project Structure
NNP-SC-01 Vendor Warranty Claims

Note: The procedures and work instructions listed above are project specific to Turkey Point 6 & 7. Project activities also are conducted in compliance with NextEra Energy, Inc. and Florida Power & Light Company Corporate Policies and Procedures.

PROJECT REPORTS

REPORT	REPORT DESCRIPTION	PERIODICITY	AUDIENCE
FPL/Bechtel COL Weekly Status Updates	FPL/Bechtel COL Project action items, applicable schedules and RAI review table.	Weekly	Project staff personnel, project management and project controls
FPL COL Weekly Status Updates	FPL COL Project action items, applicable schedules, Action Request look ahead report, Bechtel RAI report and FPL status report	Weekly	Project staff personnel, project management and project controls
Corporate Variance (Cost)	Financial status compared to corporate budget including Current Month (CM), Quarter (QTR), Year-To-Date (YTD) and End-Of-Year (EOY) with variance explanations	Monthly	Executive Management
NFR Variance	Compares filing projections for CM, YTD, EOY, and Prior Month Forecast with variance explanations.	Monthly	Project Management and department heads
NFR Summary	Compares filing projections to actual/forecast with major milestone schedule dates	Monthly	Project Management and department heads

REPORT	REPORT DESCRIPTION	PERIODICITY	AUDIENCE
Project Cost Summary	Financial status by WBS Element including CM, YTD and EOY	Monthly	Project Management
Cost Recovery by Detail	Compares pre-construction NFR filing projection details to actual/forecast for CM, YTD and EOY	Monthly	Project Management
Pre-Construction Cumulative Spend Graph	Visually compares Corporate Budget and NFR Projection to actual and forecast costs	Monthly	Project Management and department heads
Due Diligence Report	Project status for financial reporting process	Quarterly	Executive Management
Quarterly Risk Assessment	Risk assessment focuses on the licensing, permitting and general development activities	Quarterly	Project Management

PROJECT INSTRUCTIONS AND FORMS LIST

Procedure Number	Title	Revision Number	Effective Date
NNP-PI-01	Request For Information (RFI) and RFI Response	3	10/04/2012
NNP-PI-02	Preparation, Revision, Review, and Approval Of New Nuclear Projects Project Instructions	2	09/15/2010
NNP-PI-03	NNP Project Document Retention and Records Processing	3	08/08/2011
NNP-PI-04	COLA Configuration Control and Responses to Requests for Additional Information for Project Applications	3	07/20/2012
NNP-PI-05	NNP Correspondence	1	09/10/2010
NNP-PI-06	NNP NRC Correspondence	4	10/15/2012
NNP-PI-07	NNP Department Training	4	02/29/2012
NNP-PI-08	NNP COLA Review & Approval Process	5	07/20/2012
NNP-PI-10	NNP PTN COLA Related Project Management Briefs, Project Memoranda, and COLA Related Document Reviews	2	09/10/2010
NNP-PI-011	Change Control for COL Application Plant Specific Design Information	2	08/30/2010
NNP-PI-012	Visiting Dignitaries	2	12/06/2011
NNP-PI-013	Technical Review of Commercial Project Documents	1	08/20/2010
NNP-PI-14	Discovery Production Instructions Related to Turkey Point 6 & 7 Combined License Hearing	2	02/28/2011
NNP-PI-15	Exploratory and Dual Zone Monitoring Well Project Incident Response Instructions	0	07/30/2012
NNP-PI-100	Project Schedule and Configuration Control	0	08/03/2009
Desk Top Instruction Number	**Title**	**Revision Number**	**Effective Date**
NNP-AA-01	NNP Regulatory Items & Commitments Data Control	1	05/30/2010
NNP Form Number	**Title**	**Revision Number**	**Effective Date**
NNP-PI-01-01	FPL NNP PTN 6&7 COLA RFI and RFI Response	0	01/31/2008
NNP-PI-02-01	Project Instruction Review and Approval Form	0	03/11/2008
NNP-PI-06-01	NNP Outgoing NRC Correspondence Review & Approval Sheet	2	04/24/2012
NNP-PI-07-01	NNP Training Attendance Form	0	03/19/2008
NNP-PI-07-02	NNP Training Exemption Form	0	03/19/2008
NNP-PI-07-03	NNP Required Reading Form	4	8/30/2010
NNP-PI-08-01	Comment Resolution Acceptance Form	1	08/18/2008
NNP-PI-08-02	LRB Meeting Summary Form	1	09/08/2008
NNP-PI-09-01	Certification Reference Form	0	10/03/2008
NNP-PI-10-01	NNP Document Review Comment Form	0	03/11/2008

NNP-PI-10-02	NNP Project Management Brief Review And Approval Form	1	01/25/2010
NNP-PI-11-01	Screen and Evaluation of COL Applicant Changes to a DCD	1	6/10/2009
NNP-PI-11-02	Guidance and Instructions for Completing Screens and Evaluations of Changes to DCDs	1	6/10/2009
NNP-PI-11-03	10 CFR Part 52 Screener Training and Qualification Form	1	6/10/2009
NNP-PI-11-04	Departure Screening/Evaluation Review and Approval Form	1	6/10/2009
NNP-PI-13-01	Review and Approval Form	0	3/17/2010
NNP-PI-13-02	Document Review Checklist	1	8/20/2010
NP-AA-01	Regulatory Items & Commitments	0	9/09/2008

Table 1. 2012 Preconstruction Costs

Category	2012 Actual Costs ($)
Licensing	22,569,505
Permitting	1,004,335
Engineering & Design	5,991,791
Long Lead Procurement	0
Power Block Engineering & Procurement	0
Total Preconstruction Costs	**29,565,631**
Transmission	0
Total Preconstruction Costs & Transmission	**29,565,631**

Note: Totals may not appear to add due to rounding.

Table 2. 2012 Licensing Costs

Category	2012 Actual Costs ($)
New Nuclear Project (NNP) Team Costs - NNP FPL Payroll and Expenses, FPL Project Team Facilities, FPL Engineering, FPL Licensing	3,794,676
Application Production - COLA/SCA Contractor, Project Architecture & Engineering, NRC and Design Center Working Group fees	11,430,903
SCA Oversight	24,211
SCA Subcontractors:	
• ECT - Transmission	498,929
• Golder - Environmental	601,946
• McNabb - Underground Injection	36,000
Total SCA	1,161,086
Environmental Services - FPL Payroll and Expenses, External Support Expenses	2,584,324
Power Systems - FPL Payroll and Expenses, System Studies, Licensing and Permitting Support and Design Activities	167,075
Licensing Legal - FPL Payroll and Expenses, External Legal Services, Expert Witnesses	2,751,388
Regulatory Affairs	470,733
New Nuclear Accounting	209,321
Total Regulatory Support	680,054
Total Licensing	**22,569,505**

Note: Totals may not appear to add due to rounding.

Table 3. 2012 Permitting Costs

Category	2012 Actual Costs ($)
Project Communication Support	93,699
Development - FPL Payroll and Expenses, Various Studies	454,722
Permitting-Legal Specialists Support	455,915
Total Permitting	**1,004,335**

Table 4. 2012 Engineering and Design Costs

Category	2012 Actual Costs ($)
Engineering and Construction Team - FPL Payroll and Expenses, Preconstruction Project Management	4,221
Pre-construction External Engineering - Construction Planning	4,079,873
APOG Membership Participation	1,448,685
EPRI Advanced Nuclear Technology	275,000
FEMA Fees	184,012
Total Engineering and Design	**5,991,791**

Table 5. 2012 Power Block Engineering and Procurement

Category	2012 Actual Costs ($)
No costs in 2012	0
Total Power Block Engineering and Procurement	**0**

Note: Totals may not appear to add due to rounding.