

Docket No. 130009-EI: Nuclear Cost Recovery Clause.

Florida Power & Light Company

Proposed Nuclear Units Turkey Point 6 And 7

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Witness: **Direct Testimony of Iliana Piedra**, Appearing on behalf of the
staff of the Florida Public Service Commission

Date Filed: June 21, 2013

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **COMMISSION STAFF**

3 **DIRECT TESTIMONY OF Iliana Piedra**

4 **DOCKET NO. 130009-EI**

5 **JUNE 21, 2013**

6 **Q. Please state your name and business address.**

7 **A. My name is Iliana Piedra and my business address is 3625 N.W. 82nd Ave., Suite**
8 400, Miami, Florida, 33166.

9 **Q. By whom are you presently employed and in what capacity?**

10 **A. I am employed by the Florida Public Service Commission as a Professional**
11 **Accountant Specialist in the Office of Auditing and Performance Analysis.**

12 **Q. Briefly review your educational and professional background.**

13 **A. In 1983, I received a Bachelor of Business Administration from Florida**
14 **International University with a major in accounting. I am also a Certified Public**
15 **Accountant licensed in the State of Florida. I have been employed by the Florida Public**
16 **Service Commission since January 1985. I have been employed by the Florida Public**
17 **Service Commission since January 1985.**

18 **Q. Please describe your current responsibilities.**

19 **A. Currently, I am a Professional Accountant Specialist with the responsibilities of**
20 **planning, and conducting utility audits of manual and automated accounting systems for**
21 **historical and forecasted data.**

22 **Q. Have you presented testimony before this Commission or any other**
23 **regulatory agency?**

24 **A. Yes. I testified in the City Gas Company of Florida rate case, Docket No.**
25 **940276-GU, the General Development Utilities, Inc. rate cases for the Silver Springs**

1 Shores Division in Marion County and the Port Labelle Division in Glades and Hendry
2 Counties in Dockets Nos. 920733-WS and 920734-WS, respectively, the Florida Power
3 & Light Company storm cost recovery case in Docket No. 041291-EI, the Embarq storm
4 cost recovery case in Docket No. 060644-TL, the K W Resort Utilities Corp. rate case in
5 Docket No. 070293-SU and the Florida Power & Light Company fuel recovery in Docket
6 120001-EI.

7 **Q. What is the purpose of your testimony today?**

8 **A.** The purpose of my testimony is to sponsor the staff audit report of Florida Power
9 & Light Company (FPL or Utility) which addresses the Utility's filing in Docket No.
10 130009-EI Nuclear Cost Recovery Clause for costs associated with its proposed nuclear
11 units called Turkey Point 6 and 7. We issued an audit report in this docket for the
12 proposed nuclear units on June 5, 2013. This audit report is filed with my testimony and
13 is identified as Exhibit IP-1.

14 **Q. Was this audit prepared by you or under your direction?**

15 **A.** Yes, it was prepared under my direction.

16 **Q. Please describe the work you performed in these audits.**

17 **A.** Our overall objective in this engagement was to verify that the Utility's 2012
18 NCRC filings for the proposed nuclear units Turkey Point 6 and 7 in Docket No. 130009-
19 EI are consistent with and in compliance with Section 366.93, F.S., and Rule 25-6.0423,
20 F.A.C. To satisfy the overall objective we performed various procedures.

21 Recovery

22 We verified the NCRC jurisdictional amount approved in Order PSC-11-0547-FOF-EI, in
23 Docket 110009-EI, issued November 23, 2011, to the Capacity Cost Recovery Clause in
24 Docket 130001-EI. In that audit, we reconciled revenues to the ledger and "Revenue and
25

1 Rate” reports. We also selected a random sample of bills and recalculated each bill to
2 verify the use of the approved rate.

3 Specific

4 We reconciled the Utility’s filing to its general ledger and verified that the costs incurred
5 were posted to the proper accounts. We reconciled the monthly site selection, and pre-
6 construction, cost balances, to the supporting schedules in the Utility’s 2012 NCRC filing.
7 We recalculated the T-1 schedules and verified the final true-up amount. We traced the
8 Allowance for Funds Used During Construction (AFUDC) rate applied by the Utility to
9 the rate approved in Order No. PSC-10-0470-PAA-EI, issued July 23, 2010. We traced
10 the projected and estimated True-Up amount to prior NCRC Orders. We traced the
11 beginning balances included in the schedule to the prior audit. We reconciled the
12 monthly Site Selection and Pre-Construction Deferred Tax Carrying Cost accruals
13 displayed on Schedule T-3A to the supporting schedules in the Utility’s 2012 NCRC
14 filing. We traced the construction of work in process additions in Schedule T-6 to the
15 general ledger and traced a sample of entries to supporting documentation. We verified
16 that additions related to the New Nuclear project were charged to the correct accounts.
17 We tested a sample of salary & overhead costs to the supporting documentation. We
18 reviewed the contracts and the change orders to verify that the charges related to the
19 description in the contracts. We reviewed internal audits related to the project.

20 **Q. Please review the audit findings in this audit report, Exhibit IP-1.**

21 **A.** There were no findings in this audit.

22 **Q. Does that conclude your testimony?**

23 **A.** Yes.

24

25

State of Florida



Public Service Commission

Office of Auditing and Performance Analysis
Bureau of Auditing
Miami District Office

Auditor's Report

Florida Power & Light Company
Nuclear Cost Recovery Clause
Turkey Point Units 6 & 7

Twelve Months Ended December 31, 2012

Docket No. 130009-EI
Audit Control No. 13-010-4-2
June 5, 2013

Handwritten signature of Iliana H. Piedra in cursive.

Iliana H. Piedra
Audit Manager

Handwritten signature of Gabriela M. Leon in cursive.

Gabriela M. Leon
Audit Staff

Handwritten signature of Yen N. Ngo in cursive.

Yen N. Ngo
Audit Staff

Handwritten signature of Kathy L. Welch in cursive.

Kathy L. Welch
Reviewer

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Purpose

To: Florida Public Service Commission

We have performed the procedures described later in this report to meet the agreed-upon objectives set forth by the Office of Industry Development and Market Analysis in its audit service request dated January 10, 2013. We have applied these procedures to the attached schedules prepared by Florida Power & Light Company, and to several of its related schedules, in support of its 2012 Nuclear Cost Recovery Clause filing for Turkey Point 6 & 7 in Docket No. 130009-EI.

This audit was performed following General Standards and Fieldwork Standards found in the AICPA Statements on Standards for Attestation Engagements. Our report is based on agreed-upon procedures. The report is intended only for internal Commission use.

Objectives and Procedures

General

Definitions

Site Selection Costs are costs that are expended prior to the selection of a site.

Pre-construction Costs are costs that are expended after a site has been selected in preparation for the construction of a nuclear power plant, incurred up to and including the date the utility completes site clearing work.

Utility refers to Florida Power & Light Company.
NCRC refers to Nuclear Cost Recovery Clause.
CCRC refers to Capacity Cost Recovery Clause.

Objective: The objective was to determine whether the Utility's 2012 NCRC filings in Docket No. 130009-EI are consistent and in compliance with Section 366.93, Florida Statutes (F.S.), and Rule 25-6.0423, Florida Administrative Code (F.A.C.).

Procedure: We performed the following specific objectives and procedures to satisfy the overall objective identified above.

Specific

Objective: The objective was to determine whether the Utility's filing is properly recorded on its books and records according to the Uniform System of Accounts (USoA).

Procedure: We reconciled the Utility's filing to its general ledger and determined that the costs incurred were posted to the proper accounts. No exceptions were noted.

Objectives: The objectives were to determine whether Schedules T-1 - Summary of Retail Revenue Requirements for Site Selection and Pre-Construction Costs include the correct balances from the supporting schedules of the filing and the Final True-Up Amount is accurately calculated.

Procedures: We traced the projected and estimated True-Up amounts included in the schedule to prior NCRC Orders. We reconciled the monthly Site Selection Costs and Pre-Construction Costs to the supporting schedules in the filing. We recalculated Schedule T-1 and verified the Final True-Up Amount. No exceptions were noted.

Objectives: The objectives were to determine whether Schedule T-2 – Pre-construction True – Up includes the correct balances from the supporting schedules of the filing and that the Total Costs to be Recovered and the Final True-up for the 2012 period are accurately calculated.

Procedures: We traced the projected and estimated True-Up amounts to prior NCRC Orders. We traced the beginning balances included in the schedule to the prior audit. We reconciled the monthly Pre-Construction costs to the supporting schedules in the filing. We traced the Allowance for Funds Used During Construction (AFUDC) rate applied by the Utility to the rate approved in Commission Order No. PSC-10-0470-PAA-EI, issued July 23, 2010. We recalculated Schedule T-2 and verified the Final True-up. We traced the adjustments to proper source documentation. No exceptions were noted.

Objectives: The objectives were to determine whether Schedules T-3A – Site Selection and Pre-construction Deferred Tax Carrying Costs include the correct balances from the supporting schedules of the filing and that the Return Requirement amounts for Site Selection and Pre-Construction and the Final True-Up for the period are accurately calculated.

Procedures: We traced the projected and estimated True-Up amount to prior NCRC Orders. We traced the beginning balances included in the schedule to the prior audit. We reconciled the monthly recovered costs to the supporting schedules in the filing. We traced the AFUDC rate applied to the rate approved in Commission Order No. PSC-10-0470-PAA-EI. We recalculated Schedule T-3A and verified the Final True-up. No exceptions were noted.

Objectives: The objective was to determine whether jurisdictional Pre-Construction expenditures on Schedule T-6 are accurately calculated and capital additions are supported by adequate source documentation.

Procedures: We sampled and verified the monthly pre-construction expenditures and traced to invoices and other supporting documentation including contracts. We verified various sample items to purchase orders for contracts over \$250,000. We verified a sample of salary expenses and agreed to time sheets. We recalculated the respective overheads. We also verified affiliate charges by comparing the cost rate to a market rate to determine that the lower rate was used. We also performed an overall calculation of the affiliate rate per hour, including overheads, multiplied by total hours charged to determine the reasonableness of the amount in the filing. We agreed the calculation of the jurisdictional factor to the Utility's documentation. We recalculated Schedule T-6. No exceptions were noted.

Objective: The objective was to determine if any adjustments were made based on the Internal Audits.

Procedure: We reviewed all internal audits related to the Nuclear Turkey Point 6&7 Project to determine if any adjustments made were included in the NCRC filing. No exceptions were noted.

Objective: The objectives were to determine whether the Utility used the Commission approved Capacity Cost Recovery Clause (CCRC) factors to bill customers for the period January 1, 2012 through December 31, 2012 and whether Schedule T-1 reflects the ordered amount in Commission Order No. PSC-11-0547-FOF-EI.

Procedure: We agreed the amount collected on the Schedules T-1 to the 2012 NCRC jurisdictional amount approved in Commission Order No. PSC-11-0547-FOF-EI and to the CCRC in Docket 130001-EI. In that audit, we reconciled revenues to the ledger and “Revenue and Rate” reports. We also selected a random sample of bills and recalculated each bill to verify use of the approved rate. No exceptions were noted.

Audit Findings

None

Exhibits

Docket No. 130009-EI
 Exhibit IP-1
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Exhibit 1: Schedule T-1 Site Selection

Schedule T-1 (True-up)		Turkey Point Units 6&7 Site Selection Costs and Carrying Costs on Site Selection Cost Balance True-up Filing: Retail Revenue Requirements Summary					[Section (5)(c)1.b.]	
FLORIDA PUBLIC SERVICE COMMISSION COMPANY: FLORIDA POWER & LIGHT COMPANY DOCKET NO.: 130009-EI		EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.					For the Year Ended 12/31/2012 Witness: Winnie Powers	
Line No.		(A) Actual January	(B) Actual February	(C) Actual March	(D) Actual April	(E) Actual May	(F) Actual June	(G) 6 Month Total
Jurisdictional Dollars								
1.	Site Selection Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA(DTL) Carrying Cost (Schedule T-3A, line 6)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$90,442
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 6)	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$90,442</u>
7.	Projected Revenue Requirements for the period (Order No. PSC 11-0547-FOF-EI)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$90,442
8.	Difference (True-up to Projections) (Line 6 - Line 7)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
9.	Actual / Estimated Revenue Requirements for the period (Order No. PSC 12-0650-FOF-EI)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$90,442
10.	Final True-up Amount for the Period (Line 6 - Line 9)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* Totals may not add due to rounding

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Turkey Point Units 6&7
Site Selection Costs and Carrying Costs on Site Selection Cost Balance
True-up Filing: Retail Revenue Requirements Summary

[Section (5)(c)1.b.]

Schedule T-1 (True-up)

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: Provide the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.

COMPANY: FLORIDA POWER & LIGHT COMPANY

For the Year Ended 12/31/2012

DOCKET NO.: 130009-EI

Witness: Winnie Powers

Line No.		(H)	(I)	(J)	(K)	(L)	(M)	(N)
		Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	12 Month Total
Jurisdictional Dollars								
1.	Site Selection Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.	Construction Carrying Cost Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3.	Recoverable O&M Revenue Requirements	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	DTA(DTL) Carrying Cost (Schedule T-3A, line 6)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$180,883
5.	Other Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Period Revenue Requirements (Lines 1 through 5)	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$15,074</u>	<u>\$180,883</u>
7.	Projected Revenue Requirements for the period (Order No. PSC 11-0547-FOF-EI)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$180,883
8.	Difference (True-up to Projections) (Line 6 - Line 7)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
9.	Actual / Estimated Revenue Requirements for the period (Order No. PSC 12-0850-FOF-EI)	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$15,074	\$180,883
10.	Final True-up Amount for the Period (Line 6 - Line 9)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* Totals may not add due to rounding

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Exhibit 2: Schedule T-1 Pre-Construction

Turkey Point Units 6&7
Pre-Construction Costs and Carrying Costs on Construction Cost Balances
Trust-up Filing: Real Revenue Requirements Summary

(Section 89(c)(1)(b))

For the Year Ended 12/31/2012
 Witness: Wanda Powers

FLORIDA RUBBER SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 130009-EI

Line No.	(A) Actual January		(B) Actual February		(C) Actual March		(D) Actual April		(E) Actual May		(F) Actual June		(G) 6 Month Total
	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	
1.	Pre-Construction Revenue Requirements (Schedules T-2, 3a & 7)												
2.	\$910,372	\$1,142,428	\$1,892,094	\$1,892,094	\$1,894,626	\$333,487	\$1,224,222	\$2,887,217	\$0	\$0	\$0	\$0	\$0
3.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4.	\$402,680	\$415,748	\$424,187	\$433,428	\$442,548	\$444,801	\$2,599,251	\$0	\$0	\$0	\$0	\$0	\$0
5.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6.	Total Pre-Construction Requirements (Lines 1 through 5)												
	\$1,313,052	\$1,558,176	\$2,316,281	\$2,325,522	\$2,337,152	\$780,288	\$1,224,222	\$5,486,468	\$0	\$0	\$0	\$0	\$0
7.	Projected Revenue Requirements for the period (Order No. PSC 11-0847-PG-EI)												
8.	\$2,923,139	\$2,091,850	\$4,824,624	\$2,282,057	\$2,161,264	\$1,184,889	\$14,488,914	\$0	\$0	\$0	\$0	\$0	\$0
9.	Difference (Line 6 - Line 7)												
	(\$1,184,477)	(\$553,378)	(\$2,508,343)	(\$1,042,025)	(\$1,387,259)	(\$203,463)	(\$2,264,449)	\$0	\$0	\$0	\$0	\$0	\$0
10.	Actual / Estimated Revenue Requirements for the period (Order No. PSC 12-050-PG-EI)												
	\$1,202,889	\$1,593,297	\$3,210,837	\$1,880,130	\$2,888,889	\$1,984,718	\$12,888,820	\$0	\$0	\$0	\$0	\$0	\$0
11.	Final Trust-up Amount for the Period (Line 6 - Line 9)												
	(\$8,137)	(\$69)	(\$1,183,570)	\$107,824	(\$2,045,919)	(\$283,944)	(\$3,430,327)	\$0	\$0	\$0	\$0	\$0	\$0

* Totals may not add due to rounding

Schedule T-1 (True-up)
 Pre-Construction Costs and Carrying Costs on Construction Cost Balance
 True-up Filing: Retail Revenue Requirements Summary

(Section 601(c)(1))

FLORIDA PUBLIC SERVICE COMMISSION
 COMPANY: FLORIDA POWER & LIGHT COMPANY
 DOCKET NO.: 130009-EI

EXPLANATION: Provides the calculation of the actual true-up of total retail revenue requirements based on actual expenditures for the prior year and the previously filed expenditures.

For Year Ended 12/31/2012
 Witness: Veritas Power

Line No.	2011		2012		2013		2014		2015	12 Month Total
	Actual July	Actual August	September	October	Actual November	Actual December	Actual			
1.	\$1,284,422	\$1,426,871	\$891,833	\$734,020	\$227,028	\$2,328,346	\$12,787,889			
2.	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
3.	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
4.	\$464,789	\$440,005	\$470,576	\$478,088	\$482,006	\$480,888	\$3,408,432			
5.	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
6.	\$1,749,211	\$1,866,876	\$1,362,399	\$1,212,108	\$709,056	\$2,816,134	\$16,204,321			
7.	\$1,672,285	\$1,679,328	\$1,220,182	\$1,251,603	\$1,181,191	\$1,648,828	\$34,072,810			
8.	(\$251,024)	\$242,149	(\$187,682)	(\$33,678)	(\$338,289)	\$1,187,298	(\$4,888,202)			
9.	\$1,679,428	\$1,684,291	\$2,272,088	\$1,580,320	\$2,083,487	\$2,088,806	\$34,887,108			
10.	\$138,783	(\$27,718)	(\$809,817)	(\$728,022)	(\$1,343,864)	\$787,829	(\$3,892,802)			

* Totals may not add due to rounding