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b. Docket No. 130001 - EI
In RE: Fuel Cost Recovery Clause

c. The Document is being filed on behalf of Florida Power & Light Company.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchase power cost recovery clause with generating performance incentive factor	Docket No: 130001-EI Date: November 15, 2013

FLORIDA POWER & LIGHT COMPANY'S
POST-HEARING BRIEF REGARDING ISSUES 18B, 25B and 25C

Florida Power & Light Company ("FPL"), pursuant to this Commission's Order No. PSC-13-0514-PHO-EI hereby files its post-hearing brief. As directed by the commission at the November 4, 2013 hearing, the brief is limited to Issues 18B, 25B and 25C.

BACKGROUND

At the hearing held in this docket on November 4, 2013, the Commission approved stipulations for FPL on all Fuel Clause issues and on all Capacity Clause issues except for Issues 18B, 25B and 25C and the affected fall-out issues. Tr. 11-12. All of FPL's prefiled testimony and exhibits were entered into the record without objection. *Id.* One of FPL's witnesses – Gerard Yupp – was excused without cross-examination or questioning by the Commissioners. *Id.* FPL presented the live testimony of witnesses Terry J. Keith, Don Grissette and Charles Rote to address the factual issues remaining for Issues 18B, 25B and 25C. At the close of the hearing, the Commission asked the parties to brief Issues 18B, 25B and 25C, as well as fall-out Issues 29, 30, 31, 32 and 34. Tr. 569-70. Each of these issues is addressed below.

ISSUE 18B: Should FPL be excluded from the GPIF program for the duration of its pilot Asset Optimization program?

FPL: ***No. *Uncontroverted evidence shows that the Asset Optimization program does not overlap the GPIF program; rather, it complements the GPIF with incentives to generate customer benefits in other areas. This docket determines 2012*

*GPIF rewards/penalties; the Asset Optimization program was not in effect during that year.****

Issue 18B is in an unusual procedural posture. It was added after the prehearing conference and after all testimony had been filed, to accommodate a position expressed by Staff in its prehearing statement. Prior to the addition of Issue 18B, there was a single Issue 18. Staff's position on that issue read as follows:

> ISSUE 18: Should the Commission consider modification of the existing GPIF mechanism at this time?
>
> . . . The setting of performance targets should be kept the same for all companies except for FPL. Due to the inception of FPL's Asset Optimization program, the setting of GPIF targets and rewards/ penalties may obscure the impact of the pilot project. Therefore, FPL should be excluded from the GPIF program for the duration of the pilot program. This will ensure there will be no overlap between the GPIF and Asset Optimization programs. FPL should continue to collect performance data in the event the Asset Optimization pilot program is discontinued.

Staff Prehearing Statement, filed October 7, 2013, at p. 6. However, once Issue 18B was identified for separate consideration, Staff's position on it became "no position at this time." Order No. PSC-13-0514-PHO-EI, at p. 11. The only party that purports to disagree with FPL on Issue 18B is the Office of Public Counsel ("OPC"), whose position in the prehearing order reads in relevant part "OPC agrees that FPL should be excluded from the GPIF during the pilot phase of the program." *Id.* There are, however, no positions adverse to FPL with which OPC could be agreeing, an anomaly that OPC conceded at hearing. *See* Tr. 561.

No party filed testimony opposing FPL's right to participate in the GPIF while the Asset Optimization program is in effect. As discussed below, the only evidence in the record is the prefiled and oral testimony of FPL's witness Charles Rote and certain relevant discovery responses that are part of admitted exhibits, all of which support FPL's participation in both programs by showing that there is no overlap or incompatibility

between the incentives that those programs provide. Thus, the Commission has no evidentiary basis upon which it could legitimately change its long-standing policy that the GPIF applies to all generating IOUs, including FPL. *See, e.g., Florida League of Cities v. Administration Commission,* 586 So. 2d 397 (Fla. 1st DCA 1991).

Because neither Staff nor any party presented any evidence supporting the assertion that FPL should be excluded from the GPIF, there is no contrary evidence for FPL to refute. Nonetheless, the following points unequivocally show that FPL properly should continue participating in the GPIF:

- FPL witness Charles Rote testified that the Asset Optimization program (referred to in his prefiled testimony as the "Incentive Mechanism," which is the term used in FPL's 2012 rate case settlement agreement) *complements* the GPIF program, by adding incentives in areas that are not addressed by the GPIF. The GPIF is limited to providing an incentive for the efficient operation of FPL's base load generating units. In contrast, the Asset Optimization program encourages FPL to create additional value for FPL customers from short-term wholesale sales, short-term wholesale purchases and asset optimization activities such as selling excess gas transportation capacity and or electric transmission capacity when it is not needed to serve FPL's native load. Such opportunities to create additional value for customers primarily result from factors such as the price relationship among different fuel types, the level of load that FPL and potential counterparties must serve, the types of generating units that FPL and the potential counterparties operate, and other mechanisms. The only similarity between the two programs is that both, albeit in distinct ways, incent FPL to provide significant benefits to FPL customers. Tr. 530-31.

- OPC focused its very limited cross-examination of Mr. Rote on attempting to establish that there *might* be some sort of overlap between the GPIF and the Asset Optimization program if future, unspecified measures were added to that program. Mr. Rote disagreed; in spite of OPC's speculation, he concluded that one could definitively rule out "crossover" between the programs. Tr. 536. Moreover, OPC's cross-examination illustrated the implausibility of their position. Having failed to identify *any* instances of current overlap between the two programs, OPC resorted instead to pure speculation: suggesting that there might be some sort of overlap between the GPIF and what OPC characterized as "additional undefined opportunities that we can't describe today." Tr. 538. Such speculation about what the future might bring cannot possibly constitute a valid basis for excluding FPL from the GPIF.[1]
- Staff's cross-examination of Mr. Rote focused on the connection between unit availability and heat rate (which drive the determination of GPIF rewards/penalties) and the ability to make wholesale sales and purchases, the gains on which are elements in the Asset Optimization program. Staff asked whether that connection is the "key component" that influences FPL's ability to make wholesale sales and purchases on favorable terms. Mr. Rote disagreed, testifying that unit performance is only one among a host of relevant factors. Tr. 541-44. He also testified that FPL has performed a series of statistical analyses that confirm his conclusion of no overlap between the GPIF and Asset Optimization program. Tr. 544-46. Mr. Rote further explained that there are units in the FPL fleet that may

[1] The expanded forms of FPL's Asset Optimization program – gas storage optimization, delivered city-gate gas sales, production (upstream) area gas sales, capacity release of gas transportation and electric transmission sales – are unrelated to do with generation and therefore would constitute no basis for excluding FPL from the GPIF program.

help generate wholesale sales opportunities under the Asset Optimization program yet are not GPIF units. Tr. 543, 556 (Rote).

- Staff specifically referenced FPL's responses to Staff Interrogatory Nos. 24 and 25, asking Mr. Rote whether he agreed that degradation of unit performance would increase the opportunities to make favorable wholesale purchases and whether improvements in unit performance would increase the opportunities to make favorable wholesale sales. Mr. Rote again explained that it's not that simple; there are numerous factors involved. The interrogatory answers, which are part of the record, speak best for themselves as to the complex interrelation of factors that affect FPL's opportunities to engage in favorable wholesale power transactions:

> 24. Interrogatory Nos. 24-34 regard the investigation of the effectiveness of the Generation Performance Incentive Factor (GPIF) program. Where appropriate, please provide data in a computerized spreadsheet format such as Excel.
>
> Please state whether performance improvement in availability and heat rate also increases FPL's ability or opportunity to make off-system economy sales. As part of the response, please provide the MWh and dollar amounts of off-system economy sales by year for 2006 through 2012.
>
> A. FPL's ability to participate in the power market is primarily driven by its marginal cost position relative to other utility systems. From a high-level perspective, performance improvements in availability and heat rate should increase FPL's ability to make off-system economy sales as these improvements drive lower marginal costs and therefore, improve FPL's competitive position in the power market. However, there are many other factors which also impact FPL's marginal costs and its competitive position in the power sales market. The relationship between fuel prices, FPL's system load versus the load on other utility systems, generation availability (by unit/fuel type) and planned maintenance are all important factors that impact FPL's marginal costs at any given point in time. For example, a day with higher system loads coupled with planned maintenance on a baseload combined cycle unit may result in FPL having higher marginal costs relative to the power market, putting FPL at a competitive disadvantage for power sales,

but allowing for economic power purchases. Therefore, while availability and heat rate improvements can help FPL's overall competitive position, these two factors, considered in isolation on a real-time basis, will not accurately determine FPL's ability to participate in the power sales market. Finally, separate from a cost perspective, transmission service must be available for FPL to make economy sales.

25. Interrogatory Nos. 24-34 regard the investigation of the effectiveness of the Generation Performance Incentive Factor (GPIF) program. Where appropriate, please provide data in a computerized spreadsheet format such as Excel.

Please state whether performance degradation in availability and heat rate also increases FPL's ability or opportunity to make off-system economy purchases. As part of the response, please provide the MWh and dollar amounts of off-system economy purchases by year for 2006 through 2012.

A. FPL's ability to participate in the power market is primarily driven by its marginal cost position relative to other utility systems. From a high-level perspective, performance degradation in availability and heat rate should increase FPL's opportunity to make off-system economy purchases as these factors drive higher marginal costs and therefore, increase the likelihood that FPL could purchase power at a lower cost than its own generation. There are many other factors, however, that also impact FPL's marginal costs and its position relative to the power market. The relationship between fuel prices, FPL's system load versus the load on other utility systems, generation availability (by unit/fuel type) and planned maintenance are all equally important factors that impact FPL's marginal costs at any given point in time. Changing the weather assumptions in the example given in Interrogatory No. 24 demonstrates the importance of other factors on FPL's relative position in the power market. For example, mild temperatures in Florida, coupled with cold temperatures in Georgia, could mitigate the impact that FPL's higher marginal costs have on its relative position in the power market. FPL could move from a buyer to a seller in this scenario as the marginal costs for other utilities move higher, due to increased load in their territories resulting from cold temperatures. While FPL's marginal costs are higher due to the planned maintenance, the weather impact may put FPL at a competitive advantage in the power sales market. Therefore, while availability and heat rate degradation can lead to an increase in economy purchases, these two factors, taken in isolation on a real-time basis, will not accurately determine FPL's ability to participate in the power purchases market. Finally, separate from a

> cost perspective, transmission service must be available for FPL to make economy purchases.

Ex. 56.

- In response to questions from one of the Commissioners, Mr. Rote explained that FPL has seen no correlation between operation of the base load units upon which the GPIF is measured and the ability to make wholesale sales, so there is no double counting of potential rewards. Tr. 555-56. Moreover, Mr. Rote pointed out that FPL currently does not expect to reach even half of the benefits-sharing threshold under the Asset Optimization program for either 2013 or 2014. Tr. 562. Thus, whatever theoretical overlap there might be in the opportunity for rewards under the two programs, it has virtually no chance of occurring in reality over the Asset Optimization program's initial pilot period. Finally, Mr. Rote explained that any potential overlap between the GPIF and incentives for wholesale sales is hardly new or unique to FPL. All generating IOUs have been operating under both the GPIF and some form of sharing mechanism for gains on wholesale sales since 1984 – almost 30 years.[2] Tr. 563-64 (Rote).
- Finally, FPL notes that the GPIF reward/penalty determination that is presently before the Commission is for generating unit performance in 2012, the results of which will be recovered in the 2014 Fuel Clause factors. FPL's Asset Optimization program did not go into effect until January 2013. Tr. 562-63 (Rote). Therefore, all parties agreed that the outcome of Issue 18B will not affect FPL's entitlement to collect its 2012 GPIF reward through the 2014 Fuel Clause factors. Tr. 568-69.

[2] Because of the Asset Optimization program, FPL is currently excluded from the sharing mechanism for gains on wholesale sales that applies to the other IOUs. *See* Order No. PSC-13-0514-PHO-EI, at p. 26 (Issues 6 and 7).

For all of the foregoing reasons, FPL urges the Commission to reject OPC's position on Issue 18B. FPL should *not* be excluded from the GPIF. FPL sees no need to carry this issue over to next year's Fuel Clause proceeding. Although limited, the record before the Commission on Issue 18B is more than adequate to show that excluding FPL from the GPIF is neither fair nor warranted, and it contains no evidentiary basis supportive of OPC's position. FPL fails to see how further inquiry could change that conclusion. If, however, the Commission chooses to carry this issue over, then FPL strongly concurs with Staff's recommendation that the effect of any future decision on FPL's eligibility for the GPIF would be prospective only, effective with Fuel Clause factors for 2015 and beyond. *See* Tr. 565.

ISSUE 25B: Are costs (O&M and Capital Costs) related to Nuclear Regulatory Commission requirements stemming from the Fukushima incident that exceed the levels of such costs that FPL included in its 2013 test year in Docket No. 120015-EI eligible for recovery through the capacity cost recovery clause?

FPL: ****Yes. NRC compliance costs associated with the Fukushima event will be incurred in order to allow FPL's nuclear plants to continue operating and saving FPL customers substantial fossil fuel costs. The level of NRC compliance costs associated with the Fukushima event included in base rates does not address either (a) the incremental increase in the compliance costs that FPL expects in 2013 and 2014; or (b) the high degree of uncertainty that exists as to the ultimate level of compliance costs. Both of these considerations make base rate recovery problematic and clause recovery appropriate.****

ISSUE 25C: What is the appropriate amount of Incremental Nuclear Regulatory Commission (Fukushima) Compliance O&M and capital costs that FPL should be allowed to recover through the Capacity Clause?

FPL: ****The amount of Incremental Nuclear Regulatory Commission (Fukushima) Compliance O&M and capital costs that FPL should be allowed to recover through the Capacity Clause is $116,265 for the actual/estimated period January 2013 through December 2013 and $1,621,570 for the projection period January 2014 through December 2014.****

The Commission should grant FPL recovery of costs related to compliance with Nuclear Regulatory Commission ("NRC") requirements arising from the Fukushima Daiichi ("Fukushima") incident that are incremental to the amounts in base rates. The testimony of FPL witnesses Keith and Grissette establish that those costs are eligible for clause recovery because they satisfy the Commission's well-established clause recovery criteria. For 2013 and 2014, the Fukushima-related costs are reflected in the 2013 actual/estimated true-up and 2014 projections that are to be recovered in the 2014 Capacity Clause factors.

A. Fukushima Background

The landscape of nuclear plant protection was changed fundamentally on March 11, 2011. An earthquake and tsunami off the coast of Japan caused significant destruction to the Fukushima nuclear power station, including loss of offsite power and damage to the cooling systems. Tr. 454 (Grissette). The resulting explosions and radiation leaks raised questions about nuclear safety in the face of such extreme seismic and flooding conditions, leading to exploration of safety issues by the industry. The NRC consequently issued a number of orders that address, at a high level, expected changes at U.S. nuclear plants. Tr. 453 (Grissette).

In late 2011, not long after the Fukushima incident, FPL began preparing the Minimum Filing Requirements (MFRs) for its rate case (Docket No. 120015-EI). Aware that the NRC would ultimately heighten safety and design requirements, FPL included in its 2013 test year projections $10 million in capital costs and $144,000 in O&M costs for compliance with Fukushima-related regulatory requirements. Tr. 403-04 (Keith); 495-96 (Grissette). At the time it prepared the MFRs, however, FPL lacked sufficient information to meaningfully estimate the full impact of Fukushima. Tr. 404 (Keith). The NRC

subsequently issued three orders that address mitigation strategies and spent fuel instrumentation. Tr. 455 (Grissette). In addition, the NRC issued three Requests for Information ("RFIs") that address seismic and flooding walkdowns, seismic and flooding re-evaluations and emergency planning communications and staffing. *Id.* Although these NRC orders and RFIs do not yet set forth the specific criteria or parameters for safety measures to be implemented, FPL now knows that the NRC post-Fukushima compliance costs will be far greater than FPL could have estimated in 2011. Tr. 404 (Keith). FPL's current estimate for 2013 is $227,000 of O&M and $13.2 million of capital. Tr. 406 (Keith). FPL's current estimate for 2014 is $400,000 of O&M and $37.5 million of capital. Tr. 420 (Keith). By 2016, FPL estimates that it will have invested between $93 million and $189 million in Fukushima-related capital projects, a far cry from the $10 million reflected in FPL's 2013 rate case test year and a range that could not have been estimated prior to the issuance of the NRC orders and RFIs and FPL's responsive implementation plans which were not filed until February 28, 2013. Tr. 432 (Keith); 457 (Grissette).

A. Clause recovery is appropriate

The Commission has long recognized that the purpose of cost recovery clauses is "to address on-going costs which could fluctuate between rate cases and unduly penalize either the utility or customers, if such costs were included in base rates." *See* Order No. PSC-05-0748-FOF-EI. Cost recovery clauses are designed to recover costs that are volatile and unpredictable, particularly when such costs are due to forces outside the utility's control. *Id.*

NRC post-Fukushima compliance costs fall squarely within the Commission's parameters for Capacity Clause recovery and are appropriately recovered through that clause. Tr. 426 (Keith). Compliance with the NRC's orders – whatever they might

ultimately dictate – is not discretionary. Tr. 505 (Grissette). This means that FPL must comply with all aspects of the NRC's orders as a condition to running the nuclear plants that provide FPL customers significant fossil fuel cost savings. NRC post-Fukushima compliance thus bears a direct nexus to fuel cost savings that result from the continued operation of the nuclear facilities.

In addition, there is a high degree of uncertainty and volatility surrounding the NRC post-Fukushima compliance costs. The uncontroverted testimony establishes that the NRC mandates are continuing to evolve, and FPL will be subject to modification orders for years to come. Tr. 441 (Keith); 495 (Grissette). The required responses to the Orders and RFIs follow varying schedules from 60 days to several years, but can be broadly grouped into immediate, short and long term requirements. Tr. 455 (Grissette). Completion dates for some of the immediate requirements are set for 2015 and 2016, while other immediate evaluations may extend beyond 2017. Tr. 460, 484 (Grissette). Earlier this year FPL submitted its proposed implementation plans to the NRC associated with the two regulatory orders requiring immediate action, but those plans have not yet been approved and will be subject to an iterative RFI process with the NRC. Tr. 457-58 (Grissette). The unpredictability is further underscored by the fact that no short and long term actions or timeframes have been established to date. Tr. 460 (Grissette). The evidence also established that the costs can be very volatile from year to year. Tr. 441 (Keith), 445 (Grissette).

The NRC post-Fukushima compliance costs are extraordinary. FPL will be required to make plant modifications and enhancements to support "beyond design basis" mitigation strategies. Tr. 494, 498 (Grissette). Currently, FPL's nuclear plants are designed to certain specifications – referred to as the "design basis" – which provide an

appropriate margin of protection against the assumed levels of events such as flooding or seismic activity that were deemed reasonable at the time the plant was designed. Tr. 498 (Grissette). Going beyond the design basis, by contrast, involves the implementation of measures to protect against events that exceed those assumed levels of threat to the plant. Tr. 498-99 (Grissette). By way of a hypothetical example, a plant's specifications could be designed to withstand flooding at ten feet above sea level; beyond design basis might require protection against floods of up to twenty feet. Tr. 499 (Grissette).

While the NRC has concluded that FPL's nuclear plants are safe based on the existing design basis, the plants have not been evaluated against the beyond design basis requirements identified as a result of the Fukushima event. Tr. 498 (Grissette). The NRC requires prompt, aggressive action to ensure the safety of the plants it regulates. Tr. 495 (Grissette). Because the Fukushima event identified more extreme seismic and flooding conditions that might face nuclear plants, the NRC is requiring FPL and other licensees to address those conditions. Tr. 456 (Grissette).

The Commission's prior approval of Capacity Clause recovery for incremental power plant security costs associated with the events of September 11, 2001 is directly analogous to the recovery of NRC post-Fukushima compliance costs. Order No. PSC-01-2516-FOF-EI, issued in Docket No. 010001-EI. Prior to 2001, FPL had already implemented a substantial array of security measures for its plants addressing the type and level of threats that had been identified as part of the plants' design basis. The 9/11 terrorist attacks resulted in incremental power plant security costs, based on unanticipated, substantial new regulatory requirements that were expected to be recurring over time, arising out of newly identified threats that went well beyond what the plants had originally been designed to repel. The Commission ruled that clause recovery was appropriate based

on an immediate need to protect the health, safety and welfare of the utility and its customers.

Similarly here, the NRC post-Fukushima requirements were completely unexpected prior to the earthquake and tsunami in 2011. The actions that FPL must take are again being driven by an external unanticipated event outside of FPL's control. Moreover, as explained above, the NRC post-Fukushima compliance costs are expected to be recurring and volatile over time – just as has been the case with post-9/11 power plant security costs.

B. No Double Recovery

Consistent with the Commission's order regarding clause recovery for post-9/11 plant security costs, FPL here seeks recovery only of costs that are *incremental* to the amounts included in base rates. There will be no double recovery. By Order No. PSC-03-1461-FOF-EI, dated December 22, 2003 (page 29), the Commission established a methodology for determining incremental costs in the context of post-9/11 power plant security costs. The Commission-approved methodology – stipulated to by multiple parties including OPC – is based on the principle that costs already reflected in base rates should be removed from the costs to be recovered through a cost recovery clause to ensure that costs are not recovered twice, once through base rates and once through the clause. *Id.*

FPL applied the Commission-approved methodology here. FPL reduced the amounts it is requesting to recover through the CCR by the O&M and capital costs included in the 2013 test year MFRs. Tr. 407-08 (Keith). FPL's 2013 CCR Actual/Estimated True-Up calculation included $98,678 of incremental O&M expenses and $17,587 of capital return requirements on Construction Work in Progress associated with NRC post-Fukushima compliance. Tr. 407 (Keith). FPL's 2014 CCR Projection

calculation reflect $256,000 of projected O&M costs and $1.4 million of projected return requirements for 2014 associated with NRC post-Fukushima compliance activities. Tr. 420-21 (Keith). To compute these amounts, FPL subtracted the $144,000 of O&M costs and the return on the $10 million of capital costs included in FPL's base rates. Tr. 407-08, 420-21 (Keith).

C. OPC's Concern Over Expansion of Clause Recovery is Unfounded

OPC asserts that authorizing Capacity Clause recovery for NRC post-Fukushima compliance costs would inappropriately expand the clause recovery mechanism. According to OPC, these compliance costs are no different than costs incurred to comply with emerging NRC regulatory requirements, which typically are recovered through base rates. OPC's position is unsupported by the record, because it misses a key distinction. FPL demonstrated with unrefuted evidence at hearing that the regulations in question are extraordinary and distinct from typical NRC requirements, which are based on the nuclear units' design specifications. Tr. 456-57, 496, 498-99 (Grissette). As explained above, NRC post-Fukushima-related measures will reach well beyond the design basis of the plant. FPL witness Grissette explained that ordinary NRC requirements that are part of the normal evolution of regulatory requirements to satisfy the design basis involve small changes and are relatively predictable and constant. Tr. 494-95 (Grissette). These costs are included in projections upon which base rates are set. The NRC post-Fukushima regulatory requirements, by contrast, are driven by an external unanticipated event outside FPL's control that goes well beyond the plants' design basis and will require FPL to implement fundamentally different safety measures for years to come. Tr. 496 (Grissette). This is a clear-cut and readily applied distinction. Authorizing FPL to recover incremental Fukushima-related costs via the Capacity Clause in no way would open the door to clause

recovery of costs incurred as a consequence of the normal evolution of regulatory requirements.

D. OPC Improperly Seeks to Apply Base-Rate Earnings Principles to Clause Recovery

OPC also makes a thinly veiled attempt to rewrite the rules of clause recovery by arguing that the Commission should decline to allow clause recovery for NRC post-Fukushima costs because FPL is currently earning within its authorized range of return. OPC did not – and cannot – point to any authority to support the theory that the litmus test for clause recovery is whether a utility is earning within its authorized ROE range. As explained previously, clause recovery mechanisms are designed to address recurring costs that fluctuate between rate cases, where setting base rates to collect a fixed level of such costs may unduly penalize *either* the utility or customers, depending on whether actual costs go up or down from that level.[3] OPC's argument not only is unsupported by evidence or precedent but also directly contravenes the underlying purpose of clause recovery outlined by the Commission.

E. Fallout Issues

The only disagreement over the fall-out issues – Nos. 29, 30, 31, 32 and 34 – is whether or not they should reflect recovery of the Fukushima-related costs, which the Commission will determine in its ruling on Issues 25B and 25C. As has been explained in detail above, these compliance costs are eligible for Capacity Clause recovery. Thus, having resolved the only outstanding question, the Commission should adopt FPL's

[3] *See* Order No. PSC-05-0748-FOF-EI. Taking OPC's contrived standard to its logical extreme, it could have the perverse effect of actually penalizing customers by increasing the amount of costs eligible for clause recovery whenever FPL's earnings fall below the Company's authorized ROE.

positions on each of the fall-out issues as set forth in the prehearing order and reproduced here:

ISSUE 29: What are the appropriate capacity cost recovery actual/estimated true-up amounts for the period January 2013 through December 2013?

FPL: ***$25,357,191 under-recovery***

Ex. 17 (Appendix V, page 1).

ISSUE 30: What are the appropriate total capacity cost recovery true-up amounts to be collected/refunded during the period January 2014 through December 2014?

FPL: ***$33,270,675 under-recovery***

Ex. 17 (Appendix V, page 2).

ISSUE 31: What are the appropriate projected total capacity cost recovery amounts for the period January 2014 through December 2014?

FPL: ***Jurisdictionalized, $510,012,148 for the period January 2014 through December 2014 excluding prior period true-ups, revenue taxes, nuclear cost recovery amount, and WCEC-3 jurisdictional non-fuel revenue requirements.***

Ex. 17 (Appendix V, page 2).

ISSUE 32: What are the appropriate projected net purchased power capacity cost recovery amounts to be included in the recovery factor for the period January 2014 through December 2014?

FPL: ***The projected net purchased power capacity cost recovery amount to be recovered over the period January 2014 through December 2014 is $746,376,916 including prior period true-ups, revenue taxes, the nuclear cost recovery amount and WCEC-3 revenue requirements.***

Ex. 17 (Appendix V, page 2).

ISSUE 34: What are the appropriate capacity cost recovery factors for the period January 2014 through December 2014?

FPL: ***The January 2014 through December 2014 factors are as follows:

ESTIMATED FOR THE PERIOD: JANUARY 2014 - DECEMBER 2014

(1)	(10)	(11)	(12)	(13)
RATE SCHEDULE	Total Jan 2014 - Dec 2014 Capacity Recovery Factor			
	($KW)	($/kw h)	RDC ($/KW) [1]	SDD ($/KW) [2]
RS1/RTR1	-	0.00786	-	-
GS1/GST1/WIES1	-	0.00665	-	-
GSD1/GSDT1/HLFT1	2.32	-	-	-
OS2	-	0.00569	-	-
GSLD1/GSLDT1/CS1/CST1/HLFT2	2.60	-	-	-
GSLD2/GSLDT2/CS2/CST2/HLFT3	2.59	-	-	-
GSLD3/GSLDT3/CS3/CST3	2.95	-	-	-
SST1T	-	-	$0.33	$0.15
SST1D1/SST1D2/SST1D3	-	-	$0.34	$0.16
CILC D/CILC G	2.80	-	-	-
CILC T	2.73	-	-	-
MET	2.98	-	-	-
OL1/SL1/PL1	-	0.00159	-	-
SL2, GSCU1	-	0.00530	-	-

***

Ex. 17.

CONCLUSION

For the reasons set forth above, the Commission should not exclude FPL from the GPIF program for the duration of the pilot Asset Optimization program. The uncontroverted evidence shows that the GPIF does not overlap the Asset Optimization program; rather, that program complements the GPIF with incentives to generate customer benefits in other areas. Additionally, there is no disagreement that FPL may recover the 2012 GPIF reward determined in this docket, because it is for a period of time before the Asset Optimization program was in effect.

O&M and capital costs related to compliance with NRC post-Fukushima requirements are eligible for recovery through the Capacity Clause, to the extent that they are incremental to the amounts that FPL included in its 2013 test year in Docket No. 120015-EI. These compliance costs will be incurred in order to allow FPL's nuclear plants to continue operating and saving FPL customers substantial fossil fuel costs. The regulatory requirements requiring FPL to satisfy "beyond design basis" criteria stem from extraordinary, unanticipated events outside of FPL's control. The NRC post-Fukushima compliance costs are expected to recur for years to come, but the ultimate level of the costs is unknown, and the costs are likely to be extremely volatile. These considerations make clause recovery appropriate. The amount of incremental NRC post-Fukushima compliance O&M and capital costs that FPL should be allowed to recover through the Capacity Clause is $116,265 for the actual/estimated period January 2013 through December 2013 and $1,621,570 for the projection period January 2014 through December 2014.

Respectfully submitted this 15th day of November 2013.

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CERTIFICATE OF SERVICE
Docket No. 130001-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing Post Hearing Brief has been furnished by electronic mail on this 15th day of November 2013, to the following:

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