



**Bryan S. Anderson**  
**Assistant General Counsel - Regulatory**  
**Florida Power & Light Company**  
**700 Universe Boulevard**  
**Juno Beach, FL 33408-0420**  
**(561) 304-5253**  
**(561) 691-7135 (Facsimile)**

May 1, 2014

**-VIA ELECTRONIC FILING-**

Carlotta Stauffer, Director  
Division of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**Re: Docket No. 140009-EI**

Dear Ms. Stauffer:

Please find enclosed for filing in the above referenced docket Florida Power & Light Company's ("FPL's") Petition for Approval of Nuclear Power Plant Cost Recovery Amount for the Year 2015, along with the testimony and exhibits of three witnesses and FPL's Nuclear Filing Requirements.

This filing is being made via the Florida Public Service Commission's Web Based Electronic Filing portal and consists of five submittals, each including a signed certificate of service. This letter and the petition are being filed as document 1 of 5. The remaining documents will be submitted as follows:

- Prefiled Testimony and Exhibits of S. Scroggs (document 2 of 5);
- Prefiled Testimony and Exhibits of J. Grant-Keene (document 3 of 5);
- Prefiled Testimony and Exhibits of S. Sim (document 4 of 5),
- FPL's Nuclear Filing Requirements (document 5 of 5).

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

Sincerely,

/s/ Bryan 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.)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Nuclear Cost                    )  
Recovery Clause                        )

Docket No. 140009-EI  
Filed: May 1, 2014

**FLORIDA POWER & LIGHT COMPANY'S  
PETITION FOR APPROVAL OF NUCLEAR POWER PLANT  
COST RECOVERY AMOUNT FOR THE YEAR 2015**

Florida Power & Light Company (“FPL”), pursuant to Section 366.93, Florida Statutes,<sup>1</sup> and Rule 25-6.0423, Florida Administrative Code, hereby petitions the Florida Public Service Commission (the “Commission”) for approval to recover a Nuclear Power Plant Cost Recovery (“NPPCR”) amount of \$15,715,991 through the Capacity Cost Recovery Clause (“CCRC”) during the period January – December 2015. This equates to a typical residential customer monthly bill impact of approximately \$0.16 per 1,000 kilowatt-hours (kWh). This is approximately 65% lower (or \$0.30 less) per month than FPL’s current, 2014 NPPCR amount.

FPL’s NPPCR amount primarily consists of “pre-construction costs” related to licensing activities for Turkey Point 6 & 7 – two new nuclear generating units planned at FPL’s existing Turkey Point power plant site. The Turkey Point 6 & 7 costs FPL is requesting to recover are being spent to pay vendors and personnel working to obtain the federal, state, and local licenses and permits necessary for FPL to be able to construct and operate the new nuclear units. FPL’s requested NPPCR amount also includes carrying charges and interest on final under/overrecovery amounts for the Extended Power Uprate (“EPU”) project, which was completed in 2013. No EPU project costs are being incurred in 2014, and none are projected for 2015. The benefits of the EPU project for FPL’s customers were discussed in FPL’s petition and the testimony of FPL Witness Jones filed March 3, 2014.

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<sup>1</sup> All Florida statutory references are to the 2013 Florida Statutes.

Substantial customer benefits from the addition of Turkey Point 6 & 7 to FPL's system are anticipated. For example, in the first full year of operation of both units, customers are projected to save \$644 million in fuel costs in just one future fuel cost and environmental compliance cost scenario analyzed. To the extent natural gas prices or environmental compliance costs increase over the next several decades, customer cost savings will be even greater. To the extent natural gas prices and environmental compliance costs remain at the low end of FPL's projections, or decrease further, FPL's customers will still benefit from a very low-cost generation portfolio that uses large amounts of natural gas to produce electricity. And in any scenario, the addition of Turkey Point 6 & 7 will diversify FPL's fuel and generation mix, increasing the overall reliability of FPL's system, while significantly reducing carbon dioxide and other emissions.

FPL asks that the Commission enter a finding that FPL's actual/estimated 2014 costs and projected 2015 costs for Turkey Point 6 & 7 are reasonable, and that the carrying charges, base rate revenue requirements, and interest related to the final true-up of the EPU project costs are reasonable. FPL also requests that the Commission approve the feasibility analysis provided by FPL for Turkey Point 6 & 7. This analysis shows that completion of the Turkey Point 6 & 7 project is projected to be cost-effective for customers. These results demonstrate just how valuable nuclear generation additions are for FPL's customers as key components of FPL's overall generation portfolio.

## **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 approximately 4.7 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:

Kenneth Hoffman  
Vice President Regulatory Affairs  
Ken.Hoffman@fpl.com  
Florida Power & Light Company  
215 S. Monroe Street, Ste 810  
Tallahassee, FL 32301  
850-521-3919  
850-521-3939 (fax)

Bryan S. Anderson  
Assistant General Counsel - Regulatory  
Bryan.Anderson@fpl.com  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408  
561-304-5253  
561-691-7135 (fax)

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, paragraph (c) and portions of paragraphs (e), (f) and (g) of subsection (2) of such rule are not applicable to this Petition. In compliance with paragraph (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 Requirement ("NFR") schedules 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. Rule 25-6.0423, Florida Administrative Code (“the Rule”), implements this statute and provides for the annual review of expenditures and annual recovery of eligible costs through the CCRC. Florida’s policy of encouraging investment in new nuclear generation for the many benefits it provides has worked: the additional nuclear generation FPL has already added to its system as a result of the EPU project – 522 MW of nuclear power for FPL’s customers (545 MW state-wide) – was made possible by the available cost recovery mechanism.

5. Both the Turkey Point 6 & 7 project and the EPU project qualify for NPPCR treatment pursuant to Section 366.93, Florida Statutes.<sup>2</sup> These projects were approved in large part because of the significant customer benefits they were – and still are – projected to provide. For example, assuming a current “medium” fuel cost projection and the “Environmental II” scenario, as explained in FPL’s testimony and exhibits, Turkey Point 6 & 7 is expected to:

- Provide estimated fuel cost savings for FPL’s customers of approximately \$644 million (nominal) in the first full year of operation;
- Provide estimated fuel cost savings for FPL’s customers over the life of the plant of approximately \$64 billion (nominal) assuming a 40-year life, or \$173 billion (nominal) assuming a 60-year life;
- Diversify FPL’s fuel sources by decreasing reliance on natural gas by approximately 14% beginning in the first full year of operation;

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<sup>2</sup> By Order No. PSC-08-0021-FOF-EI, issued January 7, 2008, the Commission made an affirmative determination of need for FPL’s EPU Project. By Order No. PSC-08-0237-FOF-EI, issued April 11, 2008, the Commission made an affirmative determination of need for Turkey Point 6 & 7.

- Reduce annual fossil fuel usage by the equivalent of 28 million barrels of oil or 177 million mmbTU of natural gas; and
- Reduce CO<sub>2</sub> emissions by an estimated 267 million tons over the life of the plant assuming a 40-year life, or 418 million tons over the life of the plant assuming a 60 year life.

The ultimate fuel cost savings and other benefits of the project will depend upon the actual fuel prices and other variables that exist in the future over the life of the plant.

6. The NPPCR amount sought for recovery through the CCRC of \$15,715,991 is made up of the following: (i) the difference between FPL's 2013 actual costs and its 2013 actual/estimated costs provided last year; (ii) the difference between FPL's 2014 actual/estimated costs and its 2014 projected costs provided last year; and (iii) FPL's 2015 projected costs, including a return on over/under recoveries from prior years. Approval of the true-up of FPL's 2013 actual costs was requested in the petition filed on March 3, 2014, and explained and supported in the direct testimony, exhibits, and NFRs filed therewith. FPL's 2014 actual/estimated and 2015 projected costs are the subject of this petition and supported by the accompanying testimony, exhibits, and NFRs filed herewith.

7. The testimony and exhibits of FPL Witnesses Jennifer Grant-Keene and Steven Scroggs, filed with this petition and incorporated herein by reference, explain the computation of the total NPPCR amount for recovery during 2015, describe FPL's 2014 actual/estimated and 2015 projected costs, and demonstrate that FPL's 2014 and 2015 costs are reasonable. Exhibit JGK-10 to the testimony of FPL Witness Grant-Keene and Exhibit SDS-7 to the testimony of FPL Witness Scroggs (which is co-sponsored by FPL Witness Grant-Keene), contain FPL's actual/estimated ("AE") schedules and projected ("P") schedules, as well as the True Up to

Original (“TOR”) Schedules that make up FPL’s NFRs. The form of these NFR schedules was developed by the Commission Staff working with FPL, the Office of Public Counsel, and others.<sup>3</sup>

8. The testimony and exhibits of FPL Witness Sim provide the annual long-term feasibility analysis for Turkey Point 6 & 7 required by Rule 25-6.0423(6)(c)5, Florida Administrative Code, and demonstrate the continued economic feasibility of completing the Turkey Point 6 & 7 project. Using updated inputs for capital costs, fuel costs, and environmental compliance costs, as well as an updated load forecast and other updated system planning assumptions, the Turkey Point 6 & 7 project continues to be cost-effective when compared to the addition of the most economic non-nuclear base load generation option – a highly fuel-efficient combined cycle generating unit. The testimony of FPL Witness Scroggs addresses other, qualitative project feasibility topics.

## **TURKEY POINT 6 & 7**

### **2014 Actual/Estimated and 2015 Projected Costs**

9. FPL is continuing to apply a step-wise approach to the development of the Turkey Point 6 & 7 new nuclear generation units. The primary focus at this stage of the project has been, and remains, obtaining the necessary federal, state and local approvals for construction and operation of Turkey Point 6 & 7. By continuing to work on the necessary licenses, permits and

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<sup>3</sup> The NFRs consist of T, AE, P, and TOR Schedules. In May, there are three sets of schedules to be filed: the AE Schedules provide the actual/estimated cost information for the current year, the P Schedules provide the projected expenditures for the subsequent year and the TOR schedules provide a summary of the actual and projected costs for the duration of the project.



approvals, FPL is maintaining progress toward delivering the benefits of new nuclear generation to its customers.

10. FPL has incurred or expects to incur \$20,240,628 in pre-construction costs (\$19,270,470 jurisdictional), \$4,886,239 in carrying charges, and \$155,643 in site selection carrying charges for Turkey Point 6 & 7 in 2014. The pre-construction costs are related to licensing activities, while the site selection costs consist of a return on the deferred tax asset/liability. All of these costs are related to or resulting from the project and are reasonable. Pursuant to subsection (6)(a) of the Rule, FPL requests recovery of the true-up of its jurisdictional costs in its 2015 NPPCR amount.

11. During 2015, FPL will incur expenses related to the continued pursuit and support of the licenses, permits, and other approvals necessary to maintain the opportunity to add new nuclear generation from Turkey Point 6 & 7 to FPL's system. FPL projects that it will incur \$13,180,727 in pre-construction costs (\$12,548,959 jurisdictional), \$6,727,398 in carrying charges, and \$156,460 in site selection carrying charges for Turkey Point 6 & 7 in 2015. All of the costs are related to or resulting from the project and are reasonable. Pursuant to subsection (6)(a) of the Rule, FPL requests recovery of these jurisdictional costs in its 2015 NPPCR amount.

### **Long Term Feasibility Analysis**

12. Rule 25-6.0423(6)(c)5, Fla. Admin. Code, requires that utilities "submit for Commission review and approval a detailed analysis of the long-term feasibility of completing the power plant." The Commission stated in Order No. PSC-09-0783-FOF-EI at page 14 (referring to Order No. PSC-08-0237-FOF-EI), that FPL was required to include updated fuel forecasts, environmental forecasts, break-even costs, and capital cost estimates, and that FPL

should account for “sunk costs” in its feasibility analysis. FPL has complied with these requirements. Using updated assumptions and inputs, completion of the Turkey Point 6 & 7 project continues to be solidly cost-effective for FPL’s customers, as described in detail by FPL Witness Sim. Additionally, as explained by FPL Witness Scroggs, the Turkey Point 6 & 7 project remains feasible with respect to other, non-economic considerations. FPL intends to complete the Turkey Point 6 & 7 project and has committed sufficient, meaningful, and available resources to the project consistent with its deliberate, step-wise approach.

13. FPL’s economic analysis of Turkey Point 6 & 7 was performed by calculating a “breakeven capital cost” – the capital cost amount FPL could spend on new nuclear and break even with what it would spend for a combined cycle resource addition on a Cumulative Present Value of Revenue Requirements basis – and comparing it to its current project non-binding cost estimate range. FPL evaluated seven future scenarios of fuel costs and environmental compliance costs assuming a conservative 40-year life of Turkey Point 6 & 7, as well as seven scenarios assuming a 60-year life of Turkey Point 6 & 7. The breakeven capital costs are higher than FPL’s non-binding cost estimate range (i.e., the results are favorable) in seven of the 14 fuel and environmental compliance cost scenarios analyzed. In six of the remaining seven scenarios, the breakeven capital costs are within the non-binding cost estimate range. Accordingly, Turkey Point 6 & 7 continues to be an economically sound choice for FPL’s customers.

### **EPU PROJECT**

14. The EPU Project was completed in 2013 and no additional construction or O&M costs will be incurred in 2014 or 2015. However, FPL is seeking to refund or collect in 2015 any over or under recoveries resulting from its final project true-up. Therefore, FPL is filing the

necessary 2014 and 2015 NFR schedules to show the carrying charges or interest expense on over and under recoveries of carrying charges, base rate revenue requirements, and O&M expenses as a result of the 2013 final true-up filed in this docket.

## **CONCLUSION**

15. FPL's 2014 actual/estimated costs and its 2015 projected costs for Turkey Point 6 & 7 consist of reasonable amounts that are expected to be expended for the project during those years. FPL's planned expenditures are subject to a rigorous planning and budgeting process, and key decisions affecting those expenditures receive the benefit of informed, thorough and multi-disciplined assessment as well as executive management review, all as described and shown in FPL's testimony and exhibits, including NFRs. Completion of Turkey Point 6 & 7 continues to be cost-effective for FPL's customers after accounting for a number of updated assumptions, as demonstrated by FPL's 2014 feasibility analysis. For all the foregoing reasons, as discussed in the testimony of FPL's witnesses, FPL's 2014 actual/estimated and 2015 projected costs for Turkey Point 6 & 7 are reasonable and should be approved, and its feasibility analysis should be approved. Similarly, the 2014 and 2015 recovery amounts that reflect the final true-up of the EPU project are reasonable and should be approved.

WHEREFORE, Florida Power & Light Company respectfully requests that the Commission enter an order (i) approving recovery of an NPPCR jurisdictional amount of \$15,715,991 through the CCRC during the period January – December 2015, reflecting the 2013 final true-up of nuclear project costs, 2014 actual/estimated true-up of nuclear project costs, and 2015 projected nuclear project costs; (ii) determining that FPL's 2014 actual/estimated nuclear

Project costs and 2015 projected nuclear project costs are reasonable; and (iii) approving FPL's Turkey Point 6 & 7 feasibility analysis.

Respectfully submitted this 1<sup>st</sup> day of May, 2014.

Bryan S. Anderson  
Fla. Auth. House Counsel No. 219511  
Jessica A. Cano  
Fla. Bar No. 37372  
Kenneth M. Rubin  
Fla. Bar No. 349038  
Attorneys for Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
(561) 304-5226  
(561) 691-7135 (fax)

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

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 140009-EI**

I HEREBY CERTIFY that a true and correct copy of FPL's Petition for Approval of Nuclear Power Plant Cost Recovery Amount for the Year 2015, with accompanying testimony and exhibits, was served electronically this 1st day of May, 2014 to the following:

Keino Young, Esq.  
Michael Lawson, Esq.  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850  
[kyoung@psc.state.fl.us](mailto:kyoung@psc.state.fl.us)  
[MLAWSON@PSC.STATE.FL.US](mailto:MLAWSON@PSC.STATE.FL.US)

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

J. Michael Walls, Esq.  
Blaise N. Gamba, Esq.  
Carlton Fields Jordan Burt, P.A.  
P.O. Box 3239  
Tampa, Florida 33601-3239  
[mwalls@cfjblaw.com](mailto:mwalls@cfjblaw.com)  
[bgamba@cfjblaw.com](mailto:bgamba@cfjblaw.com)  
Attorneys for Duke Energy

John T. Burnett, Esq.  
Dianne M. Triplett, Esq.  
Progress Energy Service Company, LLC  
299 First Avenue North  
St. Petersburg, Florida 33701  
[john.burnett@duke-energy.com](mailto:john.burnett@duke-energy.com)  
[dianne.triplett@duke-energy.com](mailto:dianne.triplett@duke-energy.com)  
Attorneys for Duke Energy

Robert Scheffel Wright  
John T. LaVia  
Gardner Bist Wiener Wadsworth Bowden  
Bush Dee LaVia & Wright, P.A.  
1300 Thomaswood Drive  
Tallahassee, FL 32308  
Phone: 850-385-0070  
FAX: (850) 385-5416  
[Schef@gbwlegal.com](mailto:Schef@gbwlegal.com)  
[Jlavia@gbwlegal.com](mailto:Jlavia@gbwlegal.com)  
Attorneys for FRF

Matthew Bernier, Sr. Counsel  
Mr. Paul Lewis, Jr.  
106 East College Ave., Suite 800  
Tallahassee, Florida 32301-7740  
[Matthew.bernier@duke-energy.com](mailto:Matthew.bernier@duke-energy.com)  
[paul.lewisjr@duke-energy.com](mailto:paul.lewisjr@duke-energy.com)

James W. Brew, Esq.  
F. Alvin Taylor, Esq.  
Brickfield Law Firm  
1025 Thomas Jefferson Street, N.W., 8<sup>th</sup> Floor  
Washington, D.C. 20007  
[jbrew@bbrslaw.com](mailto:jbrew@bbrslaw.com)  
[ataylor@bbrslaw.com](mailto:ataylor@bbrslaw.com)  
Attorneys for PCS Phosphate-White Springs

Jon C. Moyle, Jr., Esq.  
Moyle Law Firm, P.A.  
118 North Gadsden Street  
Tallahassee, Florida 32301  
[jmoyle@moylelaw.com](mailto:jmoyle@moylelaw.com)  
Attorney for FIPUG

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