

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Nuclear Cost                    )  
Recovery Clause                    )

Docket No. 140009-EI  
Filed: July 28, 2014

**FLORIDA POWER & LIGHT COMPANY'S MOTION FOR APPROVAL  
OF PROCEDURAL AGREEMENT AND STIPULATION**

Florida Power & Light Company ("FPL") hereby moves the Florida Public Service Commission (the "Commission") to approve the Procedural Agreement and Stipulation, with Attachment A, dated July 28, 2014, attached hereto. FPL, the Office of Public Counsel ("OPC"), the Southern Alliance for Clean Energy ("SACE"), the Florida Industrial Power Users Group ("FIPUG"), and the Florida Retail Federation ("FRF") (collectively the "Parties") have entered into the Procedural Agreement and Stipulation to enhance administrative efficiency.

The attached Procedural Agreement and Stipulation addresses only the FPL issues in this docket. If approved, the pre-filed testimony and exhibits of FPL's witnesses would be moved into the record. (No other pre-filed testimony or exhibits were filed.) Opening statements, cross-examination of witnesses, and post-hearing briefing would be waived on all FPL issues. The parties' positions on FPL issues are stated in the attached Procedural Agreement and Stipulation and Attachment A, which the parties request the Commission attach to its final order. The attached would not affect potential substantive stipulations on the FPL issues (Issues 10-17), which are currently being discussed and which could reduce the number of issues remaining for Staff recommendation and Commission decision on the merits.

FPL is authorized to represent that OPC, SACE, FIPUG, and FRF support the Motion. Duke Energy Florida and PCS Phosphate-White Springs take no position on the Motion.

WHEREFORE, FPL respectfully request that the Commission approve the Procedural Agreement and Stipulation attached hereto and excuse FPL's witnesses from attending the hearing scheduled to begin August 4, 2014.

Respectfully submitted this 28<sup>th</sup> day of July, 2014.

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

I HEREBY CERTIFY that a true and correct copy of the foregoing Motion for Approval of Procedural Agreement and Stipulation was served electronically this 28<sup>th</sup> day of July, 2014, to the following:

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**Florida Public Service Commission Docket No. 140009-EI**

**FPL Case Procedural Agreement and Stipulation**

**Procedural Agreements**

Florida Power & Light Company (FPL), the Office of Public Counsel (OPC), Florida Industrial Power Users Group (FIPUG), Southern Alliance for Clean Energy (SACE) and Florida Retail Federation (FRF) (collectively "Parties") agree as follows:

Parties agree to submit this Agreement and Stipulation, with Attachment A, which is expressly made a part hereof, to the Florida Public Service Commission (FPSC) for its approval, its reliance thereon, and for inclusion in its order.

Parties stipulate to the entry of the prefiled testimony and exhibits into the record listed in the FPSC prehearing order dated July 24, 2014 (Order No. PSC-14-0384-PHO-EI). Parties waive cross-examination of all witnesses and also waive the filing of post-hearing briefs.

Parties agree that they submit this Agreement and Stipulation, with Attachment A, for inclusion in the FPSC's order in lieu of opening statements, which the Parties waive with the approval of this Stipulation by the Commission.

**Turkey Point Units 6 & 7 Issues**

**ISSUE 10:** Should the Commission approve what FPL has submitted as its 2014 annual detailed analysis of the long-term feasibility of completing the Turkey Point Units 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C.?

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** OPC does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**FIPUG:** FIPUG does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**SACE:** SACE does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**FRF:** Agree with OPC, and does not object to approval of this stipulation by the Commission.

**ISSUE 10A:** What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project?

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** FIPUG does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**SACE:** SACE does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**FRF:** FRF does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**ISSUE 10B:** What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** FIPUG does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**SACE:** SACE does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**FRF:** FRF does not waive and preserves its positions in the prehearing order which are set forth in Attachment A to this stipulation but does not object to approval of this stipulation by the Commission.

**ISSUE 11:** Should the Commission find that FPL's 2013 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** No position.

**SACE:** No position.

**FRF:** No position.

**ISSUE 12:** What jurisdictional amounts should the Commission approve as FPL's final 2013 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** No position.

**SACE:** None. SACE argued in 2013 that FPL did not complete and properly analyze a realistic feasibility analysis. As such, requested cost recovery flowing from that feasibility analysis, are not prudently incurred and should be denied

**FRF:** No position.

**ISSUE 13:** What jurisdictional amounts should the Commission approve as reasonably estimated 2014 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** No position.

**SACE:** None. SACE argued in 2013 that FPL did not complete and properly analyze a realistic feasibility analysis. As such, requested cost recovery flowing from that feasibility analysis are not prudently incurred, nor are such costs reasonable, and should be denied.

**FRF:** No position.

**ISSUE 14:** **What jurisdictional amounts should the Commission approve as reasonably projected 2015 costs for FPL's Turkey Point Units 6 & 7 project?**

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** No position.

**SACE:** None. FPL did not complete and properly analyze a realistic feasibility analysis. The technical feasibility analysis is heavily skewed towards an outcome favoring the TP 6 & 7 reactors. Moreover, the reactors are not qualitatively feasible as they impose enormous costs on customers, many who may never realize a cumulative net fuel savings benefit from proposed reactors.

**FRF:** No position.

**EPU Project Issues**

**ISSUE 15:** **Should the Commission find that FPL's 2013 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Extended Power Uprate project?**

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** No position.

**SACE:** No position. SACE sets forth additional information stated in Attachment A to



this stipulation

**FRF:** No position.

**ISSUE 16:** What jurisdictional amounts should the Commission approve as FPL's final 2013 prudently incurred costs and final true-up amounts for the Extended Power Uprate project?

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** No position.

**SACE:** No position.

**FRF:** No position.

**FPL Fallout Issue**

**ISSUE 17:** What is the total jurisdictional amount to be included in establishing FPL's 2015 Capacity Cost Recovery Clause factor?

**POSITIONS**

**FPL:** See position stated in FPSC prehearing order draft dated July 14, 2014.

**OPC:** No position.

**FIPUG:** This is a fallout amount derived from other substantive issues.

**SACE:** This is a fallout amount from the substantive issues.

**FRF:** No position.

**Agreement and Stipulation Attachment A – Additional Intervenor Position Information**

**ISSUE 10:** Should the Commission approve what FPL has submitted as its 2014 annual detailed analysis of the long-term feasibility of completing the Turkey Point Units 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C?

**OPC:** In this hearing cycle, as in the past, FPL appears to have appropriately limited its expenditures on planned nuclear units Turkey Point 6&7 to those activities necessary to process its Combined Operating License Application (COLA). For that reason, OPC will not oppose the Turkey Point 6&7-related amounts for which FPL seeks recovery in this proceeding.

However, based on FPL's own cost projections, the message of FPL's 2014 feasibility study is that the economic feasibility of Turkey Point 6&7 is dubious at the present time. As Dr. Sim acknowledges in his Exhibit SRS-1, of the seven comparisons between Turkey Point 6&7 and FPL's alternative performed with a 40-year horizon, only two scenarios show the nuclear units as being cost-effective for customers. The results of FPL's studies improve when it employs a 60-year horizon, but this exercise requires FPL to project even farther into the future and, therefore, involves greater uncertainty regarding the future costs of fuel, materials, and labor; regulatory developments; customer demand; and other unknowns. Even when the 60-year analyses are taken into account, on an overall basis only half of the scenarios FPL studied are predicted to be cost-effective to customers.

In testimony and exhibits, FPL isolates the fuel savings portions from the comparisons of alternatives, uses "nominal" cumulative fuel savings values (that are not expressed in net present value), and presents them separately, as though fuel benefits are independent of the massive capital costs that must be incurred to achieve them. However, focusing on an individual component of the project's cost/benefit equation does not displace the importance of *overall* cost-effectiveness or change the outcome of FPL's studies.

The equivocal nature of FPL's 2014 feasibility study, the project's poorer showing relative to a year ago, and announcements of delays and projected cost increases elsewhere in the nuclear industry hardly instill confidence in FPL's enormously expensive nuclear undertaking. Fortunately, in addition to the annual updates required by Commission rule, the Legislature's 2013 amendment to the nuclear advance cost recovery statute now requires a utility to demonstrate economic feasibility anew when it seeks authority to incur post-COL preconstruction expenditures, and again when it seeks authority to begin construction. If it accepts FPL's less-than-compelling 2014 feasibility study for Turkey Point 6&7, the Commission should emphasize to FPL and its customers that it will use the additional milestones specified by the statute to protect

customers in the event that future analyses based on better information fail to demonstrate that the project is economic.

**FIPUG:** No.

**SACE:** No. FPL has failed to complete and properly analyze a realistic feasibility analysis which includes the impact of demand side management and renewable energy in meeting demand and doesn't properly place those resources on a "level playing field" in its analysis with supply side resources. The Commission should deny cost recovery for costs related to TP 6 & 7 and find projected 2015 costs related to TP 6 & 7 as not reasonable.

**FRF:** Agree with OPC.

**ISSUE 10A:** **What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project?**

**FIPUG:** FPL's current estimated costs are low and the ultimate cost of the proposed Turkey Point units 6 & 7 will likely exceed the cost figure FPL projected in last year's proceeding, which was a range from \$12.7 billion to \$18.5 billion, and as projected in this year's proceeding.

**SACE:** The current estimated costs are too low, and the ultimate cost of the proposed Turkey Point Units 6 & 7 will likely exceed current estimates.

**FRF:** Particularly in light of the fact that FPL will not guarantee the cost of its Turkey Point 6 & 7 project, the FRF doubts that FPL's estimated maximum cost of \$18.4 billion is accurate.

**ISSUE 10B:** **What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?**

**FIPUG:** The current estimated planned commercial operation dates of the planned Turkey Point Units 6 & 7, 2022 and 2023 respectively, are overly optimistic. The actual commercial operation dates of these units will occur later in time than these projected dates, if at all.

**SACE:** The current estimated planned commercial operation dates of the planned Turkey Point Units 6 & 7, 2022 and 2023 respectively, are not realistic; in-fact, the Company has contingency plans for the delay of the units. The actual commercial operation dates of these reactors will occur further in time than these projected dates, if at all.

**FRF:** In light of the fact that FPL's estimated in-service dates of 2022 and 2023 are based on NRC staff estimates that the NRC would be able to make a decision on the Turkey Point COL in September 2017, the FRF believes that FPL's estimated in-service dates are overly optimistic. Even FPL acknowledges in its 2014 Ten Year Site Plan that the 2022 and 2023 are the "earliest deployment dates" for these units.

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**ISSUE 15:** **Should the Commission find that FPL's 2013 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Extended Power Uprate project?**

**SACE:** It is SACE's understanding that FPL's 2013 project management, contracting, accounting and cost oversight controls relate to the Turkey Point Extended Power Uprate ("EPU") only. Based on this understanding, SACE takes no position on this issue. SACE contends, however, that the reasonableness of previously approved project management, contracting, accounting and cost oversight controls for the St. Lucie Unit 2 EPU have been called into question by its recent revelation that in 2007, prior to the U.S. Nuclear Regulatory Commission's ("NRC") or PSC's approval of the St. Lucie Unit 2 EPU, FPL made substantial changes to the design of the Unit 2 replacement steam generators ("RSGs") without formally applying for a license amendment from the NRC. It is SACE's position that the NRC technical staff approved the changes to the steam generators without notifying the public or offering the opportunity for a public hearing. In March 2014, SACE filed a request for a hearing before the NRC on the NRC staff's de facto approval of FPL's design changes to the steam generators. SACE's hearing request is pending before the NRC Commissioners.