

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Nuclear Cost Recovery Clause.

DOCKET NO. 150009-EI

DATED: JULY 8, 2015

**THE FLORIDA RETAIL FEDERATION'S  
PREHEARING STATEMENT**

The Florida Retail Federation, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-150082-PCO-EI, issued on January 30, 2015, hereby submits the Federation's Prehearing Statement.

**APPEARANCES:**

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On behalf of the Florida Retail Federation.

1. **WITNESSES:**

The Florida Retail Federation does not intend to call any witnesses for direct examination, but reserves its rights to cross-examine all witnesses and to rely upon the prefiled testimony of witnesses in this docket, as well as testimony on their cross-examination.

2. **EXHIBITS:**

The Florida Retail Federation will not introduce any exhibits on direct examination, but reserves its rights to introduce exhibits through cross-examination of other parties' witnesses.

3. STATEMENT OF BASIC POSITION

**FPL - Turkey Point Units 6&7 Project**

FPL is continuing the process of obtaining the combined license (“COL”) from the Nuclear Regulatory Commission (“NRC”) for Turkey Point Units 6&7 (“TP6&7”). The current NRC schedule projects the issuance of the COL for Turkey Point 6&7 to be in March 2017. Per Rule 25-6.0423, Florida Administrative Code, FPL has filed its 2015 long-term feasibility study to support its continuing with the TP6&7 project. FPL’s feasibility analysis of the TP6&7 project is flawed because the analysis utilizes unreasonably low costs for the TP6&7 project itself. Although FPL claims that the Vogtle and Summer project costs informed its Turkey Point Units 6 and 7 feasibility study, FPL’s feasibility study failed to consider the significant cost increases in the Vogtle and Summer nuclear projects for both the owners and contractors. The FRF agrees with the Office of Public Counsel (“OPC”) that no adjustments should be made to FPL’s recovery of COL-related costs, and further agrees that FPL should be required to correct its flawed 2015 feasibility analysis during this cycle of the NCRC proceeding for the Commission’s consideration as appropriate.

FPL has also proposed to incur, defer, and later recover Initial Assessment costs. The FRF agrees with the OPC that, in light of controlling amendments to Section 366.93, Florida Statutes, costs not associated with obtaining or maintaining the COL cannot be incurred and deferred for later recovery prior to the NRC issuing the COL.

Before proceeding from the licensing phase to the initiation of pre-construction work after receipt of the COL, FPL must correct its long-term feasibility study to reflect the actual costs of building TP6&7, as well as the relative economic feasibility of potential alternatives to TP6&7. To protect customers, the corrected TP6&7 project cost estimates used in the feasibility

analysis should be based on actual, binding bids from qualified EPC or EP/C contractors with an appropriate amount of contingency added to the bids. In lieu of binding bids from qualified contractors, the feasibility analysis should reflect the higher costs experienced in the Vogtle and Summer projects and at a minimum include the owners' costs and an estimate of the contractor's cost related to the Vogtle and Summer projects. In any case, again for the protection of customers, FPL should submit this updated analysis as a not-to-exceed cost or cap above which FPL would not seek cost recovery from ratepayers for the Turkey Point Units 6 and 7 project.

### **Duke Energy Florida**

In Order No. PSC-15-0176-TRF-EI (consummated by Order No. PSC-15-0230-CO-EI), the Commission determined that DEF has recovered all known costs related to the Levy Nuclear Plant (LNP) Project. The FRF agrees with the OPC that it is premature to determine whether costs related to the Westinghouse Electric Company (WEC) litigation will ever become the subject of a future cost recovery petition by DEF under the NCRC. Until and unless that time ever comes, there should be no provision for carrying costs associated with speculative WEC litigation costs including the putative carrying costs associated with the \$54 million in phantom equipment costs for which DEF has sued WEC in federal court. For this reason, there are no material costs remaining to be recovered in 2016 related to the LNP Project.

#### 4. **STATEMENT OF FACTUAL ISSUES AND POSITIONS**

##### **FPL**

**ISSUE 1:** Should the Commission approve as reasonable what FPL has submitted as its 2015 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?

FRF: No. FPL's 2015 feasibility analysis is flawed because the analysis utilizes unreasonably low costs for Turkey Point Units 6 and 7. The capital costs of the generation options, projected fuel costs, and projected environmental regulatory cost components of the feasibility analysis must accurately reflect the proposed project costs for the analysis to provide meaningful results.

**ISSUE 1A:** What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project?

FRF: The current total estimated all-inclusive costs of Turkey Point Units 6 and 7 are based on non-binding estimates which are significantly understated.

**ISSUE 1B:** What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?

FRF: No position at this time.

**ISSUE 2:** Should the Commission find that FPL's 2014 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

FRF: No position at this time.

**ISSUE 3A:** (Legal): Pursuant to Section 366.93, Florida Statutes, can costs, which are not related to, or necessary for, obtaining or maintaining a combined license from the Nuclear Regulatory Commission for a nuclear power plant be incurred prior to the issuance of the COL and deferred for later recovery?

FRF: No. The plain language of Section 366.93, Florida Statutes, requires that only costs related to, or necessary for, obtaining or maintaining a combined license for the NCR prior to the issuance of the COL. Further, the statute requires that before preconstruction costs can be incurred, the utility must seek Commission approval and prove up the continued feasibility of the project and the reasonableness of the costs.

**ISSUE 3B:** Are the Initial Assessment costs incurred as set forth in FPL's Petition and Testimony for which FPL is seeking deferred recovery, costs that are related to or necessary for obtaining or maintaining a combined license?

FRF: No. As acknowledged by FPL, the Initial Assessment costs are not related to, or necessary for, obtaining or maintaining a combined license for the NCR prior to the issuance of the COL. The Initial Assessment costs are preconstruction costs.

**ISSUE 3C:** Should the Commission approve FPL's proposal to incur and defer for later recovery its Initial Assessment costs, as set forth in FPL's petition and supporting testimony?

FRF: No. Based on the plain language of the statute, the Commission has no discretion to approve FPL's incurring preconstruction costs for deferral and later recovery prior to the issuance of the COL.

**ISSUE 4:** What jurisdictional amounts should the Commission approve as FPL's actual 2014 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

FRF: No position at this time.

**ISSUE 5:** What jurisdictional amounts should the Commission approve as reasonably estimated 2015 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

FRF: The Commission should exclude any costs related to Initial Assessment Costs or any other non-COL related, or cost not necessary to obtain or maintain the COL.

**ISSUE 6:** What jurisdictional amounts should the Commission approve as reasonably projected 2016 costs for FPL's Turkey Point Units 6 & 7 project?

FRF: The Commission should exclude any costs related to Initial Assessment Costs and any other costs not necessary to obtain or maintain the COL.

**ISSUE 7:** What is the total jurisdictional amount to be included in establishing FPL's 2016 Capacity Cost Recovery Clause factor?

FRF: The Commission should exclude any costs related to Initial Assessment Costs or any other non-COL related, or cost not necessary to obtain or maintain the COL.

#### **Duke Energy Florida (DEF)**

**ISSUE 8:** Should the Commission find that during 2014, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project?

FRF: No position at this time.

**ISSUE 9:** What jurisdictional amounts should the Commission approve as DEF's actual 2014 prudently incurred costs for the Levy Units 1 & 2 project?

FRF: No position at this time.

**ISSUE 10:** What jurisdictional amounts should the Commission approve as reasonably estimated 2015 exit and wind down costs and carrying costs for the Levy Units 1 & 2 project?

FRF: No position at this time.

**ISSUE 11:** What jurisdictional amounts should the Commission approve as reasonably projected 2016 exit and wind down costs and carrying costs for the Levy Units 1 & 2 project?

FRF: \$0.

**ISSUE 12:** Should the Commission find that during 2014, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project?

FRF: No position at this time.

**ISSUE 13:** What jurisdictional amounts should the Commission approve as DEF's actual 2014 prudently incurred costs for the Crystal River Unit 3 Uprate project?

FRF: No position at this time.

**ISSUE 14:** What jurisdictional amounts should the Commission approve as reasonably estimated 2015 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

FRF: No position at this time.

**ISSUE 15:** What jurisdictional amounts should the Commission approve as reasonably projected 2016 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

FRF: No position at this time.

**ISSUE 16:** What is the total jurisdictional amount to be included in establishing DEF's 2016 Capacity Cost Recovery Clause Factor?

FRF: The Commission should not allow the recovery of any costs related to Levy for 2016. The FRF takes no position at this time on costs that should be recovered for the Crystal River Uprate Project.

5. STIPULATED ISSUES:

None at this time.

6. PENDING MOTIONS:

None other than motions for confidential protective orders.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

The FRF has no pending requests or claims for confidentiality.

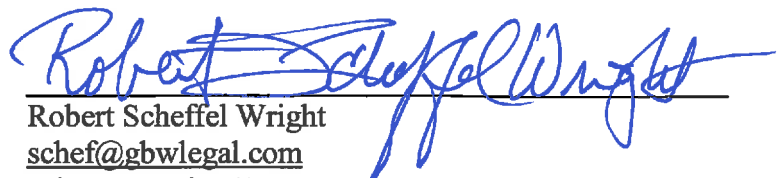
8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

The FRF does not expect to challenge the qualifications of any witness to testify, although the FRF reserves all rights to question witnesses as their qualifications as related to the credibility and weight to be accorded their testimony.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Retail Federation cannot comply.

Dated this 8th day of July, 2015.



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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that the foregoing has been filed electronically with the Office of the Commission Clerk and that a copy has been furnished to the following by electronic mail on this 8th day of July, 2015.

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