

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

DOCKET No.: 150009 - EI
Filed: July 8, 2015

**THE CITY OF MIAMI'S
PREHEARING STATEMENT**

The City of Miami (“Miami” or “the City”), pursuant to the Order Establishing Procedure in this docket, Order No. PSC-15-0082-PCO-EL, issued on January 30, 2015, files its Prehearing Statement.

1. APPEARANCES:

Victoria Méndez, City Attorney
Matthew Haber, Assistant City Attorney
444 S. W. 2nd Avenue, Suite 945
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Attorneys for the City of Miami.

2. WITNESSES:

Witness	Subject Matter	Issues
Eugene T. Meehan	Conducted an independent review of the feasibility study submitted by Florida Power and Light Company (“FPL”), finding that the feasibility study is not a reasonable basis on which to conclude that Turkey Point units 6 & 7 will be cost-effective for ratepayers.	1

3. EXHIBITS:

Exhibit	Subject Matter	Sponsor	Description
ETM-1	Eugene T. Meehan	Miami	CV of Eugene T. Meehan
ETM-2	Eugene T. Meehan	Miami	2015 feasibility analyses results for Turkey Point units 6 & 7: 40-year operating life.
ETM-3	Eugene T. Meehan	Miami	2015 feasibility analyses results for Turkey Point units 6 & 7: 60-year operating life.

In addition to the above pre-filed exhibits, Miami reserves the right to utilize any exhibit introduced by any other party. Miami additionally reserves the right to introduce any additional exhibit necessary for rebuttal, cross-examination, or impeachment at the final hearing.

4. STATEMENT OF BASIC POSITION:

Florida's Administrative Code requires each utility seeking cost recovery for a nuclear power plant project to submit annually, for Commission approval, a detailed analysis of the long-term feasibility of completing the power plant. Fla. Admin. Code Ann. r. 25-6.0423(6)(c)(5). This long-term feasibility analysis must include evidence demonstrating that the utility intends to complete the power plant, including evidence demonstrating that this intent is "realistic and practical." *Id.*

While Miami supports the development of cost-effective, reasonable, and prudent energy sources to serve Florida ratepayers, FPL has not met its burden to demonstrate the Turkey Point units 6 & 7 project is cost-effective, and therefore a "realistic and practical" option, for the consumers who will bear the burden of its costs. Last year, the Office of Public Counsel ("OPC") noted that "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." Prehearing Statement of the Office of Public Counsel, In re: Nuclear Cost Recovery Clause, PSC Document

No. 03449-14 (July 2, 2014). In that analysis, only two scenarios out of seven projected by FPL demonstrated that the project would be cost-effective for ratepayers over a forty year horizon. *Id.* Accounting for the sixty year horizon, overall only half of the scenarios FPL studied were predicted to be cost-effective for ratepayers. *Id.*

This year, the long-term feasibility analysis submitted by FPL remains equivocal in nature. FPL's determination that the Turkey Point units 6 & 7 project is economically feasible derives primarily from one basis: the assumptions made regarding the future value of carbon. However, these assumptions suppose that the price of carbon will increase eight times that which would result from inflation alone. Likewise, if the project is completed, ratepayers will wait fifty years to break even and many ratepayers will never be paid back. FPL's rebuttal testimony does not dispute the math on which these conclusions are based.

Moreover, the Turkey Point units 6 & 7 project is at a critical point in its life cycle. At this time, the impact on customers of terminating the project and including the costs already expended in rates would be manageable. The initial application for the project was submitted at time when the price outlook for fuel sources other than nuclear was much less optimistic than today. Furthermore, the additional power needed from Turkey Point units 6 & 7 has already been delayed to 2027, almost a decade after initially proposed.

Therefore, Miami respectfully requests that the Commission not approve FPL's 2015 long-term feasibility analysis as reasonable.

5. **ISSUES AND POSITIONS:**

FPL Turkey Point units 6 & 7

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?

Miami: No. FPL's 2015 analysis of the economic feasibility of Turkey Point units 6 & 7 is equivocal and its determination of cost-effectiveness for ratepayers is based on unreasonable assumptions. Miami incorporates its statement of basic position by reference.

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?

Miami: Adopt the position of OPC.

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

Miami: 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?

Miami: 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?

Miami: Adopt the position of OPC.

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?

Miami: Adopt the position of OPC.

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?

Miami: Adopt the position of OPC.

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?

Miami: 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?

Miami: Adopt the position of OPC.

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

Miami: No position at this time.

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

Miami: Adopt the position of OPC.

Duke Energy Florida

Issues 8-16: Miami takes no position on the issues identified for Duke Energy Florida.

6. STIPULATED ISSUES:

None at this time.

7. PENDING MOTIONS:

None.

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

None.

9. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

None at this time.

10. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

At this time, Miami is not aware of any requirements in the Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 8th day of July, 2015.

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By: s/ Matthew Haber
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 8th day of July, 2015, I served the foregoing document on all parties list in the attached Service List by e-mail.

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