

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Nuclear Cost Recovery Clause

DOCKET No.: 160009 - EI

Filed: June 1, 2016

**NOTICE OF FILING DEPOSITION OF JENNIFER GRANT-KEENE**

**PLEASE TAKE NOTICE** that the CITY OF MIAMI hereby gives notice of the filing of the Deposition of Jennifer Grant-Keene, which was taken on Thursday, May 12, 2016, and is attached hereto as Exhibit "A."

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**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on the 1<sup>st</sup> day of June, 2016, I served the foregoing document on all parties listed in the attached Service List by e-mail.

By: /s/ Xavier Albán  
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# Exhibit “A”

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NUMBER: 160009-EI  
FILED April 27, 2016

In re: Nuclear Cost Recovery Clause

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700 Universe Boulevard  
Juno Beach, Florida  
Thursday, 10:15 a.m.  
May 12, 2016

DEPOSITION  
OF  
JENNIFER GRANT-KEENE

Taken on behalf of the City of Miami  
Pursuant to a Notice of Taking Deposition

---

## 1 APPEARANCES:

2 VICTORIA MENDEZ, CITY ATTORNEY, by  
 3 CHRISTOPHER A. GREEN, ASSISTANT CITY ATTORNEY and  
 XAVIER ALBAN, ASSISTANT CITY ATTORNEY.

4  
 5 FLORIDA PUBLIC SERVICE COMMISSION  
 DIVISION OF LEGAL SERVICES, by  
 6 KEISHA MAPP, ESQ.  
 (VIA TELEPHONE)

7 FLORIDA ENERGY POLICY ATTORNEY, by  
 GEORGE CAVROS, ESQ.

8  
 9 OFFICE OF PUBLIC COUNSEL  
 THE FLORIDA LEGISLATURE, by  
 PATRICIA A. CHRISTENSEN, ESQ., and  
 10 ERIK L. SAYLER, ESQ., (VIA TELEPHONE).

11 FLORIDA POWER & LIGHT COMPANY, by  
 KEVIN DONALDSON, ESQ., and  
 12 JESSICA A. CANO, ESQ. and  
 JOEL BAKER, ESQ.

13 ALSO PRESENT: Travis Contratto

14

15

16

WITNESS

17 JENNIFER GRANT-KEENE

18 Direct Examination (By Mr. Green) 4  
 19 Cross Examination (By Ms. Christensen) 29  
 Cross Examination (By Ms. Mapp) 50

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E X H I B I T S

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1 (Thereupon, City Exhibit Number 1 was marked  
2 for Identification.)

3 THEREUPON:

4 JENNIFER GRANT-KEENE  
5 was called as a witness by the City of Miami and, having  
6 first been duly sworn, was examined and testified as  
7 follows:

8 THE WITNESS: Yes, I do.

9 DIRECT EXAMINATION

10 BY MR. GREEN:

11 Q. Good morning.

12 A. Good morning.

13 Q. Could you, please, tell us your name, for the  
14 record.

15 A. Jennifer Grant-Keene.

16 Q. And where are you employed?

17 A. FP&L, Florida Power & Light.

18 Q. What is your professional address?

19 A. 700 Universe Boulevard, Juno Beach.

20 Q. And your job title?

21 A. I'm a Project Manager, Clause Accounting.

22 Q. I am Chris Green. I represent the City of  
23 Miami in this proceeding. Along with me today is Xavier  
24 Alban.

25 I'll be asking you some questions about your



1 testimony and the exhibits. Have you given a deposition  
2 before?

3 A. No.

4 Q. Okay. The court reporter is here to make sure  
5 that we have an accurate record of my questions and your  
6 answers. So it's important that you understand my  
7 questions. If you don't understand any questions, just  
8 let me know, and I'll rephrase it for you, so that you  
9 can.

10 A. Okay.

11 Q. It's also important that you answer out loud,  
12 with words. Non-verbal gestures, like head nods or  
13 shakes, can't be really translated accurately. And  
14 speech tics like uh-huh, uh-uh, things that we use in  
15 every day conversation, don't come across clearly,  
16 either. So please answer verbally and out loud. Do you  
17 understand?

18 A. Yes.

19 Q. I don't think I will be taking very much of  
20 your time, but if you need a break for any reason, just  
21 let me know, okay?

22 A. Okay.

23 Q. I've had the court reporter mark as City  
24 Exhibit 1 the Notice of Taking your Deposition today,  
25 which also had a Schedule of documents that we asked you

1 to produce. Have you seen Exhibit 1 before today?

2 A. Yes.

3 Q. Okay. And have you seen the Schedule of the  
4 documents that we asked you to produce?

5 A. No. I obviously did not -- well, yes, I did  
6 see the Schedule. Yes.

7 Q. And have you produced documents today pursuant  
8 to that Notice and the Schedule?

9 A. I'm sorry, repeat that.

10 Q. Sure.

11 Have you brought the documents with you today  
12 that were identified in the Schedule?

13 A. I believe I have.

14 Q. Okay. What I'd like to do now is go through  
15 and mark those documents.

16 Can you tell me how many different documents we  
17 have, that you brought, besides the one that we've  
18 already excluded?

19 A. Sure. You want the number?

20 Q. If you could, why don't we go one by one and  
21 we'll have -- well, let me have the court reporter mark  
22 them first, and then we'll talk about them, so it's  
23 clear for the record what we're talking about.

24 (Thereupon, City Exhibits 2-14 were marked for  
25 Identification.)

1 BY MR. GREEN:

2 Q. Okay. Ms. Grant-Keene, I'd now like you to  
3 identify what documents you produced, and if you could,  
4 please refer to the Exhibit Number on the sticker.

5 A. City 2, these are Responses to City of Miami's  
6 First Set of Interrogatories, Interrogatory Number 1,  
7 Interrogatory Number 10, and Objections and Responses to  
8 the City of Miami's First Set of Interrogatories,  
9 Numbers 1-22.

10 Q. Were you involved in preparing those Answers to  
11 Interrogatories?

12 A. I was involved.

13 Q. Okay. Were those your Answers or were they a  
14 combination of --

15 A. That's what I'm ensuring.

16 Combination.

17 Q. Could you tell me what the next exhibit is?

18 A. Sure. Assessment of Regulatory Prudence.

19 That's City 3.

20 Q. The next one?

21 A. City 4, Direct Testimony of Iliana Piedra.

22 City 5, Petition, Docket Exhibit 190009.

23 City 6, Direct Testimony of Jennifer

24 Grant-Keene.

25 City 7, SDS-1.

1 City 8, Petition, Docket Number 160009, April  
2 27th, 2016.

3 City 9, April 27th Direct Testimony of Jennifer  
4 Grant-Keene.

5 City 10, sDS-7.

6 City 11, Order Number PSC-15-0521-FOF-EI.

7 City 12, JGK-3.

8 MR. DONALDSON: From the 2015 docket.

9 THE WITNESS: From the 15-00009 docket.

10 City 13, Rule 25-6.0423.

11 City 14, 2015 Florida Statutes, Chapter 366.

12 MR. DONALDSON: .93.

13 THE WITNESS: .93, excuse me. Thank you.

14 BY MR. GREEN:

15 Q. Can you tell me how long you've worked for FPL?

16 A. I joined FPL in 2009.

17 Q. And how long have you been working on the  
18 Nuclear Cost Recovery accounting issues?

19 A. Since 2014. Yes.

20 Q. Prior to 2014, did you do other accounting  
21 responsibilities for FPL?

22 A. Yes. I was a manager in the Property  
23 Accounting Department.

24 Q. Did that have any involvement with the proposed  
25 Units 6 and 7 at Turkey Point?

1 A. Are you referring to my --

2 Q. Your prior position.

3 A. It's related, yes. It's property accounting,  
4 fixed assets, capitalization of assets.

5 Q. But prior to 2014, were you at all responsible  
6 for accounting for expenses related to Units 6 and 7?

7 A. No.

8 Q. Okay. If I could step over there and get the  
9 exhibits.

10 A. Okay.

11 Q. I'm going to start by asking you about your  
12 Response to Interrogatory Number 1. Have you reviewed  
13 these Interrogatory responses in preparation for your  
14 deposition?

15 A. Yes.

16 Q. The question posed in the Interrogatory was,  
17 "Please provide a detailed breakdown of all of the  
18 revenue requirements associated with Turkey Point Units  
19 6 and 7 for each year from 2009 to 2087."

20 And the response was, "FPL does not have the  
21 information requested, in the categories or for all of  
22 the years requested.

23 "Revenue requirements for the years 2009  
24 through 2016 are included."

25 Can you tell me why you did not have the

1 information for years beyond 2016?

2 A. I do not project the recoveries. These  
3 recoveries are supported by the Orders from the  
4 Commission. We're very, very careful to make sure that  
5 what we're recovering has been approved by the  
6 Commission. I have no way -- we have not yet received  
7 any approvals for any future amounts.

8 Q. Do you have the ability to create that  
9 information or projections?

10 A. No, I do not.

11 Q. And in response to Interrogatory Number 10, you  
12 were asked in the question or FP&L was posed the  
13 question, "Please provide an analysis of the annual  
14 revenue requirement impact beginning in 2016 and  
15 extending to 2066 of proceeding with Turkey Point Units  
16 6 and 7 assuming the Nuclear Cost Recovery process and  
17 terminating Turkey Point Units 6 and 7 as of 12/31/2016  
18 and commencing sunk cost recovery on that date  
19 consistent with the Nuclear Cost Recovery Process."

20 The response was, "FPL has not conducted a 2016  
21 feasibility analysis for the two planned nuclear units."

22 What is your knowledge of the feasibility  
23 analysis?

24 A. I do not prepare the feasibility analysis.  
25 That's prepared by a separate department.

1 Q. What department?

2 A. It's a Rates -- sorry, it's RA -- the  
3 Assessment Department. Excuse me, the Regulatory  
4 Assessment Department.

5 Q. Who comprises that department? In other words,  
6 how many employees?

7 A. At least ten. I believe at least ten FTEs.

8 Q. Do you know who the supervisor of that  
9 department is?

10 A. Yes.

11 Q. Who is that?

12 A. You're asking me the supervisor?

13 Q. Yes.

14 A. With regards to the feasibility analysis?

15 Q. Yes.

16 A. Because they have many supervisors.

17 Q. Is there one supervisor in charge of the entire  
18 division?

19 A. Yes.

20 Q. Who is that?

21 A. Rosemary Morley.

22 Q. Do you interact with them when you conduct your  
23 audits?

24 A. I do not conduct audits, so, no.

25 Q. Okay. Were you at all consulted on the

1 decision not to conduct a feasibility analysis for 2016?

2 A. No, I was not.

3 Q. Were you advised of the decision not to conduct  
4 a feasibility analysis for 2016?

5 A. Yes.

6 Q. When were you first advised of that decision?

7 MR. DONALDSON: I'm going to object to  
8 that. That goes into attorney/client  
9 communications.

10 BY MR. GREEN:

11 Q. Can you answer the question without relying  
12 upon information provided by your counsel?

13 A. I'd have -- to give you a clear and honest  
14 opinion, I'd have to really seriously think about that.

15 Q. Take your time. If you can, just tell me.

16 A. I can't give you a date, no.

17 Q. Do you happen to know when the information  
18 would be collected to prepare the feasibility analysis?

19 A. I don't have that information.

20 Q. And you were asked to "Please state the impact  
21 as the differential in annual revenue requirements  
22 between these two scenarios."

23 Again, this is referring to the question in  
24 Interrogatory Number 10. I can show it to you, if you  
25 don't remember what it was.



1           Were you able to respond to that?

2           A.    Could you restate your question, please?

3           Q.    Sure.  In fact, let me just --

4           MR. DONALDSON:  I have a copy.

5  BY MR. GREEN:

6           Q.    Do you have Interrogatory Number 10?

7           A.    Yes.

8           Q.    Okay.  Were you able to provide a response to  
9  Subsection A of the question?

10          A.    No.

11          Q.    Why not?

12          A.    Because, per the answer, FPL has applied for  
13  and been granted temporaneous recovery of costs  
14  associated with site selection and pre-construction of  
15  the project.  Therefore, you know, there are no  
16  unrecovered balances, subject to the scenario that was  
17  posed.

18          Q.    And were you able to provide a response to  
19  Subpart B to the question?

20          A.    No.

21          Q.    Why not?

22          A.    I don't project revenue requirements.

23          Q.    Do you know who would be responsible for that  
24  calculation?

25          A.    No.  I'm not aware of anyone who projects

1 revenue requirements.

2 Q. Let me direct your attention to Exhibit 3,  
3 Assessment of Regulatory Prudence, FPL's Management of  
4 the Turkey Point 6 and 7 Project of 2015.

5 Can you tell me how that exhibit was used or  
6 relied upon by yourself in formulating your testimony?

7 A. This is considered a project control, a project  
8 assessment, that's conducted annually, and, therefore, I  
9 believe that the results of that audit indicated that,  
10 you know, management and -- costs and management  
11 procedures were efficient and in place, and controls  
12 were in place. So it gives credence to the fact that we  
13 are, in fact, executing our policies and procedures with  
14 regards to the management -- the Project Management  
15 Group.

16 Q. Concentric Energy Advisors is an outside  
17 vendor?

18 A. Correct.

19 Q. Exhibit 4 is the Testimony of Witness, Iliana  
20 Piedra, in front of the Florida Public Service  
21 Commission, dated June 22, 2015.

22 Can you tell me how you relied upon the  
23 information in this testimony?

24 A. The 2015 revenue requirements, the occurrence  
25 and the recording of the costs were audited by the FPSC

1 Audit Group, for both, the financials, as well as  
2 internal controls, and it attests to the fact that  
3 controls were good and there were no exceptions noted.

4 Q. Exhibit 5 is a March 1, 2016 letter from  
5 Jessica Cano to Carlotta Stauffer, Director of the  
6 Public Service Commission Clerk, with exhibits.

7 MR. DONALDSON: Counsel, I think it's  
8 double-sided.

9 MR. GREEN: Yes. I was looking at it.

10 MR. DONALDSON: That's the March petition.

11 BY MR. GREEN:

12 Q. Did you review the petition?

13 A. Yes, I did.

14 Q. Exhibit 6 is your testimony of March 1 this  
15 year?

16 A. Excuse me?

17 Q. Exhibit 6 is just a transcript of your  
18 testimony submitted to the Public Service Commission  
19 this year?

20 A. Well, that's the March testimony you're  
21 referring to.

22 Q. Correct.

23 A. Yes.

24 Q. And Exhibit 7, Site Selection and  
25 Pre-Construction, did you help prepare this document?

1 A. Yes.

2 Q. T-Schedules?

3 A. Yes.

4 MR. DONALDSON: I believe that's associated  
5 with the March testimony.

6 BY MR. GREEN:

7 Q. Is that correct?

8 A. T-Schedules would definitely be the March  
9 testimony, yes.

10 Q. For the period January 2015 through December  
11 2015, correct?

12 A. Correct.

13 Q. And 10 is Site Selection & Pre-Construction,  
14 2016 AE-Schedules and 2017 P-Schedules. Did you prepare  
15 this information?

16 A. Yes.

17 Q. Was that in connection with your April  
18 testimony?

19 A. Correct.

20 Q. And Exhibit 8 appears to be the official  
21 records filed in the Public Service Commission for Costs  
22 Recovery for the year 2017. Had you reviewed that?

23 A. Yes.

24 MR. DONALDSON: You mean, the April  
25 petition.

1 MR. GREEN: With the April, yes. April 27,  
2 2016.

3 BY MR. GREEN:

4 Q. Exhibit 9 is a copy of your April 27, 2016  
5 testimony.

6 Exhibit 11 appears to be a decision of the  
7 Public Service Commission, dated November 3rd, 2015.  
8 Can you tell me if you reviewed that?

9 A. Yes.

10 Q. Why did you review it?

11 A. Because that's the basis of our recovery, of  
12 our revenue requirements.

13 Q. And what is Exhibit 12? Tell me.

14 A. That was filed with our April revenue  
15 requirements in 2015. So it shows our 2016 projections,  
16 and our estimated 2015 numbers. That's the revenue  
17 requirements that -- that supports the order that you  
18 just referenced.

19 Q. And Exhibit 13 is a copy of the Statute or the  
20 Administrative Order 25-6.0423, the rule for Power Plant  
21 Cost Recovery. Did you review this rule?

22 A. Yes.

23 Q. Why did you review the rule?

24 A. The rule is very much an anchor, foundation  
25 basis in applying our recovery methodology.

1 Q. And then 14 is the Statute. Did you review the  
2 Statute?

3 A. Yes.

4 Q. Do you have any legal education or background?

5 A. No, sir.

6 Q. Did you review the exhibits to Mr. Scroggs'  
7 testimony?

8 A. The exhibits?

9 Q. Yes, his Schedules that were attached.

10 A. There was one schedule that I did note.

11 Q. Do you have a copy of your testimony in front  
12 of you --

13 A. No, I don't.

14 Q. -- for March 1st, 2016?

15 MR. DONALDSON: I'll give it to her.

16 THE WITNESS: Thank you.

17 BY MR. GREEN:

18 Q. Could you turn to Page 10, please?

19 A. I'm there.

20 Q. Okay. Lines 1 through 3.

21 A. 1 through 3?

22 Q. Yes. It indicates that you "Conduct monthly  
23 detail transaction reviews to ensure that labor costs  
24 recorded to the project are only for those FPL personnel  
25 authorized to charge time to the project."

1           Can you tell me how time is tracked  
2 specifically to the project for Units 6 and 7, FPL  
3 employees? In other words, how do you ensure that this  
4 time for the personnel is only for the project?

5           A. I would like to qualify my response.

6           Q. Sure.

7           A. This question specifically addresses how the  
8 Nuclear Business Unit accounting controls operate to  
9 provide assurance that the costs included in the filing  
10 were reasonable and properly captured.

11           The Business Unit is separate and apart from my  
12 team. I just want to point that out to you.

13           Q. Okay. So are you saying you don't have  
14 personal knowledge of how the Business Unit operates?

15           A. No, I'm not saying that. I just needed to  
16 point that out, because you said specifically how do I,  
17 and the question addressed the Business Unit.

18           I do know that the Business Unit has a very  
19 detailed listing of who works on the project. It's  
20 reviewed bi-weekly, because of our payroll being  
21 generated bi-weekly. They compare to budget. They have  
22 a very detailed listing, as I said. They review, to  
23 ensure that only incremental direct costs are charged to  
24 the project and recovered through the Recovery Clause.

25           Q. What are those incremental direct costs?

1           A.    So we're referring here to FPL employees, who  
2 are not recovered through our Base rates, but instead  
3 are therefore eligible to be recovered through the  
4 Clause.

5           Q.    For Nuclear Cost Recovery?

6           A.    Exactly.

7           Q.    Yes.

8                    So how do you determine that the work the  
9 employee is doing is recoverable under the Nuclear Cost  
10 Recovery Act?

11           A.    First of all, it's direct work on the project,  
12 but, perhaps, more importantly, we have very specific  
13 management directives, that have been documented and  
14 have been audited, that let us know exactly who can be  
15 charged to the project.  And it's really tied to the  
16 test year of our Base rates applications.

17                    So however you -- if a new employee comes on  
18 board for the project, that person is clearly not being  
19 captured in the rates.

20                    Okay.  The idea here is not to double up, not  
21 to double count.  So if a new employee comes in and it's  
22 working directly on the project, that person is not  
23 being captured through Base rates.  However, an existing  
24 employee, who is on board at the test date of our rate  
25 cases, which in the last -- 2013 would have been our



1 test year, where anybody -- that's our baseline, so to  
2 speak.

3           So if you're an employee at 2013, and you're  
4 working on that project, and you had not been working  
5 on -- you're not being recovered through Base, then  
6 that's fine, you're going to be recovered through the  
7 Clause.

8           Here again, the idea here is that you cannot be  
9 budgeted in Base and be recovered in Clause. Only those  
10 employees that as of that test date, 2013, that are not  
11 recovered in Base rates, can be recovered under the  
12 Clause.

13           Q. And how do you apportion that employee's salary  
14 to the Cost Recovery?

15           A. Well, if you have direct -- as of that 2013  
16 date, if you're working 100 percent on the project, then  
17 100 percent of your labor costs go to the project.

18           If, at 2013, you're working, you know,  
19 partially in another project and partially on the  
20 Nuclear Cost Recovery, that ratio is maintained  
21 throughout the four-year period, until the next test  
22 date, that resets evaluation.

23           Q. Are all employees required to keep time sheets?

24           A. Absolutely.

25           Q. Okay. And do they record their time for the

1 Units 6 and 7 project?

2 A. Yes, they do.

3 Q. And how is the time tracked?

4 A. We have very specific internal orders, that are  
5 specific to the project, and the time directly spent on  
6 that project is recorded to those internal orders.

7 Q. Is there a specific software program used for  
8 that?

9 A. Well, we use SAP.

10 Q. SAP is?

11 A. That's --

12 Q. It's what?

13 A. Yes, SAP is our system of record, that we  
14 record our internal audits and our transactions, and  
15 that's where we record our payroll, that sort of thing.

16 Q. Okay. And what amount of the employee's, I  
17 guess, time -- let me rephrase the question. Is it just  
18 the employee's salary or hourly rate that you seek to  
19 recover, if it's spent for work on Unit 6 and 7?

20 A. No. There are contractor costs. There are  
21 third-party costs that are involved at this phase of the  
22 project.

23 Q. Okay. Are there full-time employees, who have  
24 worked on Unit 6 and 7, that you seek cost recovery for,  
25 full-time FP&L employees?

1 A. Yes.

2 Q. Okay. And those employees are paid hourly or  
3 by salary?

4 A. Typically salary.

5 Q. And do those employees also have benefits?

6 A. Yes.

7 Q. What do those benefits include? Is it health  
8 insurance?

9 A. Yes, health insurance, funded/unfunded  
10 pensions. All related costs are included.

11 Q. Okay. So when you seek recovery for that  
12 employee's time, does it include the salary or does it  
13 also include the benefits, such as health insurance or  
14 pension costs?

15 A. Yes.

16 Q. It includes all of that?

17 A. Yes.

18 Q. Okay. And how do you calculate the value,  
19 then, for -- how do you quantify, then, that particular  
20 employee's amount of cost recovery? If you can --

21 MR. DONALDSON: Object to the form.

22 BY MR. GREEN:

23 Q. If you have an employee of FP&L that earns a  
24 salary -- and are all employees entitled to a pension,  
25 as well?

1           A. I don't know if all employees are. There are  
2 contractors, so they're not all entitled to a pension.

3           Q. Are there employees working on the Units 6 and  
4 7 project that are entitled to a pension?

5           A. Yes.

6           Q. Okay. So how do you calculate the pension  
7 benefit for that employee when you're seeking the cost  
8 recovery?

9           A. I don't calculate that. HR -- we have a very  
10 well, professional, established HR Department, Benefits  
11 Department, and this is all taken care of through the  
12 system, yes -- through our SAP system of record.

13          Q. Okay. Is SAP your payroll system?

14          A. It has a payroll function.

15          Q. But it's more than just that?

16          A. That's right.

17          Q. What does SAP stand for?

18          A. I cannot give that out of my head. I've always  
19 referred to it as -- it's a German company that's put  
20 together a very, very well renown accounting system, and  
21 I've always referred to it as SAP. I'm sorry, I can't  
22 give you the acronym.

23          Q. Can you turn to Page 11, please, Lines 2  
24 through 4? You state, "The audit of the 2015 costs  
25 related to the TP 6 and 7 Project is currently underway

1 and is expected to be completed in the second quarter of  
2 2016."

3 Can you tell us the status of that audit?

4 A. The audit has not been completed as of today.

5 Q. And when do you anticipate it will be  
6 completed?

7 A. The last scheduling date that I'm aware of will  
8 be towards the end of this month.

9 Q. Are you familiar with the expense associated  
10 with the 6 and 7 Project for the APOG Group?

11 A. I'm just aware that there's a consortium, the  
12 APOG Group. I'm not familiar with the expense, per se.

13 Q. Do you know what amount was associated with  
14 membership in the APOG Group for 2015?

15 A. I don't have a number. I believe that's --  
16 there is such a reference in Steve Scroggs' testimony.  
17 I believe there's a support schedule there. But I do  
18 not have the number to give you that.

19 Q. You're not personally familiar with that?

20 A. Correct.

21 Q. Do you know what the purpose of APOG is?

22 A. I believe it's a consortium of various  
23 utilities that look at research and edifications of the  
24 nuclear industry and nuclear siting and they discuss  
25 issues and solutions to different items or issues

1 associated with the nuclear industry.

2 Q. Did you look at that expense to determine if it  
3 was reasonable and necessary for Project 6 and 7?

4 A. No, I did not.

5 Q. In your testimony, on Page 3, you indicated  
6 that FP&L's 2015 Project costs --

7 A. Sorry, give me a minute to get there. We're  
8 referring to the March testimony?

9 Q. Yes. I apologize. It's March, Page 3, Lines  
10 10 through 12.

11 A. Okay. I'm there.

12 Q. You indicated there was an over-recovery of  
13 revenue requirements of approximately 1.3 million  
14 dollars.

15 A. Correct.

16 Q. Okay. Can you explain why that happened?

17 A. That's a project decision, in terms of the  
18 expend, the pre-construction expend. I believe that it  
19 was projected at a particular amount, and a projection  
20 is an estimate, you know. I guess the actuals have come  
21 in -- not guess, I'm sorry, but the actuals definitely  
22 have come in less than the estimate.

23 Q. Do you know what was specifically  
24 over-estimated?

25 A. No. There were a number of items, from my

1 understanding, not one item.

2 Q. Okay. Could you turn to your April testimony,  
3 Page 6?

4 A. Sure. Yes.

5 Q. At Line 4, you were asked, "What is the amount  
6 of sunk costs that FPL has incurred as of the end of  
7 2015?"

8 And the response was, "FPL sunk costs for the  
9 Project are approximately \$282 million as of December  
10 31, 2015."

11 Do you have an opinion or do you know whether  
12 that is a reasonable expenditure to acquire licenses?

13 MR. DONALDSON: Object to the form.

14 BY MR. GREEN:

15 Q. Do you know if that's a reasonable amount for  
16 licenses?

17 MR. DONALDSON: Object to the form.

18 BY MR. GREEN:

19 Q. You can answer.

20 MR. DONALDSON: You can answer.

21 THE WITNESS: Your question, please?

22 BY MR. GREEN:

23 Q. The project is not in the construction phase,  
24 correct?

25 A. Correct.

1 Q. It's still in the license and permitting phase,  
2 would you agree?

3 A. Yes.

4 Q. And the amount that has been spent on the  
5 project thus far is \$282 million dollars, correct?

6 A. Correct.

7 Q. So that amount is attributable just to license  
8 and permitting, correct, or is that incorrect?

9 A. These costs are site selection, as well as  
10 pre-construction costs. So the pre-construction costs  
11 are definitely all focused on obtaining the license.

12 Q. Of the \$282 million dollars, do you know how  
13 much has been recovered through the Nuclear Cost  
14 Recovery Act?

15 A. Approximately 247 million.

16 Q. With respect to the APOG membership dues, I  
17 believe the amount is in the three million dollar range.  
18 Would you question that figure?

19 MR. DONALDSON: Object to the form.

20 THE WITNESS: No. It's not necessarily my  
21 role to question that, given the fact that this  
22 has been an ongoing cost. The Project  
23 Management Group budgeted and approved those  
24 costs. My understanding is that those costs  
25 are necessary and appropriate, in terms of



1 seeking the license.

2 As I said, these were budgeted costs, and I  
3 had no reason to question them. And, then,  
4 there, again, I mean, the incurrence of those  
5 costs really falls under the project umbrella.

6 MR. GREEN: Thank you. That's all I have.

7 CROSS EXAMINATION

8 BY MS. CHRISTENSEN:

9 Q. Good morning.

10 A. Good morning.

11 Q. Good morning. I have a few questions. We'll  
12 go over some of the same grounds, but hopefully not too  
13 much. I'm going to be focusing on the April 27  
14 testimony that you filed.

15 And the City of Miami attorney already went  
16 through all of the deposition instructions, but let me  
17 repeat it again, if my question isn't clear, let me  
18 know, and I'll try and rephrase it, to make sure that  
19 I'm clear, so you can answer the question.

20 And if you need a break, just let me know.

21 A. Okay.

22 Q. Okay. Let's refer to Page 2 of your April 27th  
23 testimony.

24 A. I'm there.

25 Q. Okay. On Line 10, it states that there is a 22

1 million dollar revenue requirements request in 2017. Is  
2 that the correct amount --

3 A. Yes.

4 Q. -- as of today?

5 Okay. And that amount, 22,081,049 -- is that  
6 the full amount?

7 A. Yes.

8 Q. And that includes part of the final true-up  
9 cost for 2015, and that amount is, what, for the true-up  
10 cost for 2015?

11 A. Approximately it's 1.3 million. It's an  
12 over-recovery.

13 Q. Okay. Is that cost still accurate as of today?

14 A. Yes.

15 Q. Okay. And, then, the estimated actual true-up  
16 cost for 2016 is an under-recovery of approximately 1.3  
17 million? Is that also correct?

18 A. Correct.

19 Q. Okay. So, essentially, the revenue requirement  
20 for the projection or the majority of that 22 million is  
21 for projected costs in 2017?

22 A. Correct.

23 Q. Okay. And can you give us an idea of what the  
24 projected costs are included for the 2017 projection,  
25 what types of costs are in there?

1           A. Here again, it's cost incurred to gain the  
2 licensing. So, you know, any developmental, any  
3 certification cost. I do believe there is a very good  
4 summary of these costs in Witness Scroggs' testimony,  
5 that lays out the costs, the specifics to the costs.

6           Q. Okay.

7           A. These costs have certain components, in terms  
8 of pre-construction projected spend, also included,  
9 other components are carrying costs.

10          Q. Okay. And the carrying cost would be -- what,  
11 exactly, are the carrying costs? Explain that.

12          A. Okay. Under the Rule, we are allowed to earn a  
13 return on any over/under under-recovered amounts. We're  
14 also allowed to earn a return on deferred tax assets.

15          Q. Okay. And what's the rate for the carrying  
16 cost?

17          A. 9.39.

18          Q. And that rate is based on?

19          A. Our capital structure.

20          Q. Okay. I think you discussed this earlier, but  
21 were you involved at all in the decision not to proceed  
22 with the long-term feasibility study?

23          A. No.

24          Q. Okay. And you may have discussed this with  
25 him, but aside from one of the lawyers within the

1 Company telling you that they weren't going to produce  
2 a long-term feasibility study, when was the first time  
3 you heard that there wasn't going to be a long-term  
4 feasibility study through one of the other departments  
5 in FPL?

6 A. The other gentleman just asked me that  
7 question, and I was trying to remember exactly when.

8 Q. Even a rough time would be really helpful.

9 A. Yeah. It was prior to filing the April NFRs  
10 and my testimony. So, I would say, maybe the middle of  
11 April.

12 Q. Okay.

13 A. Maybe a week or two before filing. And here,  
14 again, you know, I'm trying to give you as much of an  
15 accurate remembrance as I have.

16 Q. But it wasn't too far in front of when you were  
17 filing testimony?

18 A. Right.

19 Q. Is that a couple of weeks before you filed  
20 testimony?

21 A. Correct.

22 Q. All right. All right. Let me turn your  
23 attention to Page 6 of your testimony. In Line 6 and 7,  
24 it talks about FPL's sunk cost for the Project are  
25 approximately \$282 million as of December 31st, 2015.

1           Is that amount still accurate?

2           A.    Yes.

3           Q.    Okay.  Can you define what you mean by sunk  
4 cost?

5           A.    Okay.  Sunk cost would be accumulated costs  
6 that the company has incurred, directly related to the  
7 project.  These costs may be -- may or may not be  
8 recovered in the Nuclear Cost Recovery.  Some of these  
9 costs are recovered in Base.  But they're just all of  
10 the accumulated costs that the company has incurred,  
11 that are not reversible.

12          Q.    Okay.  And what would you consider reversible  
13 costs?

14          A.    None of these costs are reversible.  They have  
15 been incurred.

16          Q.    Okay.  But, I mean, when you say, "Reversible,"  
17 what are you talking about?  What type of cost might be  
18 reversible?

19          A.    You accrue a cost, and then you reverse it,  
20 because, I don't know, a vendor doesn't pay, that sort  
21 of thing.  So these are costs that have been incurred.

22          Q.    Okay.  Do you know what the sunk cost would be  
23 for FPL, if they decided to abandon the Turkey Point 6  
24 and 7 Project by the end of December 2016?

25                MR. DONALDSON:  Object to the form.

1 BY MS. CHRISTENSEN:

2 Q. If you know.

3 A. No. I couldn't give you a number, because I'd  
4 have to make sure that, you know, I picked up all of the  
5 costs, you know, with projected costs, but I don't know  
6 if we're going to -- those costs are going to be  
7 approved. So, you know, we may not incur those costs.  
8 So that's why I'm saying, I wouldn't be able to  
9 speculate as to what the costs would be.

10 Q. Okay. Would it be close to the \$282 million?  
11 It's not going to go up that much more, because you have  
12 a 1.3 million over-recovery for 2016 costs; is that  
13 correct?

14 I mean, you were requesting, I think, from back  
15 on Page 2, the actual estimate true-up cost for 2016 is  
16 an under-recovery of 1.3 million. That's correct,  
17 right?

18 A. Yes, but that was related to 2015. You asked  
19 me about 2016.

20 Q. Well, yeah, that was the estimated actual  
21 true-up for the 2016 cost, is an under-recovery of 1.3  
22 million --

23 A. The thing is, you're asking -- this is apples  
24 and oranges. In other words, you know, the revenue  
25 requirements are costs that we request to be recovered.

1 Q. Okay.

2 A. Some costs are not recovered costs, and that's  
3 why I'm hesitant to speculate as to what the number  
4 would be.

5 Q. Okay. What do you mean by "not recovered  
6 costs"? I'm not sure I'm following that.

7 A. There are some costs that are recovered through  
8 the Clause.

9 Q. Correct.

10 A. Those are recoverable costs. Those are the  
11 costs that we request. We go to the Commission and we  
12 propose our revenue requirements, and we request to  
13 recover. But the 282 are not recoverable costs. Those  
14 are not cost that were recovered. There's a difference  
15 between sunk costs and recovered cost. Not all of our  
16 costs associated with the project are recovered.

17 Q. Okay. So I'm just trying to understand what  
18 you mean by sunk costs, that you referred to in the  
19 testimony. That's cost that FPL would, essentially, if  
20 they didn't go forward with the project, end up having  
21 to write-off?

22 A. No. No.

23 Q. So maybe I'm misunderstanding it.

24 A. That's okay. Our recoverable cost are retail  
25 jurisdictional cost. So, yes, the spend might be a

1 hundred dollars, but in term of recovery, we're only  
2 recovering 90 dollars. So there are other costs that  
3 are not recovered through the Clause, yes.

4 So there are also costs that are recovered  
5 through Base rates.

6 Q. Okay.

7 A. And so what we have here, that 282, are all of  
8 the costs associated with the project.

9 Q. Okay. But what you mean by sunk costs, you're  
10 not saying that it will not be recovered in some form or  
11 fashion through either the Clause or Base rates?

12 A. Correct.

13 Q. Okay.

14 A. There's an alternative mechanism for recovery.

15 Q. Okay. Is the sunk cost, the \$282 million, is  
16 the total cost for the project that FPL spent to date  
17 for licensing and all of these site location activities?

18 A. Site selection, pre-construction to date.

19 Q. Okay. So this is all of the cost that FPL has  
20 expended to date for the Turkey Point 6 and 7 Nuclear  
21 Project?

22 A. Correct.

23 Q. Okay. And I guess then my follow-up question,  
24 do you know when that would be updated for 2016?

25 A. I don't have that number readily for you, but I



1 certainly can project that through. I'd have to project  
2 that.

3 Q. Okay. And when would you be able to project  
4 that amount?

5 A. At the end of the year, once we understand the  
6 actual spent for the year.

7 Q. All right. And if it was, actually, at the end  
8 of the year, then it's not projected, it's an actual  
9 amount?

10 A. You're right, because these are actual numbers.  
11 They're not projections. There are no projections in  
12 here. They're actual numbers.

13 So if you're asking me a ballpark, is that what  
14 you're asking me?

15 Q. Yes, a ballpark number of what you think it  
16 would be as of December 31st, 2016, understanding it's  
17 an estimate, because you don't have actual numbers.

18 A. I would rather not give you an actual number,  
19 because, here again, there's recovery through the Clause  
20 and there's recovery through other mechanisms. And so I  
21 don't have that. I might know what our projection is  
22 for this year, but that doesn't also take into  
23 consideration, you know, recovery through alternative  
24 -- other mechanisms.

25 Q. Okay. So what would you need to know to be

1 able to figure out the sunk cost for 2016?

2 A. I would have to know the actual spent for  
3 pre-construction. I'd also have to know the carrying  
4 cost for the year. I'd also have to identify  
5 non-incremental costs that are not -- are not part of  
6 the projections for recovery, because non-incremental  
7 costs are not recovered through -- are properly not  
8 recovered through the Clause.

9 Q. Okay. Well, let me refer back to something on  
10 a similar discussion. On the bottom of Page 6, Lines 21  
11 through 23 --

12 A. Uh-huh.

13 Q. -- you say that the 22.8 million dollars does  
14 not include initial assessment costs; is that correct?

15 A. Yes.

16 Q. Okay. And, then, moving to Page 8, Lines 1  
17 through 7, I guess --

18 A. Uh-huh.

19 Q. -- you talk about the initial assessment costs  
20 for 2016. How much was being incurred in 2016 for the  
21 initial assessment costs?

22 A. I'm sorry, could you repeat your question?

23 Q. Yes.

24 You testified, I think, in your testimony, you  
25 gave an estimate of how much cost would be associated

1 with those initial assessments in 2016.

2 A. Right.

3 Q. How much was that amount?

4 A. 976,000. I believe that's the top of Page 8.

5 Q. Okay. And is that still an accurate amount?

6 A. Yes.

7 Q. Okay. And how much --

8 A. To the best of my knowledge.

9 Q. Okay. And how much was incurred for the  
10 initial assessment fees in 2015?

11 A. I believe the number was about -- approximately  
12 1.4 million, and we can check that.

13 Q. And you also say in your testimony, you don't  
14 think any initial assessment costs will be incurring in  
15 2017. Is that still correct?

16 A. That's my understanding, per the Project  
17 Management Group.

18 Q. Okay. And were you given any explanation of  
19 why there would be no additional cost for the initial  
20 assessments in 2017?

21 A. No, I was not.

22 Q. And you say in your testimony that these being  
23 capitalized -- okay, FPL is capitalizing these project  
24 costs as incurred and accruing allowance for funds used  
25 during construction. Is that the treatment?

1 A. Yes.

2 Q. Okay. And is AFUDC, does that allow the  
3 company to earn return for the project costs used during  
4 construction?

5 A. Yes.

6 Q. Okay. And how is the AFUDC rate determined for  
7 the Nuclear Project?

8 A. The rate is based on the latest approved  
9 Commission rate. How is it -- you said, how is it --

10 Q. Where was that rate approved? Was that in the  
11 last rate case or is that something that's adjusted  
12 annually?

13 A. No. It was actually approved in 2014.

14 Q. Okay. And is that a separate filing for AFUDC?

15 A. Correct.

16 Q. And I assume, but I want to make sure, is the  
17 AFUDC rate applied to the Nuclear Project the same  
18 that's used for all other capital projects?

19 A. No, it's not.

20 Q. Okay. Can you explain the difference or why  
21 there would be a different rate used?

22 A. Per the Rule, we are allowed a pre-tax rate.

23 Q. Okay.

24 A. And that pre-tax rate is just on the equity  
25 portion, not on the debt portion of the AFUDC rate.

1 Q. Okay. And for other capital projects, it's a  
2 combination of debt and equity rate?

3 A. It is debt and equity, yes. It's a  
4 combination. Just like as it is a combination here.

5 Q. Then you lost me, because you said it was  
6 pre-tax, equity only, non-debt, and now you're saying  
7 it's a combination.

8 A. The AFUDC rate in effect for all projects has  
9 an equity and a debt component.

10 Q. Okay.

11 A. So does the rate for the Nuclear Cost Recovery.  
12 It has a debt and an equity component.

13 Q. Okay. So the pre-tax, what's the significance  
14 of that?

15 A. The pre-tax rate is specifically applicable to  
16 the equity component.

17 Q. Okay. So it's slightly different than the  
18 other one, but not --

19 A. That's correct. Slightly different, yes.

20 Q. Okay. All right. And you say the costs are  
21 being deferred for future recovery; is that correct?

22 MR. DONALDSON: You're talking about the  
23 Initial Assessment?

24 THE WITNESS: Yes.

25 BY MR. GREEN:

1           Q.    The Initial Assessment costs, at Lines 6 and 7.  
2 It says both, the Initial Assessment costs and the AFUDC  
3 cost are being currently deferred for future recovery,  
4 correct?

5           A.    Yes.

6           Q.    And so you incur the initial assessment cost  
7 and then you earn AFUDC on that, and then combined, that  
8 total would be what you will be seeking, the recovery  
9 of, in the future?

10          A.    Yes.

11          Q.    Okay.  When does FP&L anticipate seeking  
12 recovery of these deferred costs?

13          A.    At this point, I have not been given a date at  
14 which point we will recover these costs, but we will  
15 certainly recover them in accordance with the Rules --  
16 the Nuclear Cost Recovery Rule.

17          Q.    You don't know whether or not you'll be seeking  
18 to recover them once you get approval to move into  
19 pre-construction, construction phase or whether you'll  
20 be waiting until the nuclear facility came into service  
21 at the end --

22          A.    That decision has not been made.

23          Q.    Okay.  Is that a decision that you would be a  
24 part of or you would just be the person who would be  
25 implementing the decision?

1           A.    It's is a project decision.

2           Q.    But that didn't answer my question.  Would you  
3 be part of the project decision or would you be  
4 implementing that project decision?

5           A.    I'll be implementing.

6           Q.    Okay.  All right.  And if you know, is FP&L  
7 proposing to use this deferral methodology for any other  
8 costs associated with the nuclear project?

9           MR. DONALDSON:  Object to the form.

10           I didn't understand you.

11 BY MS. CHRISTENSEN:

12           Q.    Okay.  Well, I mean, I'm just trying to  
13 understand, is there any other cost that FPL anticipates  
14 would be getting deferred treatment?

15           A.    We do get deferral treatment.  That's why --

16           Q.    For nuclear-related costs.  Maybe I should be  
17 more specific.

18           Are there any other costs that would be -- let  
19 me scratch that and start again.

20           Would there be any other nuclear-related costs  
21 for which you are aware that FPL would be seeking  
22 deferral at this time?

23           A.    No other cost, outside of the normal deferral  
24 that we have under the Rule.

25           Q.    All right.  And just going back a little bit,

1 you said that when recovery of the initial assessment  
2 costs, that would be a project decision, who would be  
3 the person or persons responsible for making the project  
4 decision about when FPL would be seeking recovery of  
5 these Initial Assessment Costs?

6 A. Steve Scroggs would definitely be a key person.  
7 I'm sure it will be discussed with whoever he reports  
8 to. It would be a project management determination.

9 Q. So Mr. Scroggs and his management team on the  
10 project?

11 A. Yes.

12 Q. Okay. Let me refer you to Page 10, Line 13 of  
13 your testimony. It actually starts with the sentence  
14 above. It says, "Additionally, by virtue of the NFRs  
15 themselves, a high level of transparency allows all  
16 parties to review and determine the prudence and  
17 reasonableness of the decisions and expenditures  
18 identified in FPL's filing," what does NFR stand for?

19 A. Nuclear Filing Requirement.

20 Q. And can you tell me, in your opinion, how you  
21 think the Nuclear Filing Requirements provide a high  
22 level of transparency?

23 A. They're very -- the actual requirements provide  
24 a very detailed calculation, that isolates all of the  
25 components, application of the Rule requirements. It's



1 a very transparent vehicle, that allows for review,  
2 both, internally and externally, and certain by the  
3 Commission. It's a very high level of scrutiny that's  
4 afforded the process.

5 Q. Okay. So this statement is more related, from  
6 your perspective, of how you put together the schedules  
7 and how you provide that information and schedules to  
8 the PSC, correct?

9 A. Correct.

10 Q. Okay. So you're not -- when you're talking  
11 about prudence and reasonableness of the decision,  
12 you're really -- it's not from a project manager level,  
13 you're talking about the schedules?

14 A. I'm speaking specifically of the schedules,  
15 that allows parties to review and determine the  
16 recoverability of the cost.

17 Q. Okay. But you're not saying -- you know,  
18 because you're doing the accounting on the schedules,  
19 you're not talking about the rationale behind the  
20 decision to make the expenditure?

21 A. Correct.

22 Q. Okay. So yours is just how you were accounting  
23 for those costs that have already been determined to be  
24 incurred?

25 A. Correct.

1 Q. Okay. Looking at Line 21, you talk about, "The  
2 guidelines describe the process for the exclusion of  
3 non-incremental labor from nuclear cost recovery while  
4 providing full capitalization of all appropriate labor  
5 costs through implementation of separate project capital  
6 internal orders that will be included in future base  
7 rate recoveries."

8 You're aware that there's currently a Base Rate  
9 Case filed?

10 A. Correct.

11 Q. Okay. And when you're talking -- and to your  
12 understanding, what is the test year for the current  
13 Base Rate Case?

14 A. 2017.

15 Q. And I think earlier, when you were talking to  
16 the City of Miami attorney, you gave an example of  
17 employees, full-time employees, being included and  
18 excluded. And you said that the test year for that was  
19 2013; is that correct?

20 A. Correct.

21 Q. Is that the current test year you're operating  
22 under?

23 A. Yes. For the period, the four-year period,  
24 yes.

25 Q. Okay. So now FPL has applied for 2017 test

1 year?

2 A. Right. We are filing. We have filed, yes.

3 Q. Okay. Can you explain how, in this filing, if  
4 at all, you guys have taken into account the pending  
5 rate case filing with the test year and how you're  
6 accounting for employees?

7 A. Yes. The project controls group, in putting  
8 together the projections for 2017, paid very close  
9 attention to the employees that would be recoverable  
10 under the Nuclear Cost Recovery Clause versus Base  
11 Rates.

12 Q. Okay. I'm trying to understand it. So in the  
13 2017 projections, for the Nuclear Cost Recovery, have  
14 you taken -- has any of the full-time employees been  
15 re-looked at and accounted for? How have you taken into  
16 account the Base Rate filing in the Nuclear Cost  
17 Recovery filing? Have certain full-time employees been  
18 moved to Base Rates?

19 I want to make sure I'm understanding how  
20 they've been accounted for, because you make the  
21 statement that they will be accounted for in future --

22 A. Correct. 2017 is going to reset who qualifies  
23 or not. So in 2017, we're looking at who is directly  
24 involved in the project, a direct contributor to the  
25 project. We're looking to see if there are any new

1 employees that are coming onboard, that are coming from  
2 outside and who were not budgeted in Base Rates. We're  
3 looking to see if existing contributors to the project,  
4 whether or not they're full-time in 2017, which will  
5 mean that they will be full-time on the project on a go  
6 forward basis, and if they're part-time, half and half,  
7 for instance, or 60/40, we'll make sure that at that  
8 point in time they will go forward in the exact same  
9 ratio.

10 So, really, what we do is, we take that base  
11 year or baseline year, 2017 or 2013, evaluate how that  
12 position is being budgeted for, and, therefore, it  
13 follows through into the next cycle.

14 Q. Okay. I'm trying to understand. I just want  
15 to make sure I'm understanding. So if there's a  
16 full-time employee, let's say -- I think Mr. Scroggs  
17 testified there's eight engineering -- full-time  
18 engineers that are associated with the project. If  
19 those eight engineers are solely dedicated to the  
20 Nuclear Cost Recovery Project today, they will still be  
21 in the 2017 Nuclear Cost Recovery as full-time dedicated  
22 employees?

23 A. Correct.

24 Q. And they will not be moved or they have not  
25 been moved into Base Rates; is that my understanding?

1 A. Correct. Yes.

2 Q. Okay.

3 A. Yes. In other words, wherever you're budgeted  
4 as of that test year, 2013 or 2017, that's going to  
5 determine how you're treated to go forward for the next  
6 cycle, until the next test year.

7 Q. Okay. And that has to do with how the project  
8 itself is capitalized, because these are capital  
9 employees that charge their time to capital projects?

10 A. Yes. It has to do, really -- the basic here is  
11 not to double count. You can't be recovered in Base  
12 Rates, as well as recovered in Clause, and they're very,  
13 very -- that is scrutinized very, very closely, where  
14 are you as of that reset year, in terms of how you're  
15 charged.

16 Q. Okay. And I'm just trying to understand.  
17 Fundamentally, when you have a capital project, normally  
18 those are recovered through Base Rates, and then the  
19 time for whoever is working on that project flows  
20 through Base Rates; is that correct? That's the normal?

21 A. Right, but in this particular instance --

22 Q. Because there's a Clause Recovery --

23 A. There's a Clause Recovery, right.

24 Q. The employees are falling where the capital  
25 cost is being recovered from?

1 A. That's right.

2 Q. Okay. So if the project gets shutdown or  
3 abandoned and these people have not been moved into Base  
4 Rates, they would just be reassigned to different  
5 capital projects and recovered through those capital  
6 projects? Is that how it would normally work, assuming  
7 they weren't terminated?

8 A. Correct. It cannot be recovered in both. You  
9 have to be recovered in one or the other.

10 MS. CHRISTENSEN: All right. Well, I think  
11 that answers all of the questions that I had.  
12 So, thank you, Ms. Grant-Keene.

13 MR. DONALDSON: Staff, do you guys have any  
14 questions on the phone?

15 MS. MAPP: Yes, we have a few questions for  
16 the witness.

17 CROSS EXAMINATION

18 BY MR. MAPP:

19 Q. Good morning. My name is Kyesha Mapp, with the  
20 Division Staff.

21 Before I begin my questions, I would like the  
22 witness to please have before you your exhibits that  
23 were attached to your March and April testimony, JGK-1  
24 and JGK-2.

25 Please let me know when you have them in front

1 of you.

2 A. Yes, I do.

3 Q. Okay. On the exhibit from your March  
4 testimony, JGK-1, please look at Line Number 26.

5 A. I'm sorry, could you repeat that?

6 Q. On your March testimony, please turn to Line  
7 24 -- 14, excuse me, of Exhibit JGK-1, Columns B and C.  
8 And on JGK-2, Line 26, Column 2 and 3.

9 Should these columns in these exhibits be the  
10 same?

11 A. Yes.

12 Q. Can you explain why the amounts are different?

13 A. There's a \$7,000 difference that will be filed  
14 as an error.

15 Q. And which filing is the correct number?

16 A. 1,306,211.

17 Q. And that's reflected on which exhibit?

18 A. Exhibit JGK-2.

19 Q. Okay. So JGK-2 is the correct one and you will  
20 be filing a revised JGK-1?

21 A. Correct.

22 Q. Okay. And for my following questions, I would  
23 like you to keep this hypothetical in mind. Assuming  
24 that the Commission does not set a recovery amount for  
25 2014 (sic), for reasons not related to imprudence or

1 unreasonable, and that the ultimate recoverability  
2 of incurred costs is simply deferred to a later date.  
3 With this hypothetical in mind, can you please explain  
4 how FPL would recover -- would record and trace the  
5 costs that are currently in FPL's petition?

6 MR. DONALDSON: Counsel, I'm sorry, you  
7 said, "2014" --

8 MS. MAPP: 2017.

9 MR. DONALDSON: Okay. Can you say your  
10 question again, please?

11 BY MS. MAPP:

12 Q. Okay. Assuming that the Commission does not  
13 set a recovery amount for 2017 for reasons not related  
14 to imprudence or unreasonableness and that ultimate  
15 recoverability of incurred costs are deferred to a later  
16 date, can you briefly explain how FPL would record and  
17 trace the costs that are currently in FPL's petition?

18 A. We would just continue to record the costs, the  
19 existing costs, as we do currently. These costs would  
20 be deferred.

21 Q. Would FPL record the costs consistent with its  
22 recording of the Initial Assessment Costs?

23 A. That's a management decision, an accounting  
24 management decision, that would have to be made. We  
25 would have to assess the situation and set up accounts



1 accordingly, probably new deferred accounts, but we  
2 would certainly address the situation in accordance with  
3 the Rules, the Nuclear Cost Recovery Rule.

4 MS. MAPP: Thank you. We have no further  
5 questions.

6 MR. DONALDSON: I think that was everyone  
7 that we had on the phone. Okay. I don't have  
8 any questions, so thank you.

9 (Thereupon, the reading and signing not being  
10 duly waived, the deposition was concluded at 11:40 a.m.)

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DEPONENT

Sworn to and subscribed before me this \_\_\_\_\_  
day of \_\_\_\_\_, 2016.

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NOTARY PUBLIC

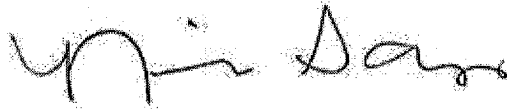
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CERTIFICATE OF OATH

STATE OF FLORIDA :  
SS  
COUNTY OF MIAMI-DADE:

I, NIEVES SANCHEZ, Court Reporter, and a Notary Public for the State of Florida at Large, do hereby certify that JENNIFER GRANT-KEENE personally appeared before me and was duly sworn.

WITNESS my hand and official seal in the City of Miami, County of Miami-Dade, State of Florida, this 24th day of May, 2016.



-----  
NIEVES SANCHEZ

Notary Commission Number FF230831  
My Notary Commission expires August 11, 2019  
REPORTER'S DEPOSITION CERTIFICATE

STATE OF FLORIDA :  
SS  
COUNTY OF MIAMI-DADE:

I, NIEVES SANCHEZ, Court Reporter and a Notary Public for the State of Florida at Large, do hereby certify that I was authorized to and did report the deposition of JENNIFER GRANT-KEENE; that a review of the transcript was requested; and that the transcript is a true and complete record of my stenographic notes.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel, nor am I financially interested in the action.

DATED this 24th day of May, 2016.



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NIEVES SANCHEZ

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May 24, 2016

Jennifer Grant-Keene  
C/O: Kevin Donaldson, Esq.  
700 Universe Boulevard  
Juno Beach, Florida 33408

RE: Nuclear Cost Recovery Clause

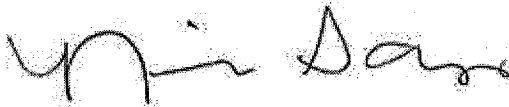
Dear Ms. Grant-Keene

The transcript of your deposition, taken in the above-styled cause on May 12, 2016, is at my office awaiting your examination and signature. PLEASE TELEPHONE BEFORE COMING IN so that we may arrange a convenient time.

Please be advised that unless I hear from you by June 24, 2016, I will forward the original of your deposition to the deposing attorney, as though you had read and signed your deposition.

IN THE EVENT a copy of the transcript is being sent to the witness by counsel, kindly instruct the witness to make any changes thereto on a separate sheet of paper and refer to the page number and line number which corresponds to the change desired. DO NOT MAKE THE CORRECTIONS ON THE TRANSCRIPT. If you have any questions, please call.

Very truly yours,



NIEVES SANCHEZ  
Court Reporter

cc: Counsel of record.