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-VIA ELECTRONIC FILING-

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

Re: Docket No. 160009-EI

Dear Ms. Stauffer:

Please find enclosed for filing in the above referenced docket Florida Power & Light Company's ("FPL's") rebuttal testimony of Steven Scroggs.

If there are any questions regarding this filing, please contact me at 561-304-5226.

Sincerely,

s/ Jessica A. Cano
Jessica A. Cano
Fla. Bar No. 0037372

Enclosures
cc: Counsel for Parties of Record (w/encl.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**DOCKET NO. 160009-EI
FLORIDA POWER & LIGHT COMPANY**

**IN RE: NUCLEAR POWER PLANT COST RECOVERY AMOUNT
FOR THE YEAR 2017**

REBUTTAL TESTIMONY OF:

STEVEN D. SCROGGS

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **REBUTTAL TESTIMONY OF STEVEN D. SCROGGS**

4 **DOCKET NO. 160009-EI**

5 **JUNE 27, 2016**

6

7 **Q. Please state your name and business address.**

8 A. My name is Steven D. Scroggs. My business address is 700 Universe
9 Boulevard, Juno Beach, Florida 33408.

10 **Q. By whom are you employed and what is your position?**

11 A. I am employed by Florida Power & Light Company (FPL or the Company) as
12 Senior Director, Project Development. In this position I have responsibility
13 for the development of power generation projects to meet the needs of FPL's
14 customers.

15 **Q. Have you previously provided testimony in this docket?**

16 A. Yes.

17 **Q. Are you sponsoring or co-sponsoring any exhibits to this testimony?**

18 A. No.

19 **Q. What is the purpose of your testimony?**

20 A. The purpose of my testimony is to respond to the testimony provided by
21 William Jacobs on behalf of the Office of Public Counsel ("OPC") and
22 Eugene Meehan on behalf of the City of Miami ("COM").

23 **Q. Please summarize your testimony.**

1 A. Dr. Jacobs’s testimony dramatizes a small subset of issues related to the
2 Turkey Point Units 6 & 7 licensing and development effort through
3 mischaracterization and a one-sided presentation of the attendant facts. Mr.
4 Meehan’s testimony inordinately focuses on the 2015 feasibility analysis,
5 which was found to be reasonable and was accepted by the Commission in
6 last year’s docket. Mr. Meehan also mischaracterizes my testimony, and then
7 relies on those mischaracterizations to claim the logic upon which it is
8 provided is flawed.

9

10 **REBUTTAL TO OPC WITNESS JACOBS**

11

12 **Q. On page 8 (lines 26-27) OPC Witness Jacobs states FPL has “failed” to**
13 **supply a feasibility analysis and describes the feasibility analysis as a**
14 **measure of “cost control.” Do you agree with this characterization?**

15 A. No. FPL’s waiver request is an exercise of its rights as it pertains to the filing
16 of a quantitative feasibility analysis for the reasons provided in the waiver and
17 my prior testimony. At this stage of the Turkey Point Units 6 & 7 project, and
18 given the limitations placed on an applicant by the amended Nuclear Cost
19 Recovery statute (i.e., the limitations preventing an applicant to engage in
20 “preconstruction work”), the quantitative feasibility analysis plays no
21 significant role in either cost control or monitoring.

22 **Q. OPC Witness Jacobs claims on pages 9-10 that there is increased**
23 **uncertainty in the estimated total cost of the Turkey Point 6 & 7 project**

1 **in light of Georgia Power Company’s Vogtle project’s (“Vogtle”) and**
2 **South Carolina Electric & Gas’s Summer project’s (“Summer”) cost**
3 **experience. Please respond.**

4 A. It is difficult to understand how two projects that are progressing to
5 completion and have successfully resolved contract disputes are characterized
6 by Dr. Jacobs as symbolic of increased cost uncertainty. Furthermore, it is my
7 understanding that South Carolina Electric & Gas has opted to pay a premium
8 for a fixed price contract. As expected, resolution of long standing contract
9 disputes increased the overall costs the owners accepted to pay, but such
10 resolution should certainly be seen as reducing uncertainty. Additionally, Dr.
11 Jacobs alludes to unquantified costs incurred by contractors that “will never
12 be known” as somehow indicative of greater uncertainty of future costs FPL
13 customers might pay for a similar project. At the end of the day, the costs
14 paid by Georgia Power and South Carolina Electric & Gas customers for these
15 projects will be known. Costs assumed by contractors, and not charged to
16 customers, will be a cost of business accepted by those entities.

17
18 It is also worth noting that the 2016 assessment conducted by Concentric
19 Energy Advisors comparing the Turkey Point Units 6 & 7 overnight capital
20 cost range to the Vogtle and Summer projects continues to indicate the cost
21 estimates of those projects, at this advanced stage of completion, remain
22 within the current Turkey Point Units 6 & 7 cost estimate range. (This

1 assessment was provided in discovery, in response to the City of Miami's
2 First Set of Interrogatories No. 7.)

3
4 FPL has the requisite skills and market capacity to engage in price discovery
5 and negotiate associated schedules, terms and conditions in light of the lessons
6 learned from the first wave of AP1000 projects conducted in the U.S. It is this
7 activity, properly timed, that will identify the uncertainty in the total project
8 cost and any mitigating steps warranted to manage that uncertainty.

9 **Q. Please respond to Witness Jacobs's claim on page 10 (line 20) that**
10 **uncertainty in the type of contracts to be used for the Turkey Point 6 & 7**
11 **project increases cost uncertainty.**

12 A. FPL's position with regard to a decision on contracting has not changed since
13 inception; therefore, there is no "increase" in uncertainty relative to last year's
14 docket. Clearly, if achievable, a fixed price contract is more certain.
15 However, such a contract may not be a better deal for FPL's customers -
16 particularly if the premium for the reduced uncertainty exceeds the projected
17 uncertainty of a different type of contract. In any event, pre-conceiving the
18 form of contract prior to initiating negotiations that will develop the
19 agreements to execute the project would not be in the best interest of FPL
20 customers.

21 **Q. Please respond to Witness Jacobs's claim on pages 12-13 that the Florida**
22 **Third District Court of Appeal ("3rd DCA") Opinion increases regulatory**
23 **uncertainty and his summary of the potential impact of this decision.**

1 A. Dr. Jacobs fails to place in appropriate context the nature of the 3rd DCA's
2 Opinion, or its impact on the overall Turkey Point Units 6 & 7 project. The
3 Opinion identifies three areas of the Site Certification that must be addressed,
4 but leaves the remainder of the certification for the plant, ancillary facilities,
5 pipelines and access roads intact through the severability clause in the
6 Certification. There are opportunities to rehear or challenge the 3rd DCA's
7 Opinion, or remedy these issues through redress or bilateral negotiations.
8 Obtaining the local, state and federal approvals for a project as complex as a
9 nuclear generating station was not anticipated to proceed without challenge or
10 modification. While the recent 3rd DCA Opinion may present additional
11 regulatory requirements to finalizing the Site Certification, it does not present
12 an insurmountable challenge that impacts the overall feasibility of the project.

13 **Q. On pages 13-15, Witness Jacobs discusses a contention admitted by the**
14 **Atomic Safety and Licensing Board related to "plant waste water." Does**
15 **he accurately summarize the issue?**

16 A. No. Dr. Jacobs improperly characterizes the single remaining contention in
17 the Nuclear Regulatory Commission's ("NRC's") Combined Operating
18 License Application ("COLA") review process. The admitted contention
19 relates to the quality of the NRC's assessment of the environmental impact of
20 the disposal method included in the Turkey Point Units 6 & 7 project. More
21 succinctly, the question presented is as follows: Did the NRC staff conduct a
22 sufficient evaluation on a well design that has been routinely constructed and
23 approved in Florida by the Florida Department of Environmental Protection

1 (under delegation from the Environmental Protection Agency), and
2 specifically approved and constructed at the Turkey Point site in support of
3 this project's state and federal applications? If not, the likely redress is
4 additional analysis, not redesign of the facility.

5
6 The facts are that the constituents that are the subject of the contention are
7 trace elements that may be received by Turkey Point 6 & 7 in the reclaimed
8 water provided by Miami-Dade County that will be used to cool the plant, and
9 then deep well injected in the waste stream, *not* constituents that originate in
10 the plant process. Were reclaimed water not to be used, these same
11 constituents would be deep well injected into the same deep, confined aquifer
12 – as they are today, ten miles to the north of Turkey Point at the South Dade
13 Waste Water Treatment Plant.

14 **Q. What is your reaction to Witness Jacobs's discussion of the Turkey Point**
15 **cooling canal system on page 14-15?**

16 A. The existing cooling canal system is a unique arrangement in many ways.
17 When FPL chose to develop new nuclear generation at the Turkey Point site,
18 we strove to develop and integrate creative and beneficial solutions into the
19 new design. The Turkey Point 6 & 7 design makes a second beneficial use of
20 Miami-Dade County's reclaimed waste water and takes the further step to
21 deep well inject the remaining waste stream (reduced by 2/3rds) into a deep
22 aquifer. This choice has been supported by regulators, environmentalists and
23 customers alike as a sustainable and responsible approach. Dr. Jacobs's

1 attempt to transfer the concerns of a separate, 45 year old cooling canal
2 system design to the Turkey Point 6 & 7 water infrastructure plan is without
3 merit, and quite frankly, disappointing.

4

5

REBUTTAL TO WITNESS MEEHAN

6

7 **Q. What is your reaction to Witness Meehan's testimony?**

8 A. Witness Meehan mischaracterizes my testimony and the arguments the
9 Company has set forth. For example, Witness Meehan improperly concludes
10 (page 6, lines 11-16) that FPL's decision to pause is related to continued
11 uncertainty in natural gas prices and delays in environmental regulation, while
12 my testimony emphasizes incomplete capital cost information as the principle
13 issue requiring FPL to await completion of first wave AP1000 construction.

14 **Q. Do you agree with Witness Meehan's claim (page 6, lines 21 – 23) that**
15 **“...it is impossible to conclude that the money is worth spending based on**
16 **the relatively small incremental costs that will be incurred in 2017...”?**

17 A. No. FPL and the Commission have the necessary information to determine
18 whether it is appropriate to take the incremental steps needed to complete the
19 licenses, permits, certification and other related approvals so that FPL can
20 firmly establish the opportunity to add nuclear generation to its fleet in the
21 future. Further, while it is FPL's opinion that the Commission has the ability
22 to assess the reasonableness of such steps without another quantitative
23 feasibility exercise that is conducted without material capital cost updates,

1 FPL has requested deferral of consideration of costs in 2016 and agreed to
2 withdraw its rule waiver request concerning the filing of the quantitative
3 feasibility analysis if the request to defer is granted.

4
5 The investment made to date in the Turkey Point Units 6 & 7 opportunity is
6 worth protecting. Incremental investment to complete the licensing process is
7 appropriate and should be undertaken to preserve the option to build and
8 complete these plants.

9 **Q. What is your reaction to Witness Meehan’s comments on the CO2 values**
10 **(pages 9, 11, and 12) and the transmission cost assumptions (page 11)**
11 **used in the 2015 feasibility analysis?**

12 A. Witness Meehan’s comments were fully litigated in last year’s Nuclear Cost
13 Recovery (“NCR”) docket. Ultimately, the Commission decided to approve
14 FPL’s feasibility analysis, specifically finding:

15
16 *“The assessment of the feasibility analysis for the TP project is based*
17 *on multiple factors. FPL provided an adequate spectrum of*
18 *assumptions on which the feasibility analysis was based. We find that*
19 *for the 2015 NCRC proceeding, FPL’s analysis fully considered the*
20 *economic, regulatory, technical, environmental, and joint ownership*
21 *considerations impacting the feasibility of continuing the TP project.*
22 *Although uncertainty surrounding the various assumptions continues*
23 *to exist, we find that continuing the TP Project appears feasible at this*

1 *time. We find FPL’s 2015 detailed analysis of the long-term feasibility*
2 *of continuing the TP Project is reasonable.” Order No. 15-0521-*
3 *FOF-EI, pg. 21.*

4 **Q. Witness Meehan claims that FPL mischaracterizes the robustness of the**
5 **2015 feasibility analysis on page 12 (lines 20-23). Please respond.**

6 A. This claim requires one to accept his concerns with FPL’s 2015 feasibility
7 analysis – concerns that were rejected by the Commission last year. Witness
8 Meehan also ignores the large number of scenarios that were evaluated. In
9 addition to the 14 scenarios presented in pre-filed testimony, FPL examined
10 another 28 scenarios evaluating 5 and 10 year delay cases. The results, in
11 total, were that in 33 of the 42 scenarios Turkey Point 6 & 7 was projected to
12 be clearly cost-effective, and in the remaining 9 scenarios, Turkey Point 6 & 7
13 was projected to be potentially cost-effective. These scenarios address
14 Witness Meehan’s repeated concerns about the impact of in-service dates
15 beyond 2027 and 2028 on the feasibility analysis results.

16 **Q. Please respond to Witness Meehan’s statement that “the reason that**
17 **FP&L is relying for [sic] the pause is a concern over schedule delays and**
18 **cost escalation” at Vogtle and Summer, and that this suggests FPL’s non-**
19 **binding cost estimate range is low (page 13, lines 2-4).**

20 A. This statement mischaracterizes my testimony. FPL has determined that the
21 most prudent course of action is to await the development of a complete set of
22 relevant cost and construction experiences from first wave AP1000 projects in
23 the U.S prior to seeking authority to begin preconstruction work. The project

1 cost experiences to date at Vogtle and Summer do not “suggest” that the
2 Turkey Point 6 & 7 capital cost estimate is low. As previously discussed, the
3 2016 Concentric Energy Advisors’ study confirms that FPL’s overnight
4 capital cost estimate range remains bounding of the actual overnight capital
5 costs experienced by first wave AP1000 projects.

6

7

CONCLUSION

8

9 **Q. Please summarize your assessment of Witness Jacobs’s and Witness**
10 **Meehan’s testimony?**

11 A. The testimonies provided by these Witnesses do not provide any new or
12 factual information to the Commission related to this proceeding.
13 Conclusions in their testimonies generally begin with misunderstandings of or
14 misstatements regarding my testimony. Additionally, both pieces of
15 testimony conclude either by inference (Dr. Jacobs) or more directly (Mr.
16 Meehan) that the Commission cannot assess the reasonableness of FPL’s
17 estimated 2016 and 2017 costs, and that it will not be able to determine
18 whether completion of licensing is prudent, without a feasibility analysis. As
19 discussed previously, the Commission has the necessary information to
20 determine whether it is appropriate to take the incremental steps needed to
21 complete the licenses, permits, certification and other related approvals for the
22 Turkey Point 6 & 7 project. The investment in the opportunity to add new
23 nuclear generation to FPL’s system made to date is worthy of protecting. This

1 incremental investment to complete the licensing process is clearly
2 appropriate.

3 **Q. Does this conclude your testimony?**

4 **A. Yes.**

**CERTIFICATE OF SERVICE
DOCKET NO. 160009-EI**

I HEREBY CERTIFY that a true and correct copy of FPL's Rebuttal Testimony of Steven Scroggs was served electronically this 27th day of June, 2016, to the following:

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