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June 18, 2020

VIA ELECTRONIC FILING

Mr. Adam Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

In re: Petition by Duke Energy Florida, LLC to Approve Transaction with Accelerated Decommissioning Partners, LLC for Accelerated Decommissioning Services at the CR3 Facility, etc.
Docket No. 20190140-EI

Dear Mr. Teitzman:

On behalf of Duke Energy Florida, LLC (“DEF”), please find enclosed for electronic filing in the above-referenced docket, DEF’s redacted direct testimony and redacted exhibits of the Office of Public Counsel’s witness, Richard A. Polich, P.E.

Thank you for your assistance in this matter. Please feel free to call me at (813) 227-8114 should you have any questions concerning this filing.

Respectfully,

Shutts & Bowen LLP

/s/ Daniel Hernandez

Daniel Hernandez

Enclosure (as noted).

Duke Energy Florida, LLC
Docket No.: 20190140-EI
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 18th day of June, 2020, to all parties of record as indicated below.

/s/ Daniel Hernandez

Attorney

<p>Suzanne Brownless Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us</p>	<p>J. R. Kelly / Charles J. Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399 kelly.jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us</p>
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to approve transaction for)
accelerated decommissioning services at CR3)
facility, transfer of title to spent fuel and)
associated assets, and assumption of operations)
of CR3 facility pursuant to the NRC license,)
and request for waiver from future application)
of Rule 25-6.04365, F.A.C. for nuclear)
decommissioning study, by Duke Energy)
Florida, LLC.)

Docket No. 20190140-EI

FILED: May 28, 2020

REDACTED VERSION

DIRECT TESTIMONY

OF

RICHARD A. POLICH, P.E. (STATE OF MICHIGAN)

ON BEHALF OF THE OFFICE OF PUBLIC COUNSEL

J. R. Kelly
Public Counsel

Charles J. Rehwinkel
Deputy Public Counsel

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399-1400
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Attorneys for the Citizens
of the State of Florida

REDACTED

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE AND BUSINESS ADDRESS.

A. My name is Richard A. Polich. I am a Managing Director at GDS Associates, Inc. (“GDS”). My business address is 1850 Parkway Place, Suite 800, Marietta, Georgia, 30067.

Q. WHAT ARE YOUR DUTIES AND RESPONSIBILITIES AT GDS ASSOCIATES?

A. My primary duties are within GDS’s Power Supply Planning Department. While employed by GDS, I have provided consulting services for areas such as:

- Generation Asset Management,
- Engineering analysis of generation projects,
- Engineering evaluation of waste to energy projects,
- Energy management consulting services,
- Nuclear decommissioning cost evaluation,
- Modular nuclear project cost evaluation,
- Renewable energy project cost assessment and economic evaluation,
- Testimony on rate of return, cost of service, regulatory disallowances, determination of prudence, revenue requirements and plant in service, and
- Review of generation project design and construction.

Q. MR. POLICH, PLEASE SUMMARIZE YOUR FORMAL EDUCATION.

A. I graduated from the University of Michigan - Ann Arbor in August 1979 with a Bachelor of Science Engineering Degree in Nuclear Engineering and a Bachelor of Science Engineering Degree in Mechanical Engineering.

1 **Q. PLEASE BRIEFLY DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

2 A. I have over 40 years of work experience in the energy sector, performing duties
3 and services for a myriad of companies and organizations, and representing the
4 interests of private and public constituencies throughout the country.

5 In May 1978, I joined Commonwealth Associates, Inc., located in Jackson,
6 Michigan, as a Graduate Engineer and worked on several plant modification and
7 new plant construction projects.

8 In May 1979, I joined Consumers Power Inc., (now called Consumers
9 Energy), located in Jackson, Michigan, as an Associate Engineer in the Plant
10 Engineering Services Department.

11 In April 1980, I transferred to the Midland Nuclear Project and progressed
12 through various job classifications to Senior Engineer. I was also part of a small
13 team that evaluated the potential to repower the nuclear steam turbine with
14 combustion turbines. One of my responsibilities was to provide the initial thermal
15 design for the combined cycle project, utilizing one of the two existing nuclear
16 steam turbines while still providing process steam for Dow Chemical Company.
17 This project is now known as the Midland Cogeneration Venture, a 12-combustion
18 turbine and steam turbine project capable of providing 1,633 MW of capacity.

19 In July 1987, I transferred to the Market Services Department as a Senior
20 Engineer and reached the level of Senior Market Representative. While in this
21 department, I analyzed the economic and engineering feasibility of customer
22 cogeneration projects.

1 In July 1992, I transferred to the Rates and Regulatory Affairs Department
2 of Consumers Energy as a Principal Rate Analyst. In that capacity, I performed
3 studies relating to all facets of development and design of Consumers Energy's
4 gas, retail, electric and electric wholesale rates. During this period, I was heavily
5 involved in the development of Consumers Energy's Direct Access program and
6 in the development of Consumers Energy's Retail Open Access program. I also
7 participated in the development of Consumers Energy's revenue forecast.

8 In March 1998, I joined Nordic Energy, LLC ("Nordic"), located in Ann
9 Arbor, Michigan, as Vice President in charge of marketing and sales. My
10 responsibilities included all aspects of obtaining new customers and enabling
11 Nordic to supply electricity to those customers. In May 2000, my responsibilities
12 shifted to Operations and Regulatory Affairs and my responsibilities included
13 management of supply purchases, transmission services, and development of new
14 power projects. My Regulatory Affairs responsibilities also included overseeing
15 regulatory and legislation issues for the company.

16 In March 2003, I formed Energy Options & Solutions, based in Ann Arbor,
17 Michigan, as a consulting concern focusing on providing engineering services and
18 regulatory support. Through my work with Energy Options & Solutions, I gained
19 extensive experience consulting in the areas of project development and economic
20 analysis with renewable energy companies across the country, including: Noble
21 Environmental Power located in Centerbrook, Connecticut; Third Planet
22 Windpower, LLC located in Palm Beach Gardens, Florida; TradeWind Energy,
23 LLC located in Lenexa, Kansas; Windlab Developments USA located in

1 Canberra, Australian Capital Territory, Australia; and Matinee Energy Inc. located
2 in Tucson, Arizona, among others.

3 Other examples of my consulting work include evaluation of the Arkansas
4 Weatherization Assistance Program for the Arkansas Energy Office and providing
5 the West Michigan Business Alliance with an evaluation of the business
6 opportunities for Western Michigan businesses in the renewable energy business
7 sector.

8 In 2007, I served as primary author of a report on the economic impacts of
9 renewable portfolio standards and energy efficiency programs for the Department
10 of Environmental Quality – State of Michigan.

11 In 2011, I joined KEMA, Inc. (“KEMA”) located in Burlington,
12 Massachusetts, as a Service Line Leader responsible for developing its renewable
13 energy consulting business. While at KEMA, I performed multiple renewable
14 energy studies for the Electric Power Research Institute, including a renewable
15 energy options study for the country of Saint Maarten (a constituent country of
16 the Kingdom of the Netherlands). I also assisted Lake Erie Energy Development
17 Corporation in its successful application to the U.S. Department of Energy for a
18 multi-million dollar grant to develop an offshore wind project in Lake Erie.

19 In 2013, I joined CLEAResult, located in Little Rock, Arkansas, as
20 Director of Operations. My primary responsibility involved supporting program
21 operations in assisting the company’s Arkansas unit to successfully meet a 400%
22 increase in energy efficiency goals that it managed for Entergy. I was also

1 responsible for managing the company's natural gas energy efficiency programs
2 in the State of Oklahoma.

3 In 2015, I joined the Georgia office of GDS Associates, Inc., a consulting
4 group focusing on utility engineering and consulting services, as Managing
5 Director.

6 I have been a registered Professional Engineer since 1983 and I am
7 licensed in the State of Michigan.

8 My resume is included as Exhibit No. RAP-1.

9

10 **Q. HAVE YOU TESTIFIED IN OTHER REGULATORY PROCEEDINGS?**

11 A. Yes, Exhibit No. RAP-2 contains a list of regulatory proceedings in which I have
12 provided testimony.

13

14 **Q. WHAT IS THE NATURE OF YOUR BUSINESS?**

15 A. GDS Associates, Inc. ("GDS") is an engineering and consulting firm with offices
16 in Marietta, Georgia; Austin, Texas; Corpus Christi, Texas; Manchester, New
17 Hampshire; Madison, Wisconsin, Manchester, Maine; and Auburn, Alabama.
18 GDS provides a variety of services to the electric utility industry including power
19 supply planning, generation support services, rates and regulatory consulting,
20 financial analysis, load forecasting and statistical services. Generation support
21 services provided by GDS include fossil and nuclear plant monitoring, plant
22 ownership feasibility studies, plant management audits, production cost modeling
23 and expert testimony on matters relating to plant management, construction,

1 licensing and performance issues in technical litigation and regulatory
2 proceedings.

3

4 **Q. WHOM DO YOU REPRESENT IN THIS PROCEEDING?**

5 A. I am representing the Florida Office of Public Counsel (“OPC”).

6

7 **Q. WHAT WAS YOUR ASSIGNMENT IN THIS PROCEEDING?**

8 A. I was asked by the OPC to conduct a review and evaluation of the
9 Decommissioning Services Agreement between Duke Energy Florida, LLC, and
10 ADP CR3 and ADP SF1, LLC (“DSA”) and to recommend whether additional
11 customer protections were needed.

12

13 **Q. DID OTHER GDS PERSONNEL ASSIST YOU IN THE ANALYSIS AND**
14 **DEVELOPMENT OF YOUR TESTIMONY IN THIS MATTER?**

15 A. Yes, Dr. William Jacobs provided assistance.

16

17 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

18 A. Yes, I am sponsoring the following exhibits:

- 19 1. Exhibit No. RAP-1 Richard A. Polich, P.E. Resume
20 2. Exhibit No. RAP-2) Richard Polich Regulatory Testimony List
21 3. Exhibit No. RAP-3 ADP organization Structure
22 4. Exhibit No. RAP-4 DEF Response to Citizens Interrogatory 5.a.
23 5. Exhibit No. RAP-5 DEF Response to Citizens Interrogatory 5.e.

- 1 2. Require the parent companies of ADP to maintain a minimum cash
2 or cash equivalent asset in the amount of at least \$105 million to
3 support the Parental Support Agreement,
- 4 3. Modify the Contractor’s Provisional Trust contributions from
5 monthly payments to NorthStar to increase it from 6% to 10% of
6 payments,
- 7 4. Amend the ADP CR3 reporting requirements contained in
8 Attachment 9, Section B from Quarterly to Monthly and enhance the
9 information to provide timely insight into conditions that could
10 impair ADP’s ability to complete the job. This includes establishing
11 reporting requirements to the Florida Public Service Commission
12 (“Commission”), and
- 13 5. Establish an Independent Monitor to oversee the CR3
14 decommissioning activities and ADPCR3’s financial status.
- 15

16 **III. CRYSTAL RIVER 3 DECOMMISSIONING OVERVIEW**

17 **Q. PLEASE DESCRIBE IN GENERAL TERMS WHAT IS THE NUCLEAR**
18 **DECOMMISSIONING TRUST FUND (NDF) AND HOW IT IS FUNDED.**

19 **A.** The NDF for CR3 was required by federal law for the purpose of providing
20 reasonable financial assurance that funds will be available for the future cost of
21 safe decommissioning of a nuclear plant when it reaches the end of its useful life.
22 While the requirement to establish the fund was a creature of federal law, the
23 authorization to fund it was the responsibility of the Commission. The
24 Commission approved an annual accrual based on periodic decommissioning
25 studies performed by DEF and its predecessors. The cost recovery of this NDF-
26 specific accrual for the NDF was incorporated into the revenue requirement and
27 rate design imposed on DEF’s customers beginning in 1989 and continued as

1 periodically modified by Commission orders in rate cases until 2002. Through a
2 series of decisions, the overall cost of decommissioning has been effectively
3 provisioned through approved accruals and establishment of rates since
4 commercial operation in 1977. The recoveries of these accumulated costs in the
5 form of customer provided cash were all ultimately included in the funded balance
6 of the NDF. In 2002, DEF asked the Commission to discontinue the accrual since
7 the NDF was deemed to be fully funded to meet the projected costs of
8 decommissioning and dismantling the plant. At all times, the funding was
9 provided by DEF's customers. Approximately 90% of the NDF funding was
10 provided by the retail customers within the rate setting jurisdiction of the
11 Commission. Wholesale customers (joint owners) provided funding on a
12 proportional basis under other arrangements. In any event, all funding was
13 provided by customers of DEF who received electricity produced by CR3.

14

15 **Q. ARE THE CUSTOMERS WHO PROVIDED THE FUNDING FOR THE**
16 **NDF AND RECEIVED THE ELECTRICITY GENERATED BY CR3**
17 **MORE LIKELY OR INCREASINGLY LESS LIKELY TO BE THE ONES**
18 **WHO WOULD BE CALLED UPON TO COVER THE COST OF FAILURE**
19 **IN THE CURRENT PROPOSAL PRESENTED IN THIS DOCKET?**

20 **A.** There are increasingly significant intergenerational equity issues related to the
21 proposal before the Commission in this docket. I believe that the Commission
22 should keep this in mind when considering whether customer protections are
23 needed. As I discussed earlier, as far back as 1977 DEF customers began to cover

1 future decommissioning costs through the payment of rates and had these
2 payments deposited into the NDF. This was part of the cost of the electricity they
3 consumed. This monthly deposit of funds by these customers continued up until
4 2002, when the explicit deposit was discontinued by the Commission. However,
5 in order to preserve the intended purchasing power of the fund, the money that
6 these customers had deposited over the years as a part of paying for the electricity
7 they consumed still continued to build the fund through the investment earnings
8 on their money that was deposited and set aside to dismantle the plant. In 2009,
9 CR3 was damaged and stopped generating electricity, through no fault of the
10 customers. From that period forward, the DEF retail customer base has become
11 increasingly different from the customer base who paid for the NDF that is now
12 going to be used to dismantle the plant that has not generated electricity for 11
13 years and counting. It has now been 18 years since any customer deposits were
14 made into the fund. By the time the DECON is supposed to be substantially
15 complete in 2038, it will have been almost 30 years since any electricity was
16 generated by CR3 and will have been almost 37 years since any funds (other than
17 investment earnings) were deposited into the NDF. These periods represent a
18 significant overall generational gap between the beneficiaries of CR3's electrical
19 generation and the potential cost imposition that could occur if the DECON is
20 ultimately not successful and a return to SAFSTOR is made but the NDF is
21 insufficient to complete SAFETOR decommissioning and dismantlement. In that
22 event, a whole new generation of customers would be required to contribute to the
23 NDF to meet legal requirements for safe decommissioning and dismantlement and

1 site restoration. It should also be kept in mind that the current general body of
2 DEF customers have already begun paying for future dismantlement of the
3 generating units, such as the Citrus Combined Cycle generating facility and the
4 Solar generating facilities, that were built to replace the approximately 1,000 MW
5 of generation that was lost when CR3 was irreparably damaged and prematurely
6 retired.

7

8 **Q. PLEASE DESCRIBE THE STATUS OF CRYSTAL RIVER 3 NUCLEAR**
9 **POWER PLANT OWNED BY DUKE ENERGY FLORIDA, LLC.**

10 A. CR3 is a single unit pressurized light water reactor supplied by Babcock
11 and Wilcox, capable of producing 860 MW, which entered service in March
12 1977. The plant ceased generating in September 2009 during a planned
13 maintenance and refueling outage and thereafter due to a construction
14 accident, and was placed in extended shutdown on May 28, 2011 and retired
15 in February 2013.

16

17 **Q. WHAT IS THE CURRENT STATUS OF CR3**
18 **DECOMMISSIONING?**

19 A. CR3 is in the decommissioning mode SAFSTOR for 60 years as defined in
20 Nuclear Regulatory Commission (“NRC”) rules and regulations. Under
21 SAFSTOR, the plant is first placed in a safe and stable condition, with the
22 intent to complete decommissioning and site restoration activities by the
23 end of 2074. DEF placed the plant in this form of decommissioning because,

1 at the time CR3 was retired, DEF's analysis of decommissioning costs
2 determined the costs of decommissioning at that time would exceed the
3 funds contained in CR3's NDF. DEF intended to keep CR3 in the
4 SAFSTOR mode until the NDF funds were sufficient to complete
5 decommissioning.

6

7 **Q. WHAT IS DEF'S REVISED DECOMMISSIONING STRATEGY?**

8 A. As explained in DEF's witness Terry Hobbs' testimony, page 8, lines 18 –
9 22, DEF changed the CR3 decommissioning strategy from SAFSTOR to
10 accelerated decontamination and dismantlement ("DECON") in May 2019.
11 The change in CR3 decommissioning strategy was the result of a
12 reassessment of decommissioning costs which found the costs to have
13 significantly dropped due to recent methods used in the process and that
14 they could be covered by the amount of funds in the NDF.

15

16 **Q. HOW DID DEF CONFIRM THE DECON STRATEGY COULD BE**
17 **ACCOMPLISHED WITHIN THE CURRENT NDF FUNDING**
18 **LEVELS?**

19 A. DEF conducted a competitive bidding process, resulting in four (4)
20 proposals. Ultimately, DEF selected one vendor team to proceed with
21 contract negotiations with Accelerated Decommissioning Partners, LLC
22 ("ADP").

23

1 **Q. WHAT WAS THE RESULT OF NEGOTIATIONS WITH ADP?**

2 A. DEF entered into a Decommissioning Services Agreement (“DSA”) with
3 ADP subsidiaries ADP CR3, LLC (“ADPCR3”) and ADP SF1, LLC
4 (“ADPSF1”). Under the structure of the DSA:

- 5 1. DEF will own the plant property and equipment,
- 6 2. DEF will continue to own and control withdrawals from the NDF,
- 7 3. The Independent Spent Fuel Storage Installation (“ISFSI”) will be owned
8 by ADPSF1 and responsible for spent fuel management,
- 9 4. CR3’s Operating license will be transferred to ADPCR3, and
- 10 5. ADPCR3 will be responsible for performing the DECON of CR3 by 2027.

11
12 **Q. HAS THE NRC APPROVED THE OPERATING AND ISFSI
13 LICENSE TRANSFER?**

14 A. Yes, the NRC approved the transfer of the ISFSI license to ADPSF1 and
15 CR3’s operating license to ADPCR3 on April 1, 2020, subject to all
16 regulatory approvals being completed within one year of the NRC’s order.

17
18 **IV. ADP ORGANIZATIONAL STRUCTURE**

19 **Q. DESCRIBE THE ADP ORGANIZATIONAL STRUCTURE
20 ASSOCIATED WITH CR3 DECON.**

21 A. The ADP organizational structure associated with performing the CR3
22 DECON is shown in Exhibit No. ___(RAP-3). ADP is 75% owned by
23 NorthStar Group Services, Inc. (“NorthStar”) and 25% owned by Orano

1 Decommissioning Holdings, LLC (“Orano”). NorthStar is owned by LVI
2 Parent Corporation which is ultimately owned by an equity fund of JFL-
3 NGS Holdings. ADP owns the ADPCR3 and ADPSF1 which will perform
4 the DECON work and manage the ISFSI facilities at CR3. Orano is owned
5 by Orano USA LLC which is owned by Orano SA, a nuclear conglomerate
6 majority owned by the French government.

7

8 **Q. WHAT IS NORTHSTAR’S ROLE IN THE CR3 DECON PROCESS?**

9 A. Based on information contained in the DSA, NRC filings, testimony and
10 other documents provided in discovery, NorthStar will perform project
11 management, arrange for subcontracting as needed and perform a large
12 majority of the DECON work.

13

14 **Q. WHAT IS ORANO’S ROLE IN THE CR3 DECON PROCESS?**

15 A. Orano’s primary task is the segmentation of the nuclear reactor pressure
16 vessel and vessel internals. As discussed in the testimony of ADP’s witness
17 (and CEO), Scott E. State, on page 9, lines 1-3, Orano will also support
18 management of the ISFSI facility and the transfer of the fuel to DOE.

19

20 **V. DSA OVERVIEW**

21 **Q. WHAT IS YOUR ASSESSMENT OF THE DSA?**

22 A. The structure of the CR3 DECON and the DSA negotiated by DEF has the
23 potential to be a benefit to DEF’s ratepayers; the biggest benefit being

REDACTED

1 moving the decommissioning date of CR3 up over 40 years, not including
2 final spent fuel disposal. The key portions of the proposed CR3 DECON
3 include the following:

- 4 1. DEF maintains control over the NDF,
- 5 2. ADP has agreed to, what I refer to as, a semi-fixed contract of \$540
6 million to perform all DECON work except final spent fuel disposal,
- 7 3. Contractor's Provisional Trust ("CPT") that starts at \$20 million and
8 will grow to \$50 million through earnings on the trust and contributions
9 of 6% of each monthly milestone payment,
- 10 4. Parent Guaranty of \$140 million by NorthStar (75% or \$105 million)
11 and Orano (25% or \$35 million),
- 12 5. Letter of Credit in the amount of [REDACTED] to be issued by ADP in the
13 event Milestone One (Milestone One is defined in the DSA¹) is not
14 reached by January 2029,
- 15 6. Payment structure based upon predetermined completion of specific
16 tasks or portions of those tasks,
- 17 7. ADPCR3 subcontractors required to post performance bonds.

18 Although the DSA contains several terms designed to mitigate potential
19 financial risk, risk still exists because of the financial structure of NorthStar
20 and its obligation on other nuclear decommissioning projects. The question
21 is whether it is an acceptable level of risk.

¹ "Milestone One" means that (a) Contractor has submitted Partial License Termination Application to the NRC; and (b) the ISFSI-Only Interim End-State Conditions have been satisfied. This essentially means all decommissioning activities of CR3 are virtually complete except for maintenance of the ISFSI.

REDACTED

1 **Q. IS YOUR CONCERN WITH ADP’S FINANCES STRICTLY**
2 **FOCUSED ON NORTHSTAR?**

3 A. Yes. Orano is backed by a large corporation and, ultimately, the French
4 government. This, combined with Orano’s limited scope of work,
5 significantly reduces the financial concern for Orano.
6

7 **VI.** [REDACTED]

8 **Q.** [REDACTED]
9 [REDACTED]

10 A. Yes. In response to Citizens of the State of Florida’s (“Citizens”)
11 Interrogatory 5.a. (Exhibit No. ___(RAP-4), DEF stated its evaluation of
12 NorthStar to be [REDACTED]. In addition, in response to
13 Citizens’ Interrogatory 5.e. (Exhibit No. ___(RAP-5), DEF [REDACTED]
14 [REDACTED]
15 [REDACTED]

17 **Q. WHAT NORTHSTAR FINANCIAL DOCUMENTS HAVE BEEN**
18 **PROVIDED FOR YOUR REVIEW?**

19 A. In response to Citizens’ first request for Production of Documents (“POD”),
20 DEF provided the following confidential financial statements (See Exhibit
21 No. ___(RAP-6):
22 1. North Star Group Services, Inc.

- 1 a. Consolidated Financial Statements Years Ended December 31, 2015
2 and 2014
- 3 b. Consolidated Financial Statements and Supplemental Schedule as
4 of December 31, 2019 and 2018
- 5 2. NorthStar Group Holdings, LLC
- 6 a. Consolidated Financial Statements as of December 31, 2017 and for
7 the period from June 12, 2017 (date of acquisition) to December 31,
8 2017,
- 9 b. Consolidated Financial Statements and Supplemental Schedule as
10 of December 31, 2018 and 2017 and Year Ended December 31, 2018
11 and for the period from June 12, 2017 (date of acquisition) to
12 December 31, 2017,
- 13 c. Consolidated Financial Statements and Supplemental Schedule as
14 of December 31, 2019 and 2018.

15 Neither NorthStar's nor NorthStar Group Holdings, LLC's financial records
16 for 2016 were provided.

17

18 **Q. WHAT CHANGE IN NORTHSTAR GROUP HOLDINGS, LLC.**
19 **OWNERSHIP OCCURRED IN 2017?**

20 A. NorthStar Group Holdings, LLC., the parent organization of NorthStar, was
21 merged into JFL-NGS Partners, LLC on June 12, 2017. JFL-NGS Partners
22 is controlled by JFLNGS Holdings, LLC, which is controlled by JFL GP
23 Investors IV, LLC. Ultimately, control is exercised by four U.S. citizens,

1 John F. Lehman, Louis N. Mintz, Stephen L. Brooks, and C. Alexander
2 Harman, who are the managing members of JFL GP Investors IV, LLC.
3 Based on documents filed with the NRC in Docket Nos. 50-271 & 72-59,
4 in regard to the license transfer of Vermont Yankee Nuclear Power Station
5 from Entergy to NorthStar Decommissioning Company, LLC, the purpose
6 of the merger transaction, as to the surviving entity, was stated as:
7 "...recapitalized, including both the investment of new capital and the
8 conversion of certain debt to equity, in a transaction that improved the
9 company's liquidity and financial condition." This ownership change
10 resulted in the NorthStar portion of the organizational structure shown in
11 Exhibit No. ___(RAP-3).

12
13 **Q. WHAT ACQUISITION OCCURRED IN 2018 THAT HAS THE**
14 **POTENTIAL TO AFFECT NORTHSTAR'S NUCLEAR**
15 **DECOMMISSIONING WORK?**

16 A. On January 26, 2018, J.F Lehman & Company, the ultimate parent of
17 NorthStar, acquired Waste Control Specialists LLC. ("WCS"). WCS
18 operates the most comprehensive set of low-level radioactive waste
19 treatment, storage and disposal facilities to service the needs of the U.S.
20 nuclear industry. Mr. Scott E. State is also the Chief Executive Officer of
21 WCS. WCS' waste facility in Andrews County, Texas, is one of the few
22 commercial facilities in the United States licensed to dispose of Class A, B
23 and C Low-level Radioactive Waste (LLRW). WCS, in partnership with

REDACTED

1 Orano USA, has also formed a partnership, called Interim Storage Partners,
2 and has filed with the NRC for a license to construct a consolidated interim
3 storage facility (CISF) for used nuclear fuel at the existing WCS disposal
4 site in Andrews County, Texas.

5

6 **Q.** [REDACTED]
7 [REDACTED]
8 [REDACTED]

9 A. On January 11, 2019, NorthStar acquired 100% ownership of Vermont
10 Yankee Nuclear Power Station (“VYNP”) through its subsidiary NorthStar
11 Decommissioning Holdings, LLC. [REDACTED]
12 [REDACTED].

13

14 **Q.** [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]

18 A. [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]

REDACTED

1

[REDACTED]

2

[REDACTED]

3

[REDACTED]

4

[REDACTED]

5

[REDACTED]

6

[REDACTED]

7

[REDACTED]

8

9 Q.

[REDACTED]

10

[REDACTED]

11

[REDACTED]

12 A.

[REDACTED]

13

[REDACTED]

14

[REDACTED]

15

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

21

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[REDACTED]

23

[REDACTED]

REDACTED

- 1 [REDACTED]
- 2 [REDACTED]
- 3 [REDACTED]
- 4 [REDACTED]
- 5 [REDACTED]
- 6 [REDACTED]
- 7 [REDACTED]
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15 [REDACTED]

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17 **Q.** [REDACTED]

18 [REDACTED]

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20 **A.** [REDACTED]

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VII. RECOMMENDED CUSTOMER PROTECTIONS TO DSA

Q. **BASED UPON YOUR REVIEW OF NORTHSTAR’S FINANCIAL SITUATION AND THE DSA, WHAT PROVISIONS WOULD YOU RECOMMEND TO PROVIDE ADDITIONAL RATEPAYER PROTECTION?**

A. The following recommendations are based upon NorthStar’s financial situation and intended to provide reasonable measures of protection for ratepayers and enhance the probability of success of CR3 decommissioning:

1. Amend the Parental Support Agreement to include the State of Florida as a beneficiary and with the same rights as the NRC.
2. Require the parent companies of ADP to maintain a minimum cash or cash equivalent asset in the amount of at least \$105 million to support the Parental Support Agreement.
3. Modify the Contractor’s Provisional Trust contributions from monthly payments to NorthStar to increase it from 6% to 10% of payments.
4. Amend the ADP CR3 reporting requirements contained in Attachment 9, Section B from Quarterly to Monthly and enhance the information to

1 provide timely insight into conditions that could impair ADP's ability
2 to complete the contract. This includes establishing monthly and annual
3 reporting requirements to the Commission.

- 4 5. Establish an Independent Monitor to oversee the CR3 decommissioning
5 activities and ADPCR3's financial status.

6
7 **Q. PLEASE EXPLAIN THE PURPOSE OF INCLUDING THE STATE**
8 **OF FLORIDA AS A BENEFICIARY AND WITH THE SAME**
9 **RIGHTS AS THE NRC IN THE PARENTAL SUPPORT**
10 **AGREEMENT.**

11 A. The Parental Support Agreement contained in Exhibit H-1 and H-2 of the
12 DSA explicitly states there is no guarantee to third parties other than the
13 NRC of payment of decommissioning costs for CR3. The funding for CR3's
14 decommissioning was provided solely by DEF ratepayer contributions to
15 CR3's NDF. NRC regulations establish requirements of the license holder
16 to fund decommissioning; however, the Commission established the
17 charges to DEF ratepayers to fund the NDF. Since the Commission, as a
18 representative of the State of Florida, is responsible for setting up the
19 funding of the NDF and ultimately the funding of CR3 decommissioning,
20 the State of Florida should have equal treatment in the Parental Support
21 Agreements with that of the NRC. Adding the State of Florida should not
22 cause any additional financial burden on NorthStar or Orano nor should it
23 increase the cost of the Parental Support Agreements. Additional reasons

1 for The State of Florida to be a beneficiary in the Parental Guarantee
2 Agreement are as follows:

3 1. The State of Florida has a vested interest in CR3 being properly
4 decommissioned because of the potential environmental impact and
5 impact on public health and safety.

6 2. If the decommissioning of CR3 by ADP and its affiliates is not
7 performed as projected, resulting in depletion of the NDF and the need
8 for additional funding from DEF's ratepayers, any request by DEF for
9 additional funding by its ratepayers will have to be approved by the
10 Commission.

11 3. State of Florida regulatory agencies, specifically the Commission, are
12 in a better position to monitor the status of CR3 decommissioning on a
13 more frequent basis than the NRC. We are recommending the
14 Commission receive quarterly and annual reports from ADP that
15 include decommissioning status, status of NDF funds and financial
16 condition of ADP, its subsidiaries and its parent organizations. The
17 recommended reporting would provide the State of Florida more timely
18 information than is provided to the NRC since the NRC only requires
19 an annual report.

20 4. DEF has placed itself in the position of overseeing ADP's
21 decommissioning of CR3. The State of Florida's regulation of DEF
22 provides it the ability to obtain information on a regular basis.

1 5. This provision would allow the State of Florida to require ADP to
2 provide decommissioning funding of up to \$140 million through the two
3 Parental Support Agreements.

4 The State of Vermont required an amendment to the Parental Support
5 Agreement approved by the NRC for VYNP, prior to approving the transfer
6 of ownership to NorthStar, and NorthStar agreed to this amendment.

7

8 **Q. WHAT WOULD BE THE BENEFIT TO DEF'S RATEPAYERS OF**
9 **REQUIRING THE PARENT COMPANIES OF ADP TO MAINTAIN**
10 **A MINIMUM CASH OR CASH EQUIVALENT BALANCE SHEET**
11 **ASSET IN THE COMBINED AMOUNT OF APPROXIMATELY**
12 **\$140 MILLION TO SUPPORT THE PARENTAL SUPPORT**
13 **AGREEMENT?**

14 A. The Parental Support Agreement is only worth the value of ADP's parent
15 companies. If ADP's parent companies are without assets, then the \$140
16 million of decommissioning funding is unavailable and worthless. There is
17 nothing in the DSA nor is there any legal requirement for ADP's parent
18 companies to maintain a minimum level of cash or accessible assets to
19 support the Parental Support Agreement. As discussed earlier, DEF
20 ratepayers in general, and specifically a generation of ratepayers completely
21 different from those who received the electricity from CR3, could be placed
22 in the position of providing additional funding (essentially paying twice) to
23 complete CR3's decommissioning if the ADP companies fail to complete

1 CR3 decommissioning. At a minimum, the Parental Support Agreements
2 should contain a trigger requiring NorthStar and Orano to notify the State
3 of Florida and the NRC if cash or cash equivalent assets fall below a
4 predetermined level needed to provide the amounts obligated in the Parental
5 Support Agreements to be used for CR3 decommissioning.

6

7 **Q. WOULD A REQUIREMENT FOR ADP'S PARENT**
8 **ORGANIZATIONS TO MAINTAIN MINIMUM CASH OR CASH**
9 **EQUIVALENT BALANCE SHEET ASSETS IN THE COMBINED**
10 **AMOUNT OF APPROXIMATELY \$140 MILLION CAUSE**
11 **FINANCIAL HARDSHIP FOR THE PARENT ORGANIZATIONS?**

12 A. No. A Parental Support Agreement is a contractual obligation which also
13 creates a financial liability and should be recognized in the company's
14 financial statements as a liability. If a balance sheet contains a liability, there
15 needs to be an offsetting asset for the company to balance its books. By
16 requiring ADP's parent companies to maintain a minimum cash or cash
17 equivalent asset in the combined amount of approximately \$140 million
18 should already be incorporated into their balance sheets. It would be prudent
19 for the ADP parent companies to maintain some form of liquid asset
20 because ADP could call upon the Parental Support Agreements at any time.

21

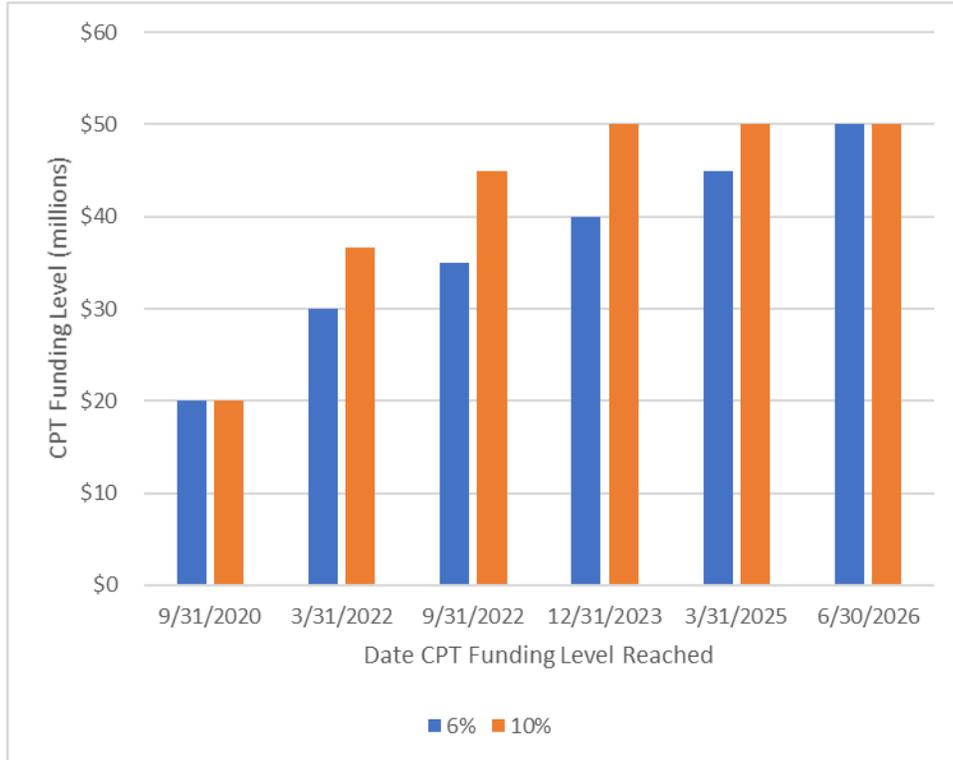
22 **Q. WHAT IS THE PURPOSE OF MODIFYING ADPCR3'S 6%**
23 **CONTRIBUTIONS FROM MONTHLY PAYMENTS TO THE**

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1 **CONTRACTOR’S PROVISIONAL TRUST TO 10% OF**
2 **PAYMENTS?**

3 A. DEF has identified the \$50 million Contractor’s Provisional Trust (“CPT”)
4 as one of the key elements of risk mitigation in the proposed transaction
5 with the ADP companies. Initially, the CPT will only contain the original
6 deposit of \$20 million. Based on response to Citizens’ Interrogatory 16 (see
7 Exhibit No. RAP-8), the CPT will not reach \$50 million until after ADPCR3
8 has been paid approximately [REDACTED] sometime in the second quarter
9 of 2026. Increasing the CPT percent contribution of ADPCR3 invoice
10 amounts from 6% to 10% would result in the CPT being fully funded by
11 sometime in the 4th quarter of 2023, approximately two years earlier than
12 forecasted with the 6% contribution of ADPCR3 invoice amounts. A
13 comparison of the CPT funding is provided in Exhibit No. RAP-9 and the
14 following chart shows a comparison of the timing of the CPT funding

1 between 6% and 10% of ADPCR3 invoice contribution levels.



2

3 Since the CPT is a major component of DEF’s risk mitigation, funding the
4 CPT sooner increases its value as a risk mitigation tool. The 10%
5 contribution of invoiced amounts was agreed to by NorthStar as part of the
6 settlement in the acquisition of VYNP.

7

8 **Q. WHAT IS THE BENEFIT OF CHANGING ADPCR3’S**
9 **REPORTING REQUIREMENTS CONTAINED IN ATTACHMENT**
10 **9, SECTION B FROM QUARTERLY TO MONTHLY?**

11 A. GDS’ experience in monitoring the construction progress at Georgia
12 Power’s Plant Vogtle Units 3 and 4 is that frequent reporting is essential to
13 the monitoring of a project’s progress. Assuming ADPCR3 completes
14 decommissioning and site restoration by the end of 2027, this is an

1 aggressive schedule in which changes in site conditions, expenditures and
2 financial issues will occur quickly. Quarterly reporting is insufficient to
3 track a project progressing this quickly because, if the project conditions
4 deteriorate, it may be three months before that information would be made
5 available to DEF (and the Commission). Increasing the frequency of
6 reporting to monthly would provide DEF (and the Commission) the
7 opportunity to quickly identify problems and react accordingly.

8

9 **Q. WHAT ARE YOUR RECOMMENDED REPORTING**
10 **REQUIREMENTS TO THE COMMISSION?**

11 A. I recommend the Commission be supplied reports on the progress of CR3
12 decommissioning, status of funding, and financial condition of ADP and its
13 parent organizations. Reporting to the Commission supports the
14 Commission's regulatory efforts in regard to CR3, DEF and the CR3
15 decommissioning. It will provide the Commission critical information on
16 the progress of CR3 decommissioning, and will prevent any surprises. I
17 recommend the following elements be contained in the Commission
18 reporting:

- 19 1. Monthly reporting requirements except as noted below,
- 20 2. Project status, activities completed and projection of next quarter
21 activities,
- 22 3. Identification of any project delays and causes,
- 23 4. Payments from the NDF and projections for next monthly payments,

- 1 5. Status of the CPT,
- 2 6. Financial reports of ADP, ADP companies and ADP parents (Quarterly
- 3 Statements), and
- 4 7. Identification of critical issues and performance of ADP.

5

6 **Q. WHAT IS THE BENEFIT OF ESTABLISHING AN INDEPENDENT**

7 **MONITOR TO OVERSEE THE CR3 DECOMMISSIONING AND**

8 **ADPCR3 FINANCIAL STATUS.**

9 A. As the Georgia Public Service Commission discovered with respect to

10 Georgia Power’s Plant Vogtle Units 3 and 4, use of an independent monitor

11 would provide the Commission and other State of Florida agencies an

12 independent assessment of CR3’s decommissioning progress. The

13 independent monitor would provide an unbiased but experienced review of

14 the CR3 decommissioning effort. Although DEF will be monitoring the

15 project, the independent monitor is often able to perform assessments and

16 projections of project outcomes that the owner of the facility cannot without

17 the pressure of management or shareholder expectations. The primary

18 purpose of the independent monitor would be as follows:

- 19 • Providing an early warning of technical or regulatory problems.
- 20 • Estimating actual project expenditures relative to project revenue to
- 21 provide an early warning of financial difficulty.

- 1 • Ensuring that tasks are planned in accordance with the overall project
2 schedule and not selected for the purpose of increasing revenue to
3 ADPCR3.
- 4 • Tracking project expenditures and schedules.
- 5 • Reporting cost overruns.
- 6 • Reporting schedule slippage.
- 7 • Tracking, assessment, and reporting on ADP, NorthStar & Orano
8 financials.
- 9 • Tracking expenditures for Independent Spent Fuel Storage Installation
10 (“ISFSI”) and recovery from DOE.

11

12 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

13 A. Yes, it does.

EDUCATION

Master of Business Administration, University of Michigan, 1990
Bachelor of Science, Mechanical Engineering, University of Michigan, 1979
Bachelor of Science, Nuclear Engineering, University of Michigan, 1979

ENGINEERING REGISTRATION

Professional Engineer in the State of Michigan

PROFESSIONAL MEMBERSHIP

National Society of Professional Engineers
American Nuclear Society
American Society of Mechanical Engineers

PROFESSIONAL EXPERIENCE

Mr. Polich has more than 30 years' experience as an energy industry engineer, manager, and leader, combining his business and technical expertise in the management of governmental, industrial and utility projects. He has worked extensively in nuclear, coal, IGCC, natural gas, green/renewable generation. Mr. Polich has developed generation projects in wind, solar, and biomass in Australia, Canada, Caribbean, South American and United States. His generation experience includes engineering of systems and providing engineering support of plant operations. Notable projects include the Midland Nuclear Project and its conversion to natural gas combined cycle, start-up testing support for Consumers' coal-fired Campbell 3, Palisades nuclear steam generator replacement support, Covert Generating Station feasibility evaluation, and a Lake Erie offshore wind project. He also has extensive experience in utility rates and regulation, having managed Consumers Energy's rates group for a number of years. In that function his responsibilities included load and revenue forecasting, overseeing the design of gas and electric rates and testifying in regulatory proceedings. Mr. Polich has testified in over thirty regulatory and legislative proceedings.

Mr. Polich has been involved in the nuclear industry since 1978. While at GDS, Mr. Polich has provided Utah Associated Municipal Power System project cost analysis for a small modular nuclear power project. Last year, he provided advisory services to the Vermont Public Utility Commission on the ownership transfer, nuclear decommissioning trust fund adequacy and decommissioning methodology of Vermont Yankee. Mr. Polich has supported GDS oversight efforts of the construction of the Vogel Nuclear Plant units 2&3 for the Georgia Public Service Commission. He has also provided decommissioning assessment analysis on St. Lucie Nuclear, and Grand Gulf Nuclear projects. Mr. Polich was part of the design engineering team for the Erie Nuclear Plant by the design engineering firm, Gilbert Commonwealth. Key responsibilities were the design of systems and component specifications associated with the nuclear steam supply systems (NSSS) and steam turbine thermal cycle. Worked directly with Babcock and Wilcox on NSSS design and ancillary system specifications. Mr. Polich was also senior engineer on the Midland Nuclear project, responsible for oversight of Bechtel design engineering and interfacing with NSSS vendor Babcock & Wilcox on ancillary systems. His responsibilities also included negotiation with the Nuclear Regulatory Commission on new regulation requirements. Mr. Polich's role evolved into onsite engineering during construction of the Midland Nuclear Plant and as a project trouble shooter at the Palisades Nuclear Plant.

SPECIFIC PROJECT EXPERIENCE

NUCLEAR PROJECT EXPERIENCE

Vermont Yankee – Provided the Vermont Public Utility Commission advisory services on the asset transfer of Vermont Yankee from Entergy Nuclear Operations, Inc. to NorthStar Group Holdings, LLC. This effort has included assessment of financial strength of new company, adequacy of Nuclear Decommissioning Trust Fund to fund decommissioning efforts, evaluation of decommissioning methodology and State of Vermont Risk.

Vogel Nuclear Plant Units 3 & 4 – Mr. Polich has provided advisory services to the team performing the oversight of the construction of the Vogel Plant Units 3 & 4 as part of GDS project oversight responsibilities for the Georgia Public Service Commission.

St. Lucie Nuclear Plant – Provided a risk assessment, decommissioning funding study and ownership evaluation for City of Vero Beach. This included review of project maintenance history, steam generator replacement project, analysis of decommissioning needs and funding and assessing current value of Vero Beach's ownership share.

Grand Gulf Nuclear Project – Assessed the adequacy of decommissioning funding and funding level for the grand Gulf Nuclear plant for Cooperative Energy. Project purpose was to assess changes in decommissioning funding rates and to determine if sufficient funds would be available for plant decommissioning.

Consumers Energy Midland Nuclear Plant – Responsible for overseeing EPC contractor design and construction of primary and secondary nuclear systems. Included review of systems for compliance with Nuclear Regulatory Commission regulations. Key projects included:

- Leading team to analyze plant and determine best methods for compliance with new CFR Appendix R Fire Protection rules
- Design of primary cooling system pump oil collection and disposal systems.
- Oversight of redesign of component cooling water systems.
- Analysis of diesel generator capability to meet emergency shutdown power requirements.
- Primary interface with Dow Chemical for steam supply contract.

Ohio Edison Company Erie Nuclear Project – Design engineer responsible for the design, equipment specifications, bid evaluations and regulatory licensing for nuclear steam supply system and ancillary systems. Key projects included:

- Project Thermal Analysis
- Development of NSS valve specifications
- Major equipment bid Proposal Evaluation and recommendations

Interface with Babcock & Wilcox on NSSS Design

RATES & REGULATORY

GDS associates, Inc. – Managing Director

North Dakota Public Service Commission Staff – Case No. PU-16-666 MDU Generatl Rate Case

Provided testimony on behalf of the North Dakota Public Service Commission Staff regarding return on equity, cost of capital, revenue requirement, and generation resource costs.

North Dakota Public Service Commission Staff – Case No. PU-15-96 NSP Determination of Prudence

Provided testimony on behalf of the North Dakota Public Service Commission Staff regarding analysis and recommendation concerning Northern States Power's ("NSP") need for additional generation resources.

Consumers Energy - Supervisor of Pricing and Forecasting

Managed the group responsible for setting and obtaining regulatory approval for the company's electric and gas rates. Developed new approaches to electric and natural gas competitive pricing, redesigned electric rates to simplify rates and eliminate losses and defined new strategies for customer energy pricing. Negotiated new electric supply contracts with key industrial electric customers resulting in over \$800M in annual revenue. Testified in multiple regulatory proceedings.

EOS Energy Options & Solutions – Consulting Company

Provided testimony for multiple clients in both Detroit Edison and Consumers Energy in over 30 regulatory proceedings. Testimony topics included rates, public policy and deregulation. Also testified in several legislative proceedings in both Michigan and Ohio, addressing energy policy. Provided expert witness testimony in Massachusetts regarding wind energy projects.

NATURAL GAS COMBINED CYCLE EXPERIENCE

Consumers Energy – 1,560 MW Midland Cogeneration Venture

Member of a small team selected to investigate the feasibility of converting the mothballed Midland Nuclear Plant into a fossil fueled power plant. Established new plant configuration that repowered the existing nuclear steam turbine with natural gas fired combustion turbines and heat recovery steam generators. Developed the new thermal cycle and heat rate, determined how to supply steam to Dow chemical for cogeneration, developed models for projecting plant performance, defined which portions of the nuclear plant were useful in the new combined cycle plant and forecasted project economics.

Nordic Energy – Vice President

Project Manager for the development of two 1,150 MW IGCC projects proposed to Georgia Power and Xcel Energy in response to RFPs. Responsibilities included establishing thermal cycles, equipment selection, site selection, supervising engineering, developing project proforma and proposals.

Project Manager for 230 MW power barge to be located on the Columbia River near Portland Oregon. Lead the project development team responsible for securing equipment, designing the power plant, design of barges, assessing site feasibility, developing project economics and interconnection applications.

RENEWABLE ENERGY EXPERIENCE

Matinee Energy – Utility Scale Solar Developer

Engineering design and project development consultant for utility scale solar photovoltaic projects. Development activities include site selection, equipment specifications, financial analysis and preparation of proposals. Also responsible for engineering and securing electrical interconnection.

Windlab Developments USA – Wind Power Developer

Responsible for greenfield development of the US platform for wind energy projects east of the Mississippi. Developed the company's engineering protocol for wind project design and construction, responsible for managing engineering design and construction of projects, and established six wind power projects (750 MW). Responsible for negotiation of Power Purchase Agreements, electrical interconnection studies, interface with Midwest ISO and submitting Generation Interconnection Application.

TradeWind Energy - Wind Power Project Developer

Project developer for 800 MW of wind power projects in Michigan and Indiana. Introduced new project management methods to the development process which resulted in savings of over \$200,000 annually on each project.

Third Planet Windpower – Wind Power Project Developer

Engineering and project management consultant to support the startup of new wind power company. Established engineering standards used for selection of wind project equipment and project construction, analysis tools for evaluating projecting wind project power production, and performed project economic modeling.

Noble Environmental Power – Wind Power Project Developer

Electric transmission system consultant on the development of several wind power projects. Supported Noble's decisions on transmission grid interconnect and negotiate interconnection agreements.

ENERGY EFFICIENCY EXPERIENCE

Arkansas Energy Office – Weatherization Assistance Program Evaluation

Evaluated the performance and operations of Arkansas's Weatherization Assistance Program. This included review of program effectiveness, program operations, energy efficiencies attained, adequacy of energy efficiency measures and subcontractor performance.

CLEARResult – Arkansas Energy Efficiency Programs

Energy efficiency operations and program support for 400% increase in Arkansas energy efficiency programs. Developed processes for data collection, field staff deployment and job assignments.

ECONOMIC IMPACT ASSESSMENT

Michigan Department of Environmental Quality - Economic Impacts of a Renewable Portfolio Standard and Energy Efficiency Program for Michigan

Project Manager for this report which focused on the economic impact of renewable portfolio standard and energy efficiency programs on the State of Michigan. The evaluation used in this report encompassed using integrated resource planning models, econometric modeling and electric pricing models for the entire State of Michigan.

West Michigan Business Alliance - Alternative and Renewable Energy Cluster Analysis

Prepared the report provided a road map for Western Michigan businesses to establish new business in the renewable energy industry.

POWER PROJECT EXPERIENCE:

Detroit Edison St Clair Power Station – Performed coal combustion analysis associated with conversion Powder River Basin coal. Work included pulverizer mill performance testing, boiler combustion analysis on new coal, and unit performance analysis.

Consumers Energy Campbell 3 - Supported start-up efforts of this 800 MW pulverized coal power plant. Part of team that performed analysis of boiler data and determined the cause of superheater failure. Also part of team to analyze performance test data for warranty evaluation.

Consumers Energy Weadock Plant – Design oversight and specified various plant upgrades during major maintenance outage. Included replacement of high-pressure superheater, design of new steam supply pipes, valve specifications and supported plant restart.

PAPERS & PUBLICATIONS

Engineering and Economic Evaluation of Offshore Wind Plant Performance and Cost Data, 2011, Produced for the Electric Power Research Institute, KEMA, Inc.

FERC's 15% Fast Track Screening Criterion, 2012, Paper reviewing the FERC 15% screening criteria for electrical interconnection, KEMA, Inc.

Island of Saint Maarten Sustainable Energy Study, 2012, Produced for the Cabinet of Ministry VROMI, KEMA Inc.

A Study of Economic Impacts from the Implementation of a Renewable Portfolio Standard and an Energy Efficiency Program in Michigan, 2007, Produced for the Michigan Department of Environmental Quality

Alternative and Renewable Energy Cluster Analysis, 2007, Produced for the West Michigan Strategic Alliance and The Right Place

COURSES & SEMINARS

Association of Energy Engineers – Certified Energy Manager
Green Building Council – Associated LEED Certification Training
CLEAResult Leadership Academy

COMMUNITY SERVICE AND ACTIVITIES

Bicycling, hiking and cross-country skiing
Instrument-Rated Private Pilot
Habitat for Humanity
Scoutmaster
Soccer coach and referee
Volunteer work for disaster relief and building homes in Mexico

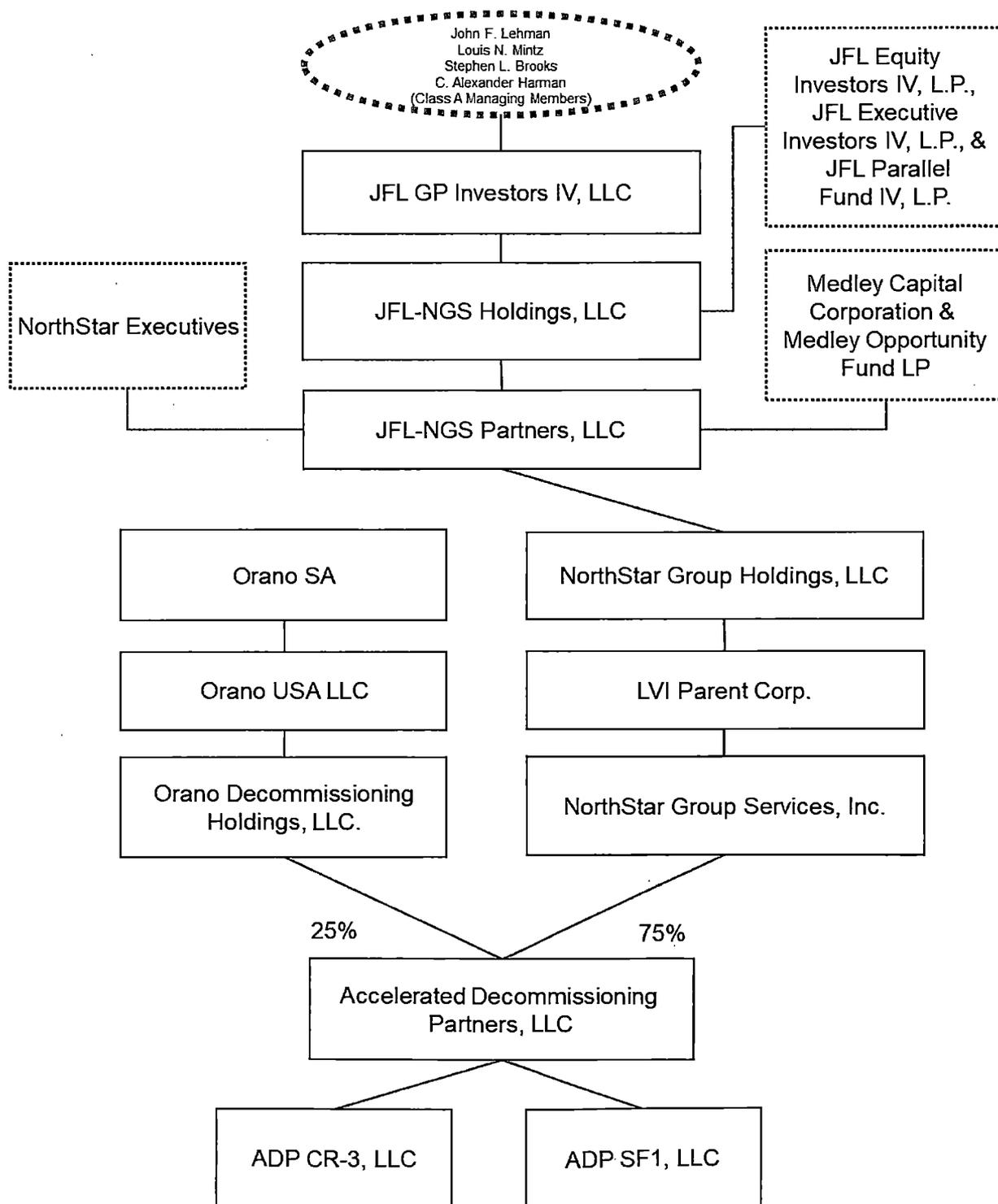
PREVIOUS TESTIMONY OF RICHARD A. POLICH

COMMISSION	CASE	ON BEHALF	TITLE
Florida	20190001-E1	Florida OPC	Fuel and Purchase Power Cost Recovery Clause
FERC	ER17-1821-002	Joint Customers	Revenue Requirement for Reactive Power Production Capability of the Panda Stonewall Generating Facility
North Carolina	E-2 Sub1142	North Carolina AG	Duke Energy Progress General Rate Case
Indiana	38707 FAC111-S1	Nucor Steel	Duke Energy Indiana, LLC for Fuel Cost Adjustment Clause
North Dakota	PU-16-166	ND PSC Staff	Montana-Dakota Utilities 2016 Electric Rate Increase Application
Hawaii	2015-0022	Sun Edison	Regarding the Hawaiian Electric Company, Inc. and NextEra Merger
North Dakota	PU-15-96	ND PSC Staff	Northern States Power Determination of Prudence
Michigan	U-10143	Consumers Energy	Consumers Energy Approval of an Experimental Retail Wheeling Case
Michigan	U-10335	Consumers Energy	General Rate Case
Michigan	U-10625	Consumers Energy	Proposal for Market-Based Rates Under Rate-K
Michigan	U-10685	Consumers Energy	1996 General Rate Case
Michigan	U-11915	Energy Michigan	Supplier Licensing
Michigan	U-11955	Energy Michigan	Consumers Energy Stranded & Implementation Cost Recovery
Michigan	U-11956	Energy Michigan	Detroit Edison Stranded & Implementation Cost Recovery
Michigan	U-12478	Energy Michigan	Detroit Edison Asset Securitization Case
Michigan	U-12488	Energy Michigan	Consumers Energy Retail Open Access Tariff
Michigan	U-12489	Energy Michigan	Detroit Edison Retail Open Access Tariffs
Michigan	U-12505	Energy Michigan	Consumers Energy Asset Securitization Cases
Michigan	U-12639	Energy Michigan	Stranded Cost Methodology Case
Michigan	U-13380	Energy Michigan	Consumers Energy 2000, 2001 & 2002 Stranded Cost Case
Michigan	U-13350	Energy Michigan	Detroit Edison 2000 & 2001 Stranded Cost Case
Michigan	U-13715	Energy Michigan	Consumers Energy Securitization of Qualified Costs
Michigan	U-13720	Energy Michigan	Consumers Energy 2002 Stranded Costs
Michigan	U-13808	Energy Michigan	Detroit Edison General Rate Case
Michigan	U-13808-R	Energy Michigan	Detroit Edison 2004 Stranded Cost &
Michigan	U-14474	Energy Michigan	Detroit Edison 2004 PSCR Reconciliation Case

PREVIOUS TESTIMONY OF RICHARD A. POLICH

COMMISSION CASE		ON BEHALF	TITLE
Michigan	U-13933	Energy Michigan	Detroit Edison Low-Income Energy Assistance Credit for Residential Electric Customers
Michigan	U-13917-R	Energy Michigan	Consumers Energy 2004 PSCR Reconciliation Case
Michigan	U-13989	Energy Michigan	Consumers Energy Request for Special Contract Approval
Michigan	U-14098	Energy Michigan	Consumers Energy 2003 Stranded Costs
Michigan	U-14148	Energy Michigan	Consumers Energy MCL 460.10d(4) Case
Michigan	U-14347	Energy Michigan	Consumers Energy General Rate Case
Michigan	U-14274-R	Energy Michigan	Consumers Energy 2005 PSCR Reconciliation Case
Michigan	U-14275-R	Energy Michigan	Detroit Edison Company 2005 PSCR Reconciliation Case
Michigan	U-14399	Energy Michigan	Detroit Edison Company Application for Unbundling of Rate
Michigan	U-14992	Energy Michigan	Power Purchase Agreement and for Other Relief in Connection with the sale of the Palisades Nuclear Power Plant and Other Assets

Figure 2: SIMPLIFIED ORGANIZATION CHART



REDACTED

Exhibit RAP-4

5. [REDACTED]

a. [REDACTED]

RESPONSE:

DEF objects to this interrogatory to the extent it seeks information reflecting DEF's internal assessment, analysis and calculation of the financial condition and creditworthiness of the ADP entities because such documents are not relevant to the issues in this proceeding, namely the actual financial condition and creditworthiness of the ADP entities, and are not reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, DEF responds to this interrogatory as follows:

b. [REDACTED]

REDACTED

Exhibit RAP-5

5. [REDACTED]

e. [REDACTED]

RESPONSE:

DEF objects to this interrogatory to the extent it seeks information reflecting DEF's internal assessment, analysis and calculation of the financial condition and creditworthiness of the ADP entities because such documents are not relevant to the issues in this proceeding, namely the actual financial condition and creditworthiness of the ADP entities, and are not reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, DEF responds to this interrogatory as follows:

[REDACTED]

**Exhibit RAP-6 attached to the Direct
Testimony of Richard A. Polich, P.E., on
behalf of the Office of Public Counsel**

**REDACTED
IN ENTIRETY**

**Exhibit RAP-7 attached to the Direct
Testimony of Richard A. Polich, P.E., on
behalf of the Office of Public Counsel**

**REDACTED
IN ENTIRETY**

REDACTED

Exhibit RAP-8

16.

[REDACTED]

a.

[REDACTED]

RESPONSE:

[REDACTED]

b.

[REDACTED]

RESPONSE:

[REDACTED]

c.

[REDACTED]

RESPONSE:

[REDACTED]

d.

[REDACTED]

RESPONSE:

[REDACTED]

REDACTED

e.

[REDACTED]

RESPONSE:

[REDACTED]

f.

[REDACTED]

RESPONSE:

[REDACTED]

g.

[REDACTED]

RESPONSE:

[REDACTED]

h.

[REDACTED]

RESPONSE:

[REDACTED]

	Citizens of the State of Florida
Docket No.:	20190140-EI
Witness:	Richard A. Polich
Exhibit No.:	____ (RAP-9)
Date:	May 28, 2020

PROJECTED CONTRACTOR'S PROVISIONAL TRUST FUNDING
CPT FUNDED AT 6% OF ADPCR3 INVOICES

CPT FUNDING (MILLIONS)	% of CPT \$50 Million	PROJECTED DATE CPT REACHES FUNDING LEVEL	ESTIMATED ADPCR3 INVOICED AMOUNTS (MILLIONS)	% of DSA CONTRACT FIXED PRICE OF \$540 MILLION
\$20	40.0%	DSA Closing	\$0	0.0%
\$30	60.0%	2022 1st Qtr	\$167	30.9%
\$35	70.0%	2022 3rd Qtr	\$250	46.3%
\$40	80.0%	2023 4th Qtr	\$333	61.7%
\$45	90.0%	2025 1st Qtr	\$417	77.2%
\$50	100.0%	2026 2nd Qtr	\$500	92.6%

CPT is not become fully funded until 2nd quarter of 2026, after over 92.6% of DSA contract price is spent.

PROJECTED CONTRACTOR'S PROVISIONAL TRUST FUNDING
CPT FUNDED AT 10% OF ADPCR3 INVOICES

CPT FUNDING (MILLIONS)	% of CPT \$50 Million	PROJECTED DATE CPT REACHES FUNDING LEVEL	ESTIMATED ADPCR3 INVOICED AMOUNTS (MILLIONS)	% of DSA CONTRACT FIXED PRICE OF \$540 MILLION
\$20	40.0%	DSA Closing	\$0	0.0%
\$37	73.4%	2022 1st Qtr	\$167	30.9%
\$45	90.0%	2022 3rd Qtr	\$250	46.3%
\$50	100.0%	2023 4th Qtr	\$333	61.7%
\$50	100.0%	2025 1st Qtr	\$417	77.2%
\$50	100.0%	2026 2nd Qtr	\$500	92.6%

CPT becomes fully funded in 4th quarter of 2023 and only 61.7% of DSA contract price has been spent.