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Issue 3: Should FPL and PEF be permitted to record in rate base the incremental difference between Allowance for Funds Used During Construction (AFUDC) permitted by Section 366.93, F.S. and their respective most currently approved AFUDC, for recovery when the nuclear plant enters commercial operation?

Recommendation: No. Staff recommends that utilities not be permitted to record in rate base the incremental difference between carrying costs established in Section 366.93, F.S., and their respective most currently approved AFUDC rate applicable to all other projects, for recovery when the nuclear plant enters commercial operation. Staff recommends the Commission find that Section 366.93, F.S., establishes a fixed project carrying cost to be applied to all nuclear construction projects with need petitions filed prior to December 31, 2010.

APPROVED

Issue 7: Should the Commission find that for the year 2008, FPL's project management, contracting, and oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project and the Extended Power Uprate project?

Recommendation: Staff recommends the Commission find FPL's 2008 project management, contracting, and oversight controls were reasonable and prudent for the EPU project and for the TP67 project. FPL's approach to TP67 project EPC contract management is addressed separately in Issue 7A. The feasibility of continuing FPL's TP67 project and FPL's supporting feasibility analysis are addressed in Issue 8.

APPROVED; *Commissioner Argenziano dissented*

Issue 7A: Is FPL's decision in 2008 to pursue an alternative to an Engineering Procurement Construction (EPC) contract for the Turkey Point 6 & 7 project prudent and reasonable?

Recommendation: Staff recommends that FPL's 2008 decision to create the potential for additional competitive opportunity through an EP/C contractual approach to the TP67 project was reasonable and prudent.

APPROVED; *Commissioner Argenziano dissented*

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Issue 8: Should the Commission approve what FPL has submitted as its annual detailed analyses of the long-term feasibility of completing the Turkey Point 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C.?

Recommendation: Yes. Staff believes that the information and analysis submitted by FPL are sufficient and satisfactory for compliance with Rule 25-6.0423, F.A.C., and Order No. PSC-08-0237-FOF-EI regarding the annual detailed analysis of the long-term feasibility of Turkey Point 6 & 7 project. FPL should be required to file updated capital cost estimates in its next annual NCRC filing.

APPROVED; *Commissioner Argenziano dissented*

Issue 8A: If the Commission does not approve FPL's long term feasibility analyses of Turkey Point 6 & 7, what further action, if any, should the Commission take?

Recommendation: If the Commission does not approve FPL's May 1, 2009 long-term feasibility analysis of Turkey Point 6 & 7, staff recommends that FPL address the Commission's concerns with the current filing in their May 1, 2010 testimony.

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Issue 11: Are FPL's 2008 actual, 2009 actual/estimated and 2010 projected EPU project costs separate and apart from the nuclear costs that would have been necessary to provide safe and reliable service had there been no EPU project?

Recommendation: Staff recommends that the Commission find FPL's 2008 actual, 2009 actual/estimated and 2010 projected EPU project costs are separate and apart from the nuclear costs that would have been necessary to provide safe and reliable service had there been no EPU project.

APPROVED; *Commissioner Argenziano dissented*

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Issue 12: What system and jurisdictional amounts should the Commission approve as FPL's reasonable actual/estimated 2009 costs for the Extended Power Uprate project?

Recommendation: Staff recommends the Commission approve, as reasonable, actual/estimated 2009 EPU project construction costs in the amount of \$258,926,772 (\$252,317,529 jurisdictional), O&M expenses of \$568,000 (\$544,467 jurisdictional), carrying charges of \$20,297,390, and a base rate revenue requirement of \$83,460. The Commission should also approve an estimated 2009 EPU project true-up amount of \$4,372,298. These amounts include a \$191 adjustment to FPL's requested base rate revenue requirement.

APPROVED; *Commissioner Argenziano dissented*

Issue 13: What system and jurisdictional amounts should the Commission approve as FPL's reasonably projected 2010 costs for the Extended Power Uprate project?

Recommendation: Staff recommends the Commission approve, as reasonable, projected 2010 EPU project construction costs in the amount of \$391,614,248 (\$376,703,895 jurisdictional), O&M expenses of \$2,209,376 (\$2,147,983 jurisdictional), carrying charges of \$41,594,586, and a base rate revenue requirement of ~~\$15,887,677~~ \$15,877,677. The recommended 2010 recovery amount is \$59,620,246. These amounts include a \$113,427 adjustment to FPL's requested base rate revenue requirement.

APPROVED; *Commissioner Argenziano dissented*

Issue 16: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2009 costs for FPL's Turkey Point Units 6 & 7 project?

Recommendation: Staff recommends the Commission approve, as reasonable, estimated 2009 TP67 project preconstruction costs of \$45,640,661 (\$45,444,468 jurisdictional), associated carrying charges of \$3,560,771, and carrying charges on unrecovered site selection costs of \$472,938. The Commission should also approve an estimated 2009 TP67 project true-up amount of negative \$67,916,601.

APPROVED; *Commissioner Argenziano dissented*

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Issue 17: What system and jurisdictional amounts should the Commission approve as reasonably projected 2010 costs for FPL's Turkey Point Units 6 & 7 project?

Recommendation: Staff recommends that the Commission approve, as reasonable, projected 2010 TP67 project preconstruction costs of \$91,730,615 (\$90,654,124 jurisdictional), preconstruction carrying charges of \$973,735, and carrying charges on unrecovered site selection costs of \$233,136. The recommended 2010 recovery amount is \$91,860,995.

APPROVED; *Commissioner Argenziano dissented*

Issue 18: What is the total jurisdictional amount to be included in establishing FPL's 2010 Capacity Cost Recovery Clause factor?

Recommendation: Consistent with staff's recommendation on all prior issues, the Commission should approve \$62,676,366 to be included in establishing FPL's 2010 CCRC factor.

APPROVED; *Commissioner Argenziano dissented*

Issue 21: Should the Commission find that for the year 2008, PEF's project management, contracting, and oversight controls were reasonable and prudent for the Levy Units 1 & 2 project and the Crystal River Unit 3 Uprate project?

Recommendation: Staff recommends the Commission find that during 2008, PEF's project management, contracting, and oversight controls were reasonable and prudent for the Levy Units 1 & 2 and Crystal River Unit 3 Uprate projects.

APPROVED; *Commissioner Argenziano dissented*

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Issue 21A: Was it reasonable and prudent for PEF to execute its EPC contract at the end of 2008? If the Commission finds that this action was not reasonable and prudent, what actions, if any, should the Commission take?

Recommendation: Staff recommends the Commission find that the timing of PEF's decision to execute an EPC contract at the end of 2008 was reasonable. Staff also recommends the Commission not make a finding on PEF's prudence concerning the actual terms and conditions contained within its EPC contract.

APPROVED; *Commissioner Argonzi dissented*

Issue 23: Should the Commission approve what PEF has submitted as its annual detailed analysis of the long-term feasibility of continuing construction and completing the Levy Units 1 & 2 project, as provided for in Rule 25-6.0423, F.A.C., and Order No. PSC-08-0518-FOF-EI (Determination of Need Order)?

Recommendation: Staff recommends the Commission deny approval of PEF's May 1, 2009 annual detailed analysis of the long-term feasibility of continuing construction and completing the Levy Units 1 & 2 project. However, PEF's responses to staff interrogatories provided the economic analysis necessary to comply with Rule 25-6.0423, F.A.C., and Order No. PSC-08-0518-FOF-EI. PEF should be required to file updated capital cost estimates in its next annual NCRC filing.

APPROVED; *Commissioner Argonzi dissented*

Issue 23A: If the Commission does not approve PEF's long term feasibility analysis of Levy Units 1 & 2, what further action, if any, should the Commission take?

Recommendation: If PEF's 2009 detailed long-term feasibility analysis of the LNP project is not approved, staff recommends PEF be directed to file a 2010 detailed annual long-term feasibility analysis in its May 1, 2010 annual filings and testimony. The 2010 detailed long-term feasibility analysis should include updated assumptions and information, an economic analysis, and address the Commission's rationale for denial.

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Issue 23B: What further steps, if any, should the Commission require PEF to take regarding the Levy Units 1 & 2?

Recommendation: Staff recommends further Commission actions, in addition to those taken in Issues 23 and 23A, are not necessary regarding PEF's 2009 detailed long-term feasibility analysis of completing the LNP project.

APPROVED; *Commissioner Argonziano dissented*

Issue 26: What system and jurisdictional amounts should the Commission approve as PEF's reasonably estimated 2009 costs for the Crystal River Unit 3 Uprate project?

Recommendation: Staff recommends the Commission approve, as reasonable, estimated 2009 Crystal River Unit 3 Uprate project construction costs in the amount of \$117,537,552 (\$84,322,605 jurisdictional), O&M expenses of ~~\$117,638~~ \$177,638 (\$772,528 jurisdictional), carrying charges of \$14,229,591, and a base rate revenue requirement of \$752,789. The Commission should also approve an estimated 2009 LNP project true-up amount of \$530,215.

APPROVED; *Commissioner Argonziano dissented*

Issue 30: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2009 costs for PEF's Levy Units 1 & 2 project?

Recommendation: Staff recommends the Commission approve, as reasonable, estimated 2009 Levy Units 1 & 2 project construction costs of \$24,596,242 (\$17,235,584 jurisdictional), preconstruction costs of \$291,904,861 (\$262,362,852 jurisdictional), O&M expenses of \$5,513,853 (\$4,931,288 jurisdictional), and carry charges of \$22,278,969. The Commission should also approve, as reasonable, an estimated 2009 LNP project true-up amount of \$141,665,654.

APPROVED; *Commissioner Argonziano dissented*

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Issue 31: What system and jurisdictional amounts should the Commission approve as reasonably projected 2010 costs for PEF's Levy Units 1 & 2 project?

Recommendation: Consistent with staff's recommendation in Issue 32 to approve PEF's proposed rate management plan, staff recommends the Commission approve, as reasonable, projected 2010 LNP project construction costs of \$64,796,549 (\$43,397,584 jurisdictional), preconstruction costs of \$123,752,490 (\$106,122,607 jurisdictional), O&M expenses of \$5,201,011 (\$4,433,053 jurisdictional), and carrying costs of \$53,620,827. The Commission should also approve the projected 2010 LNP recovery amount of \$164,176,487 for use in fall-out Issue 32A.

APPROVED, *Commissioner Argenziano dissented*

Issue 32: Should the Commission approve PEF's alternative cost recovery proposal, as set forth in PEF's Petition and supporting Testimony, as to recovery of NCRC costs?

Recommendation: Yes. Staff recommends the Commission approve a rate management plan whereby PEF will be permitted to defer recovery of certain approved site selection and preconstruction costs and then collect those costs during subsequent years. The deferred costs should be treated as a regulatory asset with carrying charges applied, pursuant to Section ~~366.92(1)(f)~~ 366.93(1)(f), F.S., and Rule 25-6.0423(5)(a), F.A.C. Staff recommends the Commission approve \$273,889,606 as the January 1, 2010, beginning balance of the regulatory asset with \$36,618,113 of that balance being approved for inclusion in rates in 2010.

APPROVED, *Commissioner Argenziano dissented*

Issue 32A: If the answer to Issue 32 is yes, what is the total jurisdictional amount to be included in establishing PEF's 2010 Capacity Cost Recovery Clause factor?

Recommendation: Consistent with staff's recommendation on all prior issues, including the rate management plan, staff recommends the Commission approve \$206,907,726 to be included in establishing PEF's 2010 CCRC factor.

APPROVED, *Commissioner Argenziano dissented*

Vote Sheet
October 16, 2009
Docket No. 090009-EI – Nuclear cost recovery clause.

(Continued from previous page)

Issue 32B: If the answer to Issue 32 is no, what is the total jurisdictional amount to be included in establishing PEF's 2010 Capacity Cost Recovery Clause factor?

Recommendation: If a rate management plan is not approved, staff recommends the Commission approve \$416,652,499 to be included in establishing PEF's 2010 CCRC factor.

~~Policy and Legal – Proposed Category II Stipulated Issue among FPL, PEF, and Staff~~

*{ text included in
error and removed
via this strikethrough
11/24/09 – Ann Cole
Commission
Clerk*

MOOT

Ann Cole

From: Mary Bane
Sent: Wednesday, October 14, 2009 4:57 PM
To: Jim Breman
Cc: Betty Ashby; Tim Devlin; Marshall Willis; Cayce Hinton; Keino Young; Mary Anne Helton; Jennifer Brubaker; Ann Cole; William C. Garner; Roberta Bass; Steve Larson; Bill McNulty; Mary Bane
Subject: RE: Request for an oral modification on Special Agenda - October 16.

Approved.

From: Jim Breman
Sent: Wednesday, October 14, 2009 4:50 PM
To: Mary Bane
Cc: Betty Ashby; Tim Devlin; Marshall Willis; Cayce Hinton; Keino Young; Mary Anne Helton; Jennifer Brubaker; Ann Cole
Subject: Request for an oral modification on Special Agenda - October 16.
Importance: High

Staff is requesting your permission to make oral modifications to staff's recommendation scheduled for the October 16, 2009 special agenda. Attached is the errata sheet to the recommendation. Upon approval, staff plans on addressing the changes as a preliminary matter at the special agenda.

Jim Breman
Analyst
Division of Economic Regulation
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850
Voice (850)413-6664
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jbreman@psc.state.fl.us

**CLK AGENDA
STAFF COPIED**

DOCUMENT NUMBER-DATE

10566 OCT 15 8

FPSC-COMMISSION CLERK

10/14/2009

Comprehensive errata sheet for staff's October 7, 2009 recommendation in Docket No. 090009-EI scheduled for the October 16, 2009 Special Agenda.

Page 20:

End of 3rd paragraph, (~~FIPIG BR 4~~ FIPUG BR 4)
5th paragraph, 2nd line, "prehearing order, FIPUG and SACE have has

Page 29: 3rd paragraph, 7th line, 12th word, ~~belief~~ brief . . ."

Page 32: Footnote number 16. Strike 3rd word and also replace the year with "2009".
"Order No. ~~No.~~ PSC-09-0377-PAA-EI, issued May 28, ~~2008~~ 2009"

13

Page 34: Recommendation paragraph, 4th line, 7th word. ~~\$15,887,677~~ \$15,877,677

Page 35:

1st complete paragraph, 3rd line, 4th word. ~~\$15,887,677~~ \$15,877,677
2st paragraph, 6th line, 12th word. ~~\$15,887,677~~ \$15,877,677
2st paragraph, 9th line, 6th word. ~~\$15,887,677~~ \$15,877,677
2st paragraph, 10th line, 8th word. ~~excluding~~ including
3rd paragraph, 4th line, 9th word. ~~\$15,887,677~~ \$15,877,677

Page 40: In the table, 4th column (SACE Adjustments):

6th row (Issue 16) ~~\$-117,394,778~~ \$-49,478,177
8th row (Subtotals) ~~\$-209,255,773~~ \$-141,339,172
9th row (Total 2010 Recovery Amounts) ~~\$-146,465,789~~ \$-78,549,188

Page 57: Staff Analysis section, 1st line, 8th word ~~approves~~ denies

Page 62:

Fl 26

Recommendation paragraph, 3rd line, 6th word, ~~\$117,638~~ \$177,638
Last paragraph, 10th line, 5th word, ~~\$117,638~~ \$177,638

Page 63:

2nd line, after 7th word, insert "Order No." before PSC-08-0749-FOF-EI
2nd paragraph, 3rd line, 9th word. ~~\$117,638~~ \$177,638

Page 69: Recommendation paragraph, 5th line, 1st word, ~~366.92(1)(f)~~ 366.93(1)(f)

Page 70:

1st full paragraph, 4th line, 10th word, ~~366.92(1)(f)~~ 366.93(1)(f)
Conclusion paragraph, 4th line, 9th word, ~~366.92(1)(f)~~ 366.93(1)(f)

DOCUMENT NUMBER-DATE

10566 OCT 15 8

FPSC-COMMISSION CLERK

Page 72: In the table, 5th column (SACE Adjustments):

6th row (Issue 16) ~~\$-147,907,456~~ \$-289,573,110

8th row (Subtotals) ~~\$-312,083,943~~ \$-453,749,597

10th row (Total Recovery Amounts) ~~\$138,425,965~~ \$-3,239,689

13th row (Net 2010 Recovery Amount) ~~\$-98,845,528~~ \$-240,511,182

Page 75: In the table, 5th column (SACE Adjustments):

6th row (Issue 16) ~~\$-147,907,456~~ \$-289,573,110

8th row (Subtotals) ~~\$-287,315,421~~ \$-426,222,877

10th row (Net 2010 Recovery Amount) ~~\$144,667,767~~ \$-3,239,689