

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 100009-EI
FLORIDA POWER & LIGHT COMPANY

MARCH 1, 2010
(REVISED)

IN RE: NUCLEAR POWER PLANT COST RECOVERY
FOR THE YEAR ENDING
DECEMBER 2009

TESTIMONY & EXHIBITS OF:

WINNIE POWERS

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **DIRECT TESTIMONY OF WINNIE POWERS**

4 **DOCKET NO. 100009-EI**

5 **MARCH 1, 2010**

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

7 A. My name is Winnie Powers. My business address is 9250 West Flagler
8 Street, Miami, FL 33174.

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

10 A. I am employed by Florida Power & Light Company (FPL or the Company) as
11 the New Nuclear Accounting Project Manager.

12 **Q. Please describe your duties and responsibilities in that position.**

13 A. I am responsible for the accounting related to the new nuclear projects, which
14 includes Turkey Point 6 & 7 and the Uprate Projects at Turkey Point and St.
15 Lucie. I ensure that the costs expended and projected for these projects are
16 accurately reflected in the Nuclear Cost Recovery filing requirements (NFR)
17 schedules. In addition, I am responsible for ensuring that the Company's
18 assets associated with these projects are appropriately recorded and reflected
19 in FPL's financial statements.

20 **Q. Please describe your educational background and professional
21 experience.**

22 A. I graduated from the University of Florida in 1976 with a Bachelor of Science
23 Degree in Business Administration, majoring in Accounting. After college, I

1 was employed as an accountant by RCA Corporation in New York. In 1983 I
2 was hired by Southeastern Public Service Company in Miami and attained the
3 position of manager of corporate accounting. In 1985 I joined FPL and have
4 held a variety of positions in the regulatory and accounting areas during my
5 25 years with the Company. I obtained my Masters of Accounting from
6 Florida International University in 1994. I am a Certified Public Accountant
7 (CPA) licensed in the State of Florida, and I am a member of the American
8 Institute of CPAs.

9 **Q. Are you sponsoring any exhibits in this case?**

10 **A.** Yes, I am sponsoring or co-sponsoring the following exhibits:

- 11 • Exhibit WP-1 details the components of the 2009 revenue requirements
12 reflected in the True-Up Schedules by project, by year and by category of
13 costs being recovered (e.g. Site Selection costs, Preconstruction costs,
14 carrying costs on unrecovered balances and on the deferred tax asset, and
15 for Uprates, carrying costs on construction costs, on the deferred tax asset
16 and base rate revenue requirements for the year plant is placed into
17 service).
- 18 • Exhibit WP-2 details the 2009 total company costs and jurisdictional costs
19 for which FPL is seeking a prudence determination by project, by year and
20 by cost categories. These total company costs, variances from the
21 actual/estimated costs and the necessity for them are further described in
22 the testimonies of FPL Witness Jones and FPL Witness Scroggs.

- 1 • Exhibit WP-3 details the true-up of the in-service date, the resulting
2 amount of plant placed into service in 2009, and the revenue requirement
3 of the modifications to St. Lucie Unit 2 Turbine Gantry Crane placed into
4 service on December 22, 2009. FPL Witness Jones describes the
5 modifications to the St. Lucie Unit 2 Turbine Gantry Crane, as well as the
6 necessity and timing of completing the modifications.
- 7 • Exhibit WP-4 flowcharts the process used by the business unit accounting
8 teams to determine incremental payroll costs chargeable to the projects.
- 9 • Exhibit TOJ-1, sponsored by FPL Witness Jones, consists of Appendix I
10 containing 2009 Uprate Schedules T-1 through T-7. Page 2 of Appendix I
11 contains a table of contents which lists the T Schedules sponsored and co-
12 sponsored by FPL Witness Jones and by me, respectively.
- 13 • Exhibit SDS-1, sponsored by FPL Witness Scroggs, consists of Appendix
14 II containing 2009 Turkey Point 6 & 7 Preconstruction Schedules T-1
15 through T-7. Page 2 of Appendix II contains a table of contents which
16 lists the T Schedules sponsored and co-sponsored by FPL Witness Scroggs
17 and by me, respectively.
- 18 • Exhibit SDS-2, sponsored by FPL Witness Scroggs, consists of Appendix
19 III containing 2009 Turkey Point 6 & 7 Site Selection Schedules T-1
20 through T-7. Page 2 of Appendix III contains a table of contents which
21 lists the T Schedules sponsored and co-sponsored by FPL Witness Scroggs
22 and by me, respectively.

23

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

2 A. The purpose of my testimony is to present the calculation of the revenue
3 requirements in the:

4 (1) NFR True-Up Schedules for Turkey Point 6 & 7 Site Selection carrying
5 costs for 2009;

6 (2) NFR True-Up Schedules for Turkey Point 6 & 7 Preconstruction costs and
7 carrying costs for 2009;

8 (3) NFR True-Up Schedules for Uprate costs and carrying costs for 2009; and

9 (4) True-up of the 2009 base rate revenue requirements included in FPL's
10 May 1, 2009 actual/estimated filing related to the St. Lucie Unit 2 Turbine
11 Gantry Crane modifications placed into plant in-service on December 22,
12 2009 as shown on Exhibit WP-2. FPL filed its annualized base rate increase
13 for the Turbine Gantry Crane modifications at St. Lucie Unit 2 on December
14 4, 2009.

15

16 I also describe how these schedules comply with the Florida Public Service
17 Commission's (FPSC or Commission) Rule No. 25-6.0423, Nuclear or
18 Integrated Gasification Combined Cycle Power Plant Cost Recovery (Nuclear
19 Cost Recovery Rule). I explain how carrying costs are provided for under this
20 Nuclear Cost Recovery Rule, describe the base rate revenue requirements
21 included for recovery in the schedules, and discuss the Accounting controls
22 FPL relies upon to ensure costs are appropriately charged to the projects.

23

1 **Q. Please summarize your testimony.**

2 **A.** My testimony addresses the Nuclear Cost Recovery Statute passed by the
3 Florida Legislature in 2006 to promote utility investment in nuclear power
4 plants. In addition, my testimony refers to Exhibits and True-up Schedules
5 detailing the Uprate expenditures incurred in 2009, the Turkey Point 6 & 7
6 Site Selection carrying costs incurred in 2009, and the Turkey Point 6 & 7
7 Preconstruction expenditures incurred in 2009 for which FPL is requesting a
8 determination of prudence. FPL is also requesting a prudence determination
9 for recoverable operation & maintenance expense (O&M) for its Uprate
10 Project detailed on Schedule T-4 and a prudence determination for the St.
11 Lucie Unit 2 Turbine Gantry Crane modifications placed into service on
12 December 22, 2009 and associated base rate revenue requirements. Lastly,
13 my testimony describes the comprehensive corporate and overlapping
14 business unit controls for incurring costs and recording transactions associated
15 with FPL's capital projects, including the Uprates and Turkey Point 6 & 7
16 Projects. My testimony describes these controls and outlines the
17 documentation, assessment, and auditing processes for these overlapping
18 control activities.

19

1 of AFUDC, eliminating the compounding effect of interest on interest as the
2 projects are built and thereby reducing the total cost of the facility and the
3 amount that must be recovered from FPL's customers when the projects are
4 placed into service. This recovery of initial costs and carrying costs during
5 construction is beneficial as it lowers the Company's financing needs and
6 results in lower future costs to customers. In addition, it achieves the
7 legislature's stated intent of promoting investment in nuclear generation by
8 mitigating some of the risks of investing in nuclear units.

9
10 The Nuclear Cost Recovery Rule has also been interpreted by this
11 Commission to include Uprates and FPL is currently uprating its existing
12 nuclear power plants to achieve more generation. In compliance with the
13 Nuclear Cost Recovery Rule, FPL is recovering carrying costs, recoverable
14 O&M, and base rate revenue requirements (for the year plant is placed into
15 service) for the uprate projects at its St. Lucie and Turkey Point nuclear power
16 plants through the CCRC. Base rate recovery of the annualized revenue
17 requirements subsequent to the year the plant is placed into service is to be
18 requested in a separate petition outside of the Nuclear Cost Recovery Clause
19 (NCRC) as contemplated by the Rule.

20

1
2
3 **UPRATES**

4 **Q. Please describe the NFR Schedules included in this filing for the recovery**
5 **of 2009 nuclear Uprate costs and carrying costs.**

6 A. FPL has included the Final True-up (T Schedules) in Appendix I of this filing
7 as Exhibit TOJ-1. These T Schedules show that the actual 2009 revenue
8 requirements are ~~\$16,950,581~~ **\$16,953,619** (carrying costs, recoverable O&M,
9 and base rate revenue requirements), compared to the actual/estimated
10 revenue requirements of \$20,925,317 filed on May 1, 2009 in Docket No.
11 090009-EI and approved in Order No. PSC-09-0783-FOF-EI. The difference
12 resulting from the final true-up of 2009 actual costs compared to the
13 actual/estimated costs including carrying charges is an overrecovery of
14 ~~(\$3,974,736)~~ **(\$3,971,698)**. This amount will reduce the CCRC charge paid
15 by customers when the CCRC is re-set in 2011. The details of these revenue
16 requirements and the resulting true-up can be seen in Exhibit WP-1.

17 **Q. What are FPL's Uprate expenditures for the period January 2009**
18 **through December 2009 for which FPL is requesting a determination of**
19 **prudence?**

20 A. FPL's actual uprate expenditures for which it is requesting a prudence
21 determination for the period January 2009 through December 2009 on a total
22 company basis are \$237,677,629 as shown in my Exhibit WP-2. As shown on
23 Schedule T-6 in Appendix I, the portion for which the St. Lucie Unit 2
participants are responsible is deducted from the total company amount and

1 then the retail jurisdictional separation factor is applied. After these
2 adjustments, the net 2009 uprate expenditures for which retail customers are
3 responsible are \$227,680,202. FPL is also requesting a prudence
4 determination for \$498,077 (~~\$478,450~~ \$480,934 jurisdictional, net of
5 participants) of recoverable O&M expenses shown on Schedule T-4.
6 Comparing this to FPL's 2009 actual/estimated O&M expenses of \$544,467
7 on a jurisdictional, net of participants basis results in an overrecovery of
8 (~~\$66,017~~) (\$63,533). The detail of the 2009 actual total company costs are
9 discussed in FPL Witness Jones's testimony and are shown in Appendix I of
10 Exhibit TOJ-1, Schedule T-6, Schedule T-4 and Exhibit WP-2. FPL
11 respectfully requests the Commission review and approve these capital and
12 O&M expenditures together with related carrying charges of ~~\$16,459,329~~
13 \$16,459,883 as shown on the T Schedules and summarized on my Exhibit
14 WP-1, as prudently incurred and recoverable consistent with the Nuclear Cost
15 Recovery Rule. Additionally, FPL is requesting a prudence determination on
16 the true-up of the base rate revenue requirements for 2009 included in Exhibit
17 WP-3 of \$12,802 related to the modifications on the St. Lucie Unit 2 Turbine
18 Gantry Crane placed into service on December 22, 2009. FPL initially
19 estimated a base rate revenue requirement of \$83,460. The (\$70,658)
20 overrecovery and applicable carrying charges are included in the final true-up
21 of revenue requirements for 2009.

1 Q. What accounting and regulatory treatment is provided for costs that
2 would have been incurred regardless of the Uprate Projects during an
3 outage?

4 A. Costs that would have been incurred regardless of the Uprate Project are not
5 included in FPL's NCRC calculations. Such expenditures that are not
6 "separate and apart" from the nuclear Uprate Project will be accounted for
7 under the normal process for O&M and capital expenditures. Capital
8 expenditures will accrue AFUDC while in Construction Work in Process
9 (CWIP) until the system or component is placed into service. Only costs
10 incurred for activities necessary for the Uprate Projects are charged to the
11 Uprate work orders and included as recoverable O&M or as construction costs
12 included in the calculation of carrying charges in the NFR Schedules. This
13 method ensures that FPL only receives recovery of the appropriate
14 recoverable O&M or carrying charge return currently under the Nuclear Cost
15 Recovery Rule and expenses or accrues the appropriate O&M or AFUDC
16 return on costs that are not "separate and apart" that will be recovered through
17 rate base when the project is placed into service. FPL employs a rigorous,
18 engineering-based process to segregate costs that are "separate and apart"
19 from those that would have normally been incurred, so that only the
20 appropriate costs are reflected in the NCRC request. This process is discussed
21 in more detail in FPL Witness Jones's testimony.

1 **Q. Please explain the 2009 base rate revenue requirements approved by this**
2 **Commission in Docket No. 090009-EI that FPL is recovering effective**
3 **January 1, 2010.**

4 A. FPL is recovering \$83,460 of 2009 base rate revenue requirements through the
5 CCRC in 2010 for the modifications related to its St. Lucie Unit 2 Turbine
6 Gantry Crane. This amount relates to the revenue requirements for the first
7 year this plant is placed into service and is based on the estimated
8 jurisdictional costs (net of participants) and the estimated in-service date of
9 October 15, 2009 at the time of our May 1, 2009 filing. This amount was
10 reflected in the 2009 AE Schedules as filed in Docket No. 090009-EI and
11 approved as reasonable and eligible for recovery in Order No. PSC-09-0783-
12 FOF-EI.

13

14 According to Order No. PSC-08-0749-FOF-EI in Docket No. 080009-EI, FPL
15 “shall be allowed to recover through the NCRC associated revenue
16 requirements for a phase or portion of a system placed into commercial
17 service during a projected recovery period. The revenue requirement shall be
18 removed from the NCRC at the end of the period. Any difference in
19 recoverable costs due to timing (projected versus actual placement in service)
20 shall be reconciled through the true-up provision”. The St. Lucie Unit 2
21 Turbine Gantry Crane modifications were actually placed into commercial
22 service on December 22, 2009.

23

1 In accordance with Nuclear Cost Recovery Rule No. 25-6.0423 (7) (a), on
2 December 4, 2009, FPL filed a request to recover in base rates subsequent to
3 2009, the annualized base rate revenue requirements related to the
4 modifications to the St. Lucie Unit 2 Turbine Gantry Crane separate from its
5 cost recovery clause petition.

6 **Q. What are the differences between last year's base rate revenue**
7 **requirements for the modifications to St. Lucie Unit 2 Turbine Gantry**
8 **Crane as approved for recovery in Docket No. 090009-EI and that**
9 **currently filed in the T-Schedules for 2009?**

10 A. The differences are due to: actual as opposed to projected in-service date,
11 actual as opposed to projected in-service amount, actual as opposed to
12 projected jurisdictional separation factors, an updated property tax rate, and
13 the actual rate of return as filed in FPL's most recent surveillance report (i.e.,
14 in the September 2009 report).

15 **Q. Please describe these differences.**

16 A. As filed in the 2009 AE Schedules on May 1, 2009 in Docket No. 090009-EI,
17 FPL anticipated an in-service date of October 15, 2009; however, the actual
18 in-service date for the St. Lucie Unit 2 Turbine Gantry Crane was December
19 22, 2009. For the 2009 AE filing, FPL estimated an in-service amount of
20 \$2,443,835 (total company, net of participants), \$2,433,330 (jurisdictional, net
21 of participants), refer to Hearing Exhibit No. 2-8 in Docket No. 090009-EI.
22 The actual amount included in our T-Schedules reflects an in-service amount
23 of \$2,856,822 (total company), \$2,433,443 (total company net of participants)

1 and \$2,424,899 (jurisdictional, net of participants), refer to Exhibit TOJ-1
2 Appendix I-A. FPL's base rate revenue requirements of \$83,651 requested in
3 Docket No. 090009-EI were adjusted by the Commission in Order No. PSC-
4 09-0783-FOF-EI to remove incremental AFUDC. The Commission adjusted
5 revenue requirements of \$83,460 compared to actual revenue requirements of
6 \$12,802, results in an overrecovery of (\$70,658).

7
8 FPL used a projected jurisdictional separation factor from the rate case
9 (Docket No. 080677-EI) for the May 2009 filing. For the current final True-
10 up filing, FPL adjusted the projected jurisdictional separation factor to the
11 jurisdictional separation factor as reflected in FPL's 2009 monthly
12 Surveillance Reports to the FPSC.

13
14 The property tax rate used in the May 2009 AE filing was the 2009 projected
15 property tax rate. The current filing of the True-up schedules uses the actual
16 property tax rate at the time of the Base Rate filing on December 4, 2009.

17
18 Lastly, at the time of the May 2009 AE filing, FPL used its then most current
19 rate of return which was based on the March 2009 Surveillance Report. The
20 rate of return in our True-up Schedules is the most current rate of return at the
21 time of the FPL Base Rate Filing on December 4, 2009 which was based on
22 the September 2009 Surveillance Report. This is in accordance with the
23 requirements of the Nuclear Cost Recovery Rule No. 25-6.0423 Section 7 (d).

1 **Q. What is FPL requesting from this Commission related to its base rate**
2 **revenue requirement true-up reflected in the March 1, 2010 filing?**

3 A. FPL is requesting a prudence determination of the total in-service amount of
4 the modifications to its St. Lucie Unit 2 Turbine Gantry of \$2,856,822 (total
5 company), \$2,433,443 (total company net of participants) and \$2,424,899
6 (jurisdictional, net of participants), refer to Exhibit TOJ-1 Appendix I-A. The
7 base rate revenue requirement calculated using the actual in service date, cost,
8 jurisdictional separation factor, property tax rate, and rate of return for the
9 modifications to the St. Lucie Unit 2 Gantry Crane for which FPL is
10 requesting approval for recovery through the CCRC is \$12,802. The
11 difference between the base rate revenue requirements FPL is recovering,
12 which is \$83,460, and the true-up of the base rate revenue requirements of
13 \$12,802, results in an overrecovery of (\$70,658), which will reduce the CCRC
14 charge paid by customers when the CCRC is re-set in 2011.

15
16 **TURKEY POINT 6 & 7**

17
18 **Q. Please describe the NFR Schedules included in this filing for the recovery**
19 **of 2009 Turkey Point 6 & 7 costs.**

20 A. FPL has included the Final True-up (T Schedules) in Appendix II of this filing
21 as Exhibit SDS-1 for Preconstruction and Appendix III of this filing as Exhibit
22 SDS-2 for Site Selection.

23

1 For Preconstruction, these T Schedules show that the actual 2009 revenue
2 requirements are ~~\$38,456,256~~ **\$38,456,738**, compared to the actual/estimated
3 revenue requirements of \$49,005,239 filed on May 1, 2009 in Docket No.
4 090009-EI and approved in Order No. PSC-09-0783-FOF-EI. The difference
5 resulting from the final true-up of 2009 actual costs compared to the
6 actual/estimated costs including the resulting carrying charges is an
7 overrecovery of ~~(\$10,548,983)~~ **(\$10,548,501)**. This amount will reduce the
8 CCRC charge paid by customers when the CCRC is re-set in 2011. The
9 details of these revenue requirements and the resulting true-up can be seen in
10 Exhibit WP-1.

11
12 For Site Selection, the T Schedules in Appendix III in this filing, specifically
13 T-3A, show that the actual 2009 carrying charges are \$372,818 **\$373,162**,
14 compared to the actual/estimated carrying charges of \$472,938 filed on May
15 1, 2009 in Docket No. 090009-EI and approved in Order No. PSC-09-0783-
16 FOF-EI. The overrecovery of ~~(\$100,120)~~ **(\$99,776)** will reduce the CCRC
17 charge paid by customers when the CCRC is re-set in 2011. The details of
18 these revenue requirements and the resulting true-up can be seen in the
19 schedules in Appendix III and in Exhibit WP-1.

20 **Q. What are FPL's Turkey Point 6 & 7 Site Selection expenditures and**
21 **resulting carrying charges related to the over/under recovery for the**
22 **period January 1, 2009 through December 31, 2009?**

23 A. FPL's Turkey Point 6 & 7 Site Selection expenditures ceased with the filing

1 of our need petition on October 16, 2007. All Site Selection expenditures
2 have been determined prudent by this Commission as of Order No. PSC-09-
3 0783-FOF-EI and all recoveries of costs with resulting true-ups have been
4 reflected in nuclear cost recovery filings. There continues to be carrying
5 charges as shown in Exhibit WP-1 of ~~\$372,818~~ \$373,162 for 2009. FPL
6 respectfully requests the Commission review and approve these Turkey Point
7 6 & 7 Site Selection carrying costs as recoverable consistent with the NCRC.

8 **Q. What are FPL's Turkey Point 6 & 7 Preconstruction expenditures and**
9 **related carrying charges for the period January 1, 2009 through**
10 **December 31, 2009 for which FPL is seeking a prudence determination?**

11 A. FPL's actual 2009 Turkey Point 6 & 7 Preconstruction expenditures on a total
12 Company basis are \$37,731,525 (\$37,599,045, jurisdictional), as shown on the
13 T-Schedules in Appendix II, SDS-1 Schedule T6 in this filing. Comparing
14 these costs to the actual/estimated amount of \$45,640,661 on a total company
15 basis (\$45,444,468, jurisdictional) filed on May 1, 2009 in Docket No.
16 090009-EI results in the overrecovery of jurisdictional Preconstruction costs
17 of (\$7,845,423) (Exhibit WP-1). The final true-up of actual 2009 carrying
18 charges as shown on Exhibit WP-1 of ~~\$857,211~~ \$857,693 compared to the
19 actual/estimated carrying charges of \$3,560,771 reflected in the 2009 AE
20 Schedules as shown on Exhibit WP-1 results in an overrecovery of
21 ~~(\$2,703,560)~~ (\$2,703,078). The total overrecovery amount of ~~(\$10,548,983)~~
22 (\$10,548,501) will reduce the CCRC charge paid by customers when the
23 CCRC is re-set in 2011.

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These total company expenditures are discussed in FPL Witness Scroggs' testimony and are shown on Exhibit SDS-1, Appendix II, Schedule T-6 for 2009, Exhibit WP-1 and Exhibit WP-2. For the reasons stated in FPL Witness Scroggs' testimony, FPL respectfully requests the Commission review and approve these Turkey Point 6 & 7 Preconstruction expenditures as prudently incurred and the jurisdictional expenditures and carrying charges as recoverable consistent with the Nuclear Cost Recovery Rule.

ACCOUNTING CONTROLS

- Q. Please describe the accounting controls FPL relies on to ensure proper cost recording and reporting for these projects.**
- A. FPL relies on its comprehensive corporate and overlapping business unit controls for recording and reporting transactions associated with any of its capital projects including the Uprate Project and Turkey Point 6 & 7. These comprehensive and overlapping controls include:
- FPL's Accounting Policies and Procedures;
 - Financial systems and related controls including FPL's general ledger and construction asset tracking system (CATS);
 - FPL's annual budgeting and planning process;
 - Reporting and monitoring of plan costs to actual costs incurred; and
 - Business Unit specific controls and processes.

1 The project controls are further discussed in the testimony of FPL Witnesses
2 Scroggs and Jones.

3 **Q. Are these controls documented, assessed and audited and/or tested on an**
4 **ongoing basis?**

5 A. Yes. The FPL corporate accounting policies and procedures are documented
6 and published on the Company's internal website, INFPL. In addition,
7 accounting management provides formal representation as to the continued
8 compliance with those policies and procedures each year. The Company's
9 external auditors, Deloitte & Touche, LLP, conduct an annual assessment of
10 the Company's internal controls over financial reporting. Sarbanes-Oxley
11 processes are identified, documented, tested and maintained, including
12 specific processes for planning and executing capital work orders, as well as
13 acquiring and developing fixed assets. Certain key financial processes are
14 tested during the Company's annual test cycle. In addition, Deloitte &
15 Touche, LLP, as a part of its annual audit, which includes assessing the
16 Company's internal controls over financial reporting and testing of general
17 computer controls, expresses an opinion as to the effectiveness of those
18 controls.

19 **Q. Describe the responsibilities and accounting controls of the New Nuclear**
20 **Accounting Project Group.**

21 A. The primary responsibility of the New Nuclear Accounting Project Group is
22 to determine the financial accounting for the recovery of costs under the
23 Nuclear Cost Recovery Rule. Additional responsibilities include the

1 preparation and maintenance of the NFR Schedules, (e.g. True-Up, AE, P, and
2 TOR Schedules) and on a monthly basis, ensuring the costs included in the
3 NFR Schedules are reconciled to the financial records of the Company. The
4 Nuclear Cost Recovery projects utilize unique work orders to capture costs
5 directly related to these projects. After ensuring accurate costs are recorded,
6 adjustments are made to reflect participants' credits, jurisdictionalize the
7 costs, and include other adjustments required in the NFR Schedules. Monthly
8 journal entries are prepared to reflect the effects of the recovery of these costs
9 and monthly reconciliations of the NFR accounts are performed. The
10 resulting schedules are included in our Nuclear Cost Recovery filings and
11 described in testimony.

12
13 The New Nuclear Accounting Project Group works closely with the Nuclear
14 business unit, Engineering, Construction & Corporate Services Division
15 (ECCS), and the Transmission & Substation business unit (Transmission
16 business unit) to address issues surrounding the costs related to the projects.
17 This involves researching, providing direction and resolving project
18 accounting issues that arise as the new nuclear projects develop.

19

1 **UPRATE SPECIFIC CONTROLS**

2

3 **Nuclear Business Unit Controls**

4 **Q. Describe the oversight role of the Nuclear Business Operations Group**
5 **related to the Uprate Project.**

6 A. The Nuclear Business Operations Group (NBO) is independent of the EPU
7 Project Team and provides oversight of the costs charged to the Uprate
8 Project. The NBO Group is primarily responsible for the work order
9 maintenance function, reviewing payroll to ensure only appropriate payroll is
10 charged to the Uprates, determining appropriate accounting for costs, raising
11 potential issues to the Property Accounting Group when necessary, providing
12 accounting guidance and training to the Uprate team, assisting with internal
13 and external audit-related matters, reviewing project projections and
14 producing monthly variance reports. The NBO Manager is a licensed CPA
15 with extensive public and private accounting experience who leads a team
16 staffed by employees with business and accounting degrees. The NBO
17 Manager reports to the Nuclear Division Controller.

18 **Q. Describe the Nuclear Business Operations Group accounting controls**
19 **which ensure costs are appropriately incurred and tracked for the Uprate**
20 **Projects.**

21 A. The Nuclear Business Unit accounts for the activities necessary to perform the
22 uprates at the four nuclear units, Turkey Point Units 3 and 4 and St. Lucie
23 Units 1 and 2. Costs associated with the work performed on components

1 defined as a property retirement unit will be transferred from CWIP to plant in
2 service at the end of each outage or when they become used and useful (i.e.
3 such as the modifications to the St. Lucie Unit 2 Turbine Gantry Crane). In
4 order to facilitate this process, a separate budget activity was set up for each
5 unit and two different capital work orders were set up within each budget
6 activity to capture costs related to each outage (eight capital work orders in
7 total). Additional work orders are set up, as necessary, to capture costs
8 associated with equipment that will be placed into service at a different time
9 than the outages (e.g. turbine gantry cranes, generator step-up transformers,
10 etc). Transmission related work for the Uprate project is also being accounted
11 for by workorder based on the scope of work and will be placed into service
12 when the respective work is used and useful.

13
14 As purchase orders (PO) are issued in the Procurement Control and Inventory
15 Management System (PASSPORT) for work to be performed at each unit, the
16 work is identified by outage and the PO is coded to charge the appropriate
17 work order. This structure facilitates cost analysis to track discrete projects
18 and tasks.

19 **Q. Describe the Nuclear Business Operations Group accounting controls**
20 **which ensure costs are appropriately charged to the Uprate Projects.**

21 A. Invoices are routed to the St. Lucie or Turkey Point site project controls
22 analyst, as appropriate. The analyst checks the invoices for accuracy and for
23 agreement to the PO terms and conditions. Once the invoice has been

1 appropriately verified, the analyst records invoice information on an Invoice
2 Tracking Log and attaches the Invoice Approval Form to the invoice, which is
3 routed for verification of receipt of goods/services and all required approvals.
4 Any invoice greater than \$1 million requires the approval of the EPU Project
5 Implementation Owner – South. Any invoice greater than \$5 million requires
6 the approval of the Vice President, Nuclear Power Uprates, before payment
7 can be made. Once all necessary approvals have been obtained, the Analyst
8 processes the invoice for payment in PASSPORT against the respective
9 purchase order. Extended Power Uprate Project Instruction Number EPPI-
10 230, *Project Invoice*, details the flow of the invoice through the approval,
11 receipt and payment process at the sites and establishes responsibilities at each
12 stage of the process.

13 **Q. Describe the review performed by the EPU Project Controls Team and**
14 **the Nuclear Business Operations Group related to the Uprate Project.**

15 A. Throughout the month, general ledger detail transactions are monitored by the
16 EPU Project Controls Team and NBO to ensure that costs charged to the
17 uprates are appropriate and are accurately classified as capital or O&M. Site
18 cost engineers perform reviews to ensure invoices are accurately coded to the
19 appropriate activity/scope work order. NBO reviews internal labor costs to
20 ensure that only appropriate payroll is charged to the uprates. In addition, all
21 steps in this process are subject to internal and external audits and reviews.

22

1 The Project engineers and NBO together work closely to make sure the costs
2 are appropriate and are accurately classified as capital or O&M. Construction
3 Leads perform reviews to ensure invoices are accurately coded to the
4 appropriate activity/scope work order.

5 **Q. Describe the reporting performed by the EPU Project Controls Team and**
6 **the Nuclear Business Operations Group related to the Uprate Project.**

7 A. The Uprate Project Controls Director, along with the Controls group at each
8 site, record schedule changes, project delays, and project costs. The Uprate
9 Project Controls Director, along with the Controls group, support risk
10 management and contract administration.

11
12 The NBO Group drafts monthly variance reports that compare actual
13 expenditures incurred to the originally estimated budget and reports year end
14 forecast estimates. The draft reports are sent to the St. Lucie and Turkey Point
15 Uprate Project Controls Teams responsible for providing variance
16 explanations and forecast updates to NBO. The reports are reviewed by the
17 Uprate Project control supervisors and management prior to the submission to
18 NBO. NBO reviews the variance explanations and forecast numbers for
19 reasonableness and accuracy prior to compilation and inclusion in the Nuclear
20 Business Unit corporate variance report. NBO is also responsible for
21 reviewing numbers reported to the FPL Executive Steering Committee to
22 ensure consistency with corporate variance reports and for providing the

1 Accounting Department with project numbers for inclusion in the NFR
2 schedules.

3

4 **Transmission and Substation Business Unit Controls**

5

6 **Q. Describe the role of the Transmission & Substation business unit related**
7 **to the Uprate Project.**

8 A. The Transmission business unit is incurring expenditures related to the Uprate
9 Project in order to perform substation and transmission line engineering,
10 procurement, and construction on specific work orders assigned to projects,
11 which resulted from transmission interconnection and integration studies
12 performed by FPL Transmission Planning. These studies were based on
13 incorporating the additional amount of megawatts to be generated by the
14 uprated nuclear units at St. Lucie 1 & 2 and Turkey Point 3 & 4 into the FPL
15 transmission system. The Transmission business unit accounting controls
16 team ensures costs are appropriately incurred and charged to the Uprate
17 Projects. The Transmission business unit allocates resources for reviewing
18 payroll to ensure only appropriate payroll is charged to the Uprate Project,
19 determining appropriate accounting for costs, raising potential issues to the
20 Property Accounting Group when necessary, providing accounting guidance
21 and training to the Uprate Project team, assisting with internal and external
22 audit-related matters, reviewing project projections, and producing monthly
23 variance reports.

1 **Q. Describe the Transmission business unit accounting controls which**
2 **ensure costs are appropriately incurred and tracked for the Uprate**
3 **Projects.**

4 A. The Transmission business unit identifies the transmission activities
5 necessary to perform the uprates at the four nuclear units, Turkey Point Units
6 3 and 4 and St. Lucie Units 1 and 2. Costs associated with the work
7 performed for each outage are transferred from CWIP to plant in service by
8 Property Accounting as necessary. In order to facilitate this process and
9 identify activities, four separate budget activities were set up with appropriate
10 sub activities and multiple work orders. Purchase Orders are handled by
11 Integrated Supply Chain (ISC) via the e-Pro Process (e-Pro). In e-Pro, a PO
12 request is routed from the originator to all approvers required based on the
13 dollar amount of the PO. The PO Requisitioning group determines the
14 required approvals based on the business unit's PO approval limits, and routes
15 the request as required. Once all required approvals are secured, the PO will
16 be created based on the information in the e-Pro request.

17 **Q. Describe the Transmission business unit accounting controls which**
18 **ensure costs are appropriately charged to the Uprate Projects.**

19 A. Invoices are routed to the Transmission Project Control Administrator
20 (Administrator). The Administrator checks the invoices for accuracy and for
21 agreement to the PO terms and conditions. Once the invoice has been
22 appropriately verified, the Administrator records invoice information on the
23 Cost Control Tracking sheet and routes the invoice for all required approvals.

1 Invoices found to contain any inaccuracies are returned to the requestor for
2 revisions. Any invoice greater than \$1 million requires the approval of the
3 Business Unit Vice President. Any invoice greater than \$5 million requires
4 the approval of FPL President & Chief Executive Officer before payment is
5 made. Once all necessary approvals have been obtained, the Administrator
6 processes the invoice for payment in e-Pro against the respective purchase
7 order.

8 **Q. Describe the review performed by the Transmission business unit related**
9 **to the Uprate Project.**

10 A. Throughout the month, the Work Order Status Report is monitored by the
11 Transmission business unit managers to ensure that costs are charged
12 appropriately and are accurately classified as capital or O&M. Site cost
13 engineers perform reviews to ensure invoices are accurately coded to the
14 appropriate activity/scope work order. All of the above work is further
15 reviewed monthly by the Cost & Performance Management function for
16 reasonableness and variances from Plan. In addition, all steps in this process
17 are subject to internal and external audits and reviews.

18
19 The Project engineers ensure the costs are appropriate and are accurately
20 classified as Capital or O&M. Construction Leads perform reviews to ensure
21 invoices are accurately coded to the appropriate activity/scope work order.

22 **Q. Describe the reporting performed by the Transmission & Substation**
23 **related to the Uprate Project.**

1 A. The Transmission & Substation Cost & Performance group drafts monthly
2 variance reports that compare actual expenditures incurred to the originally
3 estimated budget and reports year end forecast estimates. These are reviewed
4 by the Bulk Power Project Manager for reasonableness and accuracy and the
5 final is then submitted to the Corporate Budget Group.

6
7 **NEW NUCLEAR SPECIFIC CONTROLS**

8
9 **Q. Describe the role of the Engineering, Construction & Corporate Services**
10 **Division related to the Turkey Point 6 & 7 project.**

11 A. The ECCS Division has a Project Controls Group that reports through the
12 Vice President of ECCS and provides structural leadership, governance and
13 oversight for the project. On a monthly basis, the group completes a thorough
14 review of all costs ensuring accuracy of the charges posted to the project.
15 Additionally, Project Controls prepares monthly variance reports, identifying
16 variances against budgeted information. Team members and project
17 management meet monthly to review and understand existing budget
18 variances against the projected forecast. The Group consists of a Director of
19 Construction with an economics degree and 28 years experience at FPL, 20
20 years in the Nuclear Business Unit and 8 years in the Auditing, Property and
21 Financial Accounting Groups. He is supported by staff with business, finance
22 and accounting degrees and nuclear and construction experience.

1 **Q. Describe the Engineering, Construction & Corporate Services Division**
2 **accounting controls which ensure costs are appropriately incurred for the**
3 **Turkey Point 6 & 7 projects.**

4 A. When the project was determined to be viable and FPL filed its Need
5 Determination in October 2007, costs related to the project recorded in a
6 deferred debit account were transferred to CWIP. A separate work order was
7 set up for Site Selection costs and Preconstruction costs. As stated in the
8 Rule, a site is deemed to be selected upon the filing of a petition for a
9 determination of need; therefore, all costs expended prior to the Need Filing
10 are categorized as Site Selection costs. All Site Selection expenditures have
11 been determined prudent by this Commission in Order No. PSC-08-0749-
12 FOF-EI and all recoveries with resulting true-ups have been reflected in
13 previous filings. Preconstruction costs are costs expended after a site has been
14 selected, captured in a unique work order, and are included in the
15 Preconstruction T Schedules for actual costs incurred in each year.

16 **Q. Describe the Engineering, Construction & Corporate Services Division**
17 **accounting controls which ensure costs are appropriately charged to the**
18 **Turkey Point 6 & 7 project.**

19 A. When a potential expenditure greater than \$5,000 is identified, project
20 personnel input the expenditure request detailing the need, justification,
21 estimated cost and documentation in the ECCS Electronic Approval Database
22 (EAD). The request is sent to the Project Controls Group which inputs all
23 pertinent budget information, verifies appropriate accounts are charged, and

1 verifies the budgeted resources for the proposed transaction are available.
2 This information is sent through the EAD to the Project Manager of the
3 functional area who verifies the expense is applicable to the project. The
4 Project Manager then routes the information in the EAD to the appropriate
5 approvers based on authorization levels, to the Integrated Supply Chain (ISC)
6 department and to the Project Controls Group. Once the expenditure is
7 approved, ISC issues a Purchase Order in compliance with procurement
8 policies and procedures. After the goods have been received or services
9 rendered and an invoice is received by the functional area, it is reviewed,
10 determined appropriate, approved and input into the SAP payment processing
11 system. In SAP, online approvals based on authorization levels are required
12 for any expenditure greater than \$250 prior to the invoice being paid. For
13 items less than \$250, the monthly SAP transaction register detailing the
14 document number, work order, account, amount, description, purchase order
15 and the total dollar amount of the transaction must be reviewed and approved
16 monthly by the approver designated in SAP as appropriate for charging the
17 project.

18
19 Currently, the majority of expenditures are for two vendors: Bechtel, which is
20 handling the Combined Operating License Application (COLA), and Black &
21 Veatch/Zachary (BVZ), which is providing preliminary construction planning.
22 The invoices from these vendors are voluminous and received electronically by
23 the Project Controls Group. They are loaded into a SharePoint database and

1 routed to the appropriate business unit contacts to access, review and approve.
2 The Contract Administrator ensures all parties have signed off on their
3 appropriate section of the invoice prior to payment. The invoices are also
4 reviewed for compliance with the purchase order and/or contract and
5 differences with vendors are resolved. The remaining invoices relate to
6 charges incurred by groups such as Legal, Marketing and Communications,
7 Transmission, Environmental Services and long lead procurement items.

8 **Q. Describe the review and reporting performed by the ECCS Project
9 Controls organization related to the Turkey Point 6 & 7 project.**

10 A. The Project Controls organization is responsible for preparing, analyzing and
11 clearly and concisely explaining variances against planned budgets for current
12 month, year-to-date and year end. Project Controls holds monthly meetings
13 with team members and project management to review and understand
14 existing budget variances and any projected variances. Project Controls
15 provides the resulting expenditures to Accounting for inclusion in the NFR
16 Schedules.

17

18 **ADDITIONAL NEW NUCLEAR AND UPRATE OVERSIGHT**

19

20 **Q. Are there any additional controls implemented and relied upon for these
21 projects and the related reporting?**

22 A. Yes. The Company has issued specific guidelines for charging costs to the
23 project work orders. These guidelines emphasize the need for particular care

1 in charging only incremental labor to the project work orders included for
2 nuclear cost recovery and ensure consistent application of the Company's
3 capitalization policy. These guidelines describe the process for the exclusion
4 of non-incremental labor from current NCRC recovery while providing full
5 capitalization of all appropriate labor costs through the implementation of
6 separate project capital work orders that will be included in future non-NCRC
7 base rate recoveries. Exhibit WP-4 provides a flowchart depicting this
8 process.

9 **Q. What is the purpose of the continuous internal audits conducted by FPL
10 on the Uprate and Turkey Point 6&7 projects?**

11 A. The Company continues to undergo specific project related internal audits.
12 The objective of these audits is to test the propriety of expenses charged to the
13 NCRC and to test the process of recording and capturing costs related to the
14 Uprate Project and Turkey Point 6 & 7 Project in the pre-established work
15 orders to ensure compliance with the Commission's Rule. FPL will continue
16 to ensure these projects are audited on an ongoing basis. The 2009 costs and
17 controls related to the Turkey Point 6 & 7 and the Uprate Projects will have
18 been audited prior to the start of the hearing in this docket. These audits will
19 continue to provide assurance that the internal controls surrounding
20 transactions and processes are well established, maintained and communicated
21 to employees and provide additional assurance that the financial and operating
22 information generated within the Company is accurate and reliable.

23 **Q. Please comment on the overall level of control and oversight of the NCRC**

1 **process.**

2 A. The ongoing cycles of cost collection, aggregation, analysis and review which
3 lead to the NFR filings provide for a level of detailed review that is
4 unprecedented. For example, in the preparation of the NFR Schedules,
5 transactional expenditures are projected by activity and an immediate review
6 of projection to actual, in many cases at the transactional level, is conducted.
7 The manual nature of the data collection and aggregation process, along with
8 the manual calculation of carrying charges and construction period interest,
9 provides an increased level of detailed review. The requirements of the Rule
10 have, by design, significantly increased the review and transparency of the
11 costs themselves.

12 **Q. How are carrying charges provided for under the Nuclear Cost Recovery**
13 **Rule?**

14 A. Carrying charges are established by Statute based on the pre-tax AFUDC rate
15 at the time the utility files its Need Determination. For FPL this rate is
16 11.04% (based on an AFUDC rate of 7.42%) annually.

17 **Q. How will FPL incorporate the Commission-ordered treatment that**
18 **AFUDC charged to these projects should also be based on the pre-tax**
19 **AFUDC rate at the time the Utility filed its Need Determination?**

20 A. In Order No. PSC-09-0783-FOF-EI, the Commission determined that “utilities
21 shall not be permitted to record in rate base the incremental difference
22 between carrying costs established in Section 366.93, F.S., and their
23 respective most currently approved AFUDC rate.” Therefore, FPL has

1 adjusted the AFUDC recorded on its projects under the NCRC on a retroactive
2 basis effective with November 2009 to reflect the AFUDC rate of 7.42%.
3 Starting December 2009, FPL will apply this 7.42% statutory rate going
4 forward to all eligible CWIP charges for the new nuclear and uprate projects.
5 FPL will only record and recover a carrying charge through the CCRC at the
6 fixed rate specified in the NCRC, and will no longer calculate or track any
7 resulting incremental/decremental AFUDC for amounts to be recovered
8 through the NCRC.

9 **Q. Does this conclude your direct testimony?**

10 A. Yes.

**Florida Power & Light Company
Revised 2009 Revenue Requirements
(In Jurisdictional \$'s net of participants)**

Line No.	(a) March 1, 2010 True-up filing (Docket No. 100009-EI)			(b) May 1, 2009 Actual/Estimated Filing (Docket No. 090009-EI)			(c) March 1, 2010 True-up filing (Docket No. 100009-EI)		
	(A) 2009 P's	(B) 2009 T's	(C)	(D) 2009 P's	(E) 2009 AE's	(F)	(G) 2009 AE's	(H) 2009 T's	(I)
	2009 Projections Collected in 2009 Docket No. 080009-EI	2009 Actual Costs Dkt 100009-EI	(Over)/ Under Recovery	2009 Projections Collected in 2009 Docket No. 080009-EI	2009 Actual/Estimated Costs Collected in 2010 Docket No. 090009-EI	(Over)/ Under Recovery	2009 Actual/Estimated Costs Collected in 2010 Docket No. 090009-EI	2009 Actual Costs Dkt 100009-EI	(Over)/ Under Recovery
1	Turkey Point 6 & 7								
2	Site Selection Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Carrying Costs	381,938	343,600	(38,338)	381,938	346,025	(35,913)	343,600	(2,425)
4	2008 Carrying Costs on DTL	-	(19,559)	(19,559)	-	-	-	(19,559)	(19,559)
5 (d)	Carrying Costs on DTA	127,112	49,121	(77,991)	127,112	126,913	(199)	49,121	(77,792)
6	Total Carrying Costs	\$ 509,050	\$ 373,162	\$ (135,888)	\$ 509,050	\$ 472,938	\$ (36,112)	\$ 373,162	\$ (99,776)
7	Total Site Selection	\$ 509,050	\$ 373,162	\$ (135,888)	\$ 509,050	\$ 472,938	\$ (36,112)	\$ 373,162	\$ (99,776)
8	Preconstruction Costs	\$ 109,540,915	\$ 37,599,045	\$ (71,941,870)	\$ 109,540,915	\$ 45,444,468	\$ (64,096,447)	\$ 37,599,045	\$ (78,451,870)
9	Carrying Costs	3,975,003	(691,521)	(4,666,524)	3,975,003	1,524,630	(2,450,373)	(691,521)	(4,666,524)
10	2008 Carrying Costs on DTL	-	(42,148)	(42,148)	-	-	-	(42,148)	(42,148)
11 (d)	Carrying Costs on DTA	3,369,810	1,591,363	(1,778,447)	3,369,810	2,036,141	(1,333,669)	1,591,363	(1,778,447)
12	Total Carrying Costs	\$ 7,344,813	\$ 857,693	\$ (6,487,120)	\$ 7,344,813	\$ 3,560,771	\$ (3,784,042)	\$ 857,693	\$ (6,487,120)
13	Total Preconstruction	\$ 116,885,728	\$ 38,456,738	\$ (78,428,990)	\$ 116,885,728	\$ 49,005,239	\$ (67,880,489)	\$ 38,456,738	\$ (78,428,990)
14	Total TP6&7	\$ 117,394,778	\$ 38,829,900	\$ (78,564,878)	\$ 117,394,778	\$ 49,478,177	\$ (67,916,601)	\$ 38,829,900	\$ (78,564,878)
15	Uprates								
16	Carrying Costs	\$ 16,564,497	\$ 18,343,745	\$ 1,779,248	\$ 16,564,497	\$ 20,304,909	\$ 3,740,412	\$ 18,343,745	\$ 1,779,248
17 (d)	2008 Carrying Costs on DTL	-	(315,325)	(315,325)	-	-	-	(315,325)	(315,325)
18	Carrying Costs on DTA	(11,478)	(1,568,537)	(1,580,015)	(11,478)	(7,519)	3,959	(1,568,537)	(1,580,015)
19	Total Carrying Costs	\$ 16,553,019	\$ 16,459,883	\$ (93,136)	\$ 16,553,019	\$ 20,297,390	\$ 3,744,371	\$ 16,459,883	\$ (93,136)
20	Recoverable O&M	0	480,934	480,934	0	544,467	544,467	480,934	480,934
21 (e)	Base Rate Rev Req.	0	12,802	12,802	0	83,460	83,460	12,802	12,802
22	Total Uprates	\$ 16,553,019	\$ 16,953,619	\$ 400,600	\$ 16,553,019	\$ 20,925,317	\$ 4,372,298	\$ 16,953,619	\$ 400,600
23	Total TP6&7 and Uprates	\$ 133,947,797	\$ 55,783,519	\$ (78,164,278)	\$ 133,947,797	\$ 70,403,494	\$ (63,544,303)	\$ 55,783,519	\$ (78,164,278)
24	(Rounding Differences May Occur)								

Notes:

- (a) The March 1, 2010 True-up filing compares 2009 Actual costs to the 2009 Projections (Order No. PSC-08-0749-FOF-EI) in order to calculate carrying charges.
- (b) The May 1, 2009 Actual/Estimated Filing (Order No. PSC-09-0783-FOF-EI) compares the 2009 Actual/Estimated Costs to the 2009 Projections.
- (c) The March 1, 2010 True-up filing ultimately compares the 2009 Actual Costs to the 2009 Actual/Estimated Costs resulting in a final true-up amount of (\$14,619,975) which will reduce the CCRC charge paid by customers when the CCRC is re-set in 2011.
- (d) The deferred income tax liability created by income tax deductions relate to expenditures incurred in 2006 - 2009. These income tax deductions relate to qualifying Research and Development expenditures (Internal Revenue Code 174), Nuclear Licensing Internal Payroll costs (Internal Revenue Services Code Regulations Section 1.263(a)(4)), and Investigatory costs (Internal Revenue Code 162). Refer to TOJ-1 (Appendix I), SDS-1 (Appendix II), and SDS-2 (Appendix III) for further detail.
- (e) FPL is recovering \$83,460 of base rate revenue requirements in 2010 for the modifications related to its St. Lucie Unit 2 Turbine Gantry Crane as approved in Order No. PSC-09-0783-FOF-EI. The St. Lucie 2 Turbine Gantry Crane actually entered into commercial service on December 22, 2009, resulting in a reduced base rate revenue requirement of \$12,802. The difference of (\$70,658) will reduce the CCRC charge paid by customers when the CCRC is re-set in 2011.

**Florida Power & Light Company
Turkey Point 6 & 7
2009 Costs for Prudence Determination**

Line No.		2009
1	Turkey Point 6 & 7	
2	Site Selection:	
3	Project Staffing	\$ -
4	Engineering	-
5	Environmental Services	-
6	Legal Services	-
7	Total Site Selection Costs	\$ -
8	Jurisdictional Factor (a)	0.99648888
9	Total Jurisdictional Site Selection Costs	\$ -
10		
11	Pre-Construction:	
12	Generation:	
13	Licensing	\$ 30,271,612
14	Permitting	991,090
15	Engineering and Design	6,445,161
16	Long lead procurement advance payments	-
17	Power Block Engineering and Procurement	23,662
18	Total Generation Costs	\$ 37,731,525
19	Jurisdictional Factor (a)	0.99648888
20	Total Jurisdictional Generation Costs	\$ 37,599,045
21	Transmission	
22	Line Engineering	\$ -
23	Substation Engineering	-
24	Clearing	-
25	Other	-
26	Total Transmission Costs	\$ -
27	Jurisdictional Factor (a)	0.99412116
28	Total Jurisdictional Transmission Costs	\$ -
29		
30	Total Company Turkey Point 6 & 7 Costs	\$ 37,731,525
31		
32	Total Jurisdictional Turkey Point 6 & 7 Costs	\$ 37,599,045

Notes:

(a) Jurisdictional separation factor as reflected in the 2009 FPSC Earnings Surveillance Report.

**Florida Power & Light Company
 Uprate
 Revised 2009 Costs for Prudence Determination**

Line No.		2009
1	Uprates	
2	Generation:	
3	License Application	\$ 66,925,376
4	Engineering & Design	12,568,941
5	Permitting	512,725
6	Project Management	15,544,538
7	Clearing, Grading and Excavation	-
8	On-Site Construction Facilities	-
9	Power Block Engineering, Procurement, etc.	141,222,239
10	Non-Power Block Engineering, Procurement, etc.	535,251
11	Total Generation costs	\$ 237,309,070
12	Participants Credits Port St. Lucie (PSL) Unit 2	
13	OUC (b)	\$ (3,758,778)
14	FMPA (b)	(5,435,545)
15	Total Participants Credits PSL Unit 2	\$ (9,194,323)
16	Total FPL Generation Costs	\$ 228,114,747
17	Jurisdictional Factor (a)	0.99648888
18	Total FPL Jurisdictional Generation Costs	\$ 227,313,809
19		
20	Transmission:	
21	Line Engineering	13,004
22	Substation Engineering	120,482
23	Line Construction	228,155
24	Substation Construction	6,919
25	Total Transmission Costs	368,559
26	Jurisdictional Factor (a)	0.99412116
27	Total Jurisdictional Transmission Costs	\$ 366,392
28	Total FPL Jurisdictional Generation & Transmission Costs (Net of Participants)	\$ 227,680,202
29		
30	Total Company Uprate Generation and Transmission Costs	237,677,629
31		
32	Recoverable O&M	\$ 498,077
33	Less Total Participants Credits PSL Unit 2	(15,448)
34	Total FPL O&M Costs	\$ 482,628
35	Jurisdictional Factor (a)	0.99648888
36	Total Jurisdictional O&M Costs	\$ 480,934
37		
38	Base Rate Revenue Requirement (c)	\$ 12,802
39		
40	Total Uprate Costs (Jurisdictionalized & Net of Participants)	\$ 228,173,937
41		
42	Total Turkey Point 6 & 7 Costs from Page 1	\$ 37,599,045
43		
44	Total Uprate and Turkey Point 6&7 Costs for Prudence Determination	\$ 265,772,982

Notes:

(a) Jurisdictional separation factor as reflected in the 2009 FPSC Earnings Surveillance Report.

(b) Participant ownership rates of 6.08951% for Orlando Utilities Commission (OUC) & 8.806% for Florida Municipal Power Agency (FMPA).

(c) Base Rate Revenue Requirement is Jurisdictional and Net of Participants. See WP - 3 for calculation.

Florida Power & Light Company
 St. Lucie & Turkey Point Uprate Project
 Base Rate Revenue Requirements
 St. Lucie Unit 2 Turbine Gantry Crane Additions

2009

Line No.	Work Order	Plant Account	Detail	System Total Plant (Net of Participants)	Detail	Rate (Annual)
1	6991-070-0910	323	Turbogenerator units	\$ 2,856,822	Depreciation Rate	1.90%
2	8013-070-0010 (Participant)			(423,379)	Property Tax Rate	1.91%
3				\$ 2,433,443	Rate of Return (Pre-Tax Cost of Capital)	10.79%
4						
5	<u>In-Service Date (1)</u>					
6	15-Dec-09					
7						

Notes:

- (1) Modifications to St. Lucie Unit 2 Turbine Gantry Crane were placed into service in 12/22/2009. In accordance with FPL's procedures for placing plant of this size into service, a half month convention is used for placing the modifications into service.
- (2) Jurisdictional Separation Factor is FPL's nuclear capital separation factor for 2009 reflected in the 2009 FPSC Earnings Surveillance Report.
- (3) Depreciation Rate is FPL's current approved depreciation rate for plant account 323 as reflected in Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket Nos. 050045-EI (Rate Order) and 050188-EI (FPL's Depreciation Study Filing).
- (4) The company's overall Rate of Return of 10.79% reflects Return on equity of 11.75% as reported in September 2009 surveillance report which is FPL's most recent surveillance report as of the filing for FPL's Petition for Base Rate Increase Request on December 4, 2009 in Dkt. 090529-EI.
- (5) The Property Tax Rate of 1.91% is 2010 trended rate for St. Lucie County which is the Property Tax Rate from 2009 at 1.87% with a 2.5% escalator for 2010.
- (6) See Exhibit TOJ-1, Appendix I-A.

Florida Power & Light Company
St. Lucie & Turkey Point Uprate Project
Base Rate Revenue Requirements
St. Lucie Unit 2 Turbine Gantry Crane Additions

Line No.	Detail	2009 December	2010 January	2010 February	2010 March	2010 April	2010 May	2010 June	2010 July	2010 August	2010 September	2010 October	2010 November
1													
2	Additions (net of participants)	\$ 1,216,721	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443
3	Total Plant in Service	\$ 1,216,721	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443	2,433,443
4	Jurisdictional Separation Factor	0.99648888	0.99648888	0.99648888	0.99648888	0.99648888	0.99648888	0.99648888	0.99648888	0.99648888	0.99648888	0.99648888	0.99648888
5	Jurisdictional Plant	\$ 1,212,449	2,424,899	2,424,899	2,424,899	2,424,899	2,424,899	2,424,899	2,424,899	2,424,899	2,424,899	2,424,899	2,424,899
6	Depr Rate (monthly)	0.001583333	0.001583333	0.001583333	0.001583333	0.001583333	0.001583333	0.001583333	0.001583333	0.001583333	0.001583333	0.001583333	0.001583333
7	Depreciation	\$ 1,920	3,839	3,839	3,839	3,839	3,839	3,839	3,839	3,839	3,839	3,839	3,839
8	Accumulated Depreciation	\$ 1,920	5,759	9,599	13,438	17,277	21,117	24,956	28,796	32,635	36,475	40,314	44,153
9	Net Plant in Service	\$ 1,210,530	2,419,140	2,415,300	2,411,461	2,407,621	2,403,782	2,399,942	2,396,103	2,392,264	2,388,424	2,384,585	2,380,745
10	Average Plant In Service	\$ 1,210,530	1,814,835	2,417,220	2,413,380	2,409,541	2,405,702	2,401,862	2,398,023	2,394,183	2,390,344	2,386,505	2,382,665
11	Rate of Return (Pre-Tax Cost of Capital)	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090	0.0090
12	Return	\$ 10,882	16,314	21,729	21,695	21,660	21,626	21,591	21,557	21,522	21,488	21,453	21,419
13	Property Tax Base		2,419,140	2,415,300	2,411,461	2,407,621	2,403,782	2,399,942	2,396,103	2,392,264	2,388,424	2,384,585	2,380,745
14	Property Tax Rate		0.0015944	0.0015944	0.0015944	0.0015944	0.0015944	0.0015944	0.0015944	0.0015944	0.0015944	0.0015944	0.0015944
15	Property Tax		3,857	3,851	3,845	3,839	3,833	3,826	3,820	3,814	3,808	3,802	3,796
16													
17	Monthly Revenue Requirements	\$ 12,802	24,011	29,420	29,379	29,338	29,298	29,257	29,217	29,176	29,135	29,095	29,054
18													
19	Base Rate Rev Requirements - NCRC	\$ 12,802											

Notes:

(1) Modifications to St. Lucie Unit 2 Turbine Gantry Crane were placed into service in 12/22/2009. In accordance with FPL's procedures for placing plant of this size into service, a half month convention is used for placing the modifications into service.

(2) Jurisdictional Separation Factor is FPL's nuclear capital separation factor for 2009 reflected in the 2009 FPSC Earnings Surveillance Report.

(3) Depreciation Rate is FPL's current approved depreciation rate for plant account 323 as reflected in Order No. PSC-05-0902-S-EI, issued September 14, 2005, in Docket Nos. 050045-EI (Rate Order) and 050188-EI (FPL's Depreciation Study Filing).

(4) The company's overall Rate of Return of 10.79% reflects Return on equity of 11.75% as reported in September 2009 surveillance report which is FPL's most recent surveillance report as of the filing for FPL's Petition for Base Rate Increase Request on December 4, 2009 in Dkt. 090529-EI.

(5) The Property Tax Rate for 2009 is 1.87%. The Property Tax Rate for 2010 is based on the 1.87% for 2009 with a 2.5% escalator for 2010 resulting in a 1.91% rate.

(6) See Exhibit TOJ-1, Appendix I-A

