

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

November 26, 2012

RECEIVED: FPSC
12 NOV 26 PM 2:42

COMMISSION
CLERK

Docket No. 120009-EI – Nuclear cost recovery clause.

Issue 1: Does Section 366.93, Florida Statutes, authorize the Commission to disallow recovery of all, or a portion of, the carrying costs prescribed by Section 366.93(2)(b), Florida Statutes?

Recommendation: The Commission may disallow the recovery of all costs that are imprudently incurred.

APPROVED *(limited to carrying costs)*

Issue 1A: Does the term "certain costs" in Section 403.519(4)(e), Florida Statutes, include costs caused by an imprudent decision or action that are incurred in years subsequent to the year of the imprudent decision or action?

Recommendation: "Certain costs" can include costs caused by an imprudent decision or action that are incurred in years subsequent to the year of the imprudent decision or action.

APPROVED *(limited to carrying costs)*

COMMISSIONERS
ASSIGNED:

All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

[Handwritten signatures in majority column]

[Empty lines in dissenting column]

REMARKS/DISSENTING COMMENTS:

*oral modification assigned
document number 07697-12 attached - 07833 NOV 26 2012*

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ISSUE 2: Should the Commission disallow recovery of any AFUDC on the Crystal River Unit 3 Uprate project in 2012 and 2013 due to the lack of a final decision to repair or retire Crystal River Unit 3? If yes, what amount should the Commission disallow, if any?

STIPULATION

The questions presented in this issue are moot for the 2012 nuclear costs recovery clause (“NCRC”) hearing because on September 5, 2012 the Commission voted to approve PEF’s motion requesting deferral of the Commission’s review of the reasonableness of PEF’s 2012 and 2013 CR3 Uprate estimated and projected costs and associated carrying costs until the 2013 NCRC proceeding.

STIPULATED

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Issue 3: Does the Commission have the authority to defer the determination of prudence for the Crystal River Unit 3 Uprate project in 2012 and 2013 due to lack of a final decision to repair or retire Crystal River Unit 3? If yes, what amount should the Commission disallow, if any?

Recommendation: Staff recommends that Issues 13, 14 and 15 involving the prudence of PEF's 2011 CR3 costs are ripe for a decision by the Commission. Staff is recommending that there is sufficient evidence in the record to make a prudence determination for the Crystal River Unit 3 Uprate project for 2011. If the Commission approves staff's recommendation in Issues 13, 14 and 15, this Issue will be moot.

APPROVED

Issue 4: Do PEF's activities since January 2011 related to Levy Units 1 & 2 qualify as "siting, design, licensing, and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.?

Recommendation: Yes. Staff recommends the Commission find PEF's activities since January 2011 related to Levy project qualify as siting, design, licensing, and construction of a nuclear power plant as contemplated by Section 366.93, F.S.

APPROVED

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Issue 5: Should the Commission approve what PEF has submitted as its 2012 annual detailed analysis of the long-term feasibility of completing the Levy Units 1 & 2 project, as provided for in Rule 25-6.0423, F.A.C.? If not, what action, if any, should the Commission take?

Recommendation: Yes. PEF presented evidence that examined the economic, regulatory, and technical factors impacting the long-term feasibility of the Levy Project that demonstrated the project remains feasible. In addition, PEF provided updated fuel, environmental, and project costs forecasts as requested by the Commission.

APPROVED

Issue 6: What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Levy Units 1 & 2 nuclear project?

Recommendation: The Commission should accept PEF's estimated cost of approximately \$24.1 billion for the Levy Project.

APPROVED

Issue 7: What is the current estimated planned commercial operation date of the planned Levy Units 1 & 2 nuclear facility?

Recommendation: The Commission should accept PEF's estimated commercial operation dates for Levy Units 1 and 2 of 2024 and 2025, respectively.

APPROVED

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Issue 8: Should the Commission find that, for 2011, PEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project? If not, what action, if any, should the Commission take?

Recommendation: Yes. Staff recommends the Commission find that project management, contracting, accounting and cost oversight controls employed by PEF for the Levy project during 2011 were reasonable and prudent.

APPROVED

Issue 9: What system and jurisdictional amounts should the Commission approve as PEF's final 2011 prudently incurred costs and final true-up amounts for the Levy Units 1 & 2 project?

Recommendation: Staff recommends the Commission approve the following amounts as prudently incurred 2011 Levy project costs: capital costs of CONFIDENTIAL NUMBER (hereinafter referred to as Confidential Number A) (\$67,092,100 jurisdictional), O&M expenses of \$1,258,687 (\$1,154,469 jurisdictional), and carrying costs of \$48,658,064. The resulting final 2011 true-up amount of \$12,649,655 over recovery should be used in determining the 2013 approved Nuclear Cost Recovery Clause recovery amount.

APPROVED

Issue 10: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2012 costs and estimated true-up amounts for PEF's Levy Units 1 & 2 project?

Recommendation: Staff recommends the Commission approve as reasonable the following Levy project actual/estimated 2012 costs: capital costs of CONFIDENTIAL NUMBER (hereinafter referred to as Confidential Number B) (\$21,391,932 jurisdictional), O&M costs of \$1,010,929 (\$927,458 jurisdictional) and carrying costs of \$48,548,055. The resulting estimated 2012 true-up of \$13,013,480 over recovery should be used in determining the 2013 Nuclear Cost Recovery Clause recovery amount.

APPROVED

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Issue 11: What system and jurisdictional amounts should the Commission approve as reasonably projected 2013 costs for PEF's Levy Units 1 & 2 project?

Recommendation: Staff recommends the Commission approve as reasonable the following Levy project 2013 projected costs: capital costs of CONFIDENTIAL NUMBER (hereinafter referred to as Confidential Number C) (\$95,888,097 jurisdictional), O&M expenses of \$1,106,148 (\$1,025,100 jurisdictional), and carrying costs of \$22,089,049. Further, staff recommends the Commission approve \$40,312,451 as Levy's 2013 recoverable project costs for use in determining the total 2013 Nuclear Cost Recovery Clause recovery amount.

APPROVED

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ISSUE 12: Should the Commission approve what PEF has submitted as its 2012 annual detailed analysis of the long-term feasibility of completing the Crystal River Unit 3 Uprate project, as provided for in Rule 25-6.0423, F.A.C.? If not, what action, if any, should the Commission take?

STIPULATION

This issue is moot for the 2012 NCRC hearing because on September 5, 2012 the Commission voted to approve PEF's motion requesting deferral of the Commission's review of the long-term feasibility of completing the CR3 Uprate project until the 2013 NCRC proceeding.

STIPULATED

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Issue 13: Should the Commission find that, for 2011, PEF's project management, contracting, accounting, and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project? If not, what action, if any, should the Commission take?

Recommendation: Yes, staff recommends that the Commission determine that PEF's project management, contracting, accounting, and cost oversight controls were reasonable and prudent for the CR3 Uprate project in 2011.

APPROVED

Issue 14: Were all of the actual Crystal River Unit 3 Uprate project expenditures prudently incurred or expended in 2011 in the absence of a final decision to repair or retire Crystal River Unit 3 in 2011?

Recommendation: Staff recommends that the Commission find actual CR3 Uprate project expenditures were prudently incurred and expended in 2011 even in the absence of a final decision to repair or retire Crystal River Unit 3.

APPROVED

Issue 15: What system and jurisdictional amounts should the Commission approve as PEF's 2011 prudently incurred costs and final true-up amounts for the Crystal River Unit 3 Uprate Project?

Recommendation: Staff recommends the Commission approve the following amounts as prudently incurred 2011 CR3 Uprate project costs: capital costs \$49,049,270 (\$43,648,799 jurisdictional, net of joint owners), O&M costs \$498,775 (\$461,200 jurisdictional, net of joint owners), carrying costs \$16,127,875 and a base revenue requirement credit of \$3,346,641. The resulting final 2011 true-up amount of \$3,498,125 should be used in determining the 2013 Nuclear Cost Recovery Clause recovery amount.

APPROVED *recognizing this is a fallout issue.*

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ISSUE 16: Is it reasonable for PEF to incur or expend all of the estimated and projected Crystal River Unit 3 Uprate project expenditures in 2012 and 2013 in the absence of a final decision to repair or retire CR3?

STIPULATION

This issue is moot for the 2012 NCRC hearing because on September 5, 2012 the Commission voted to approve PEF's motion requesting deferral of the Commission's review of the reasonableness of PEF's 2012 and 2013 CR3 Uprate estimated and projected costs and associated carrying costs until the 2013 NCRC proceeding.

STIPULATED

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Issue 17: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2012 costs and estimated true-up amounts for PEF's Crystal River Unit 3 Uprate project?

Recommendation: Staff recommends the Commission find, as reasonable, the revised 2012 true-up of CR3 Uprate project recoverable costs in the amount of \$6,186,144. This amount should be used in determining the 2013 NCRC recovery amount.

APPROVED

Issue 18: What system and jurisdictional amounts should the Commission approve as reasonably projected 2013 costs for PEF's Crystal River Unit 3 Uprate project?

Recommendation: Staff recommends the Commission find, as reasonable, the revised projected 2013 CR3 Uprate project recoverable costs in the amount of \$30,349,407. This amount should be used in determining the 2013 Nuclear Cost Recovery Clause recovery amount.

APPROVED

Issue 19: What is the total jurisdictional amount to be included in establishing PEF's 2013 Capacity Cost Recovery Clause factor?

Recommendation: Staff recommends that for the CR3 Uprate project, the Commission approve a total jurisdictional amount of \$40,033,676 to be included in the Capacity Cost Recovery Clause factor for collection in 2013. For the Levy project, the amount to be collected in the 2013 Capacity Cost Recovery Clause factor is the amount necessary to achieve the rates required pursuant to the Settlement Agreement as approved by Order No. PSC-12-0104-FOF-EI. For future true-up purposes, the Commission should recognize \$102,696,903 as the estimated 2013 Levy project Nuclear Cost Recovery Clause recovery amount.

APPROVED

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Issue 20: Do FPL's activities since January 2011 related to Turkey Point Units 6 & 7 qualify as "siting, design, licensing, and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.?

Recommendation: Yes. Staff recommends the Commission find that FPL's activities since January 2011 related to Turkey Point Units 6 & 7 qualify as "siting, design, licensing, and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.

APPROVED

Issue 21: Should the Commission approve what FPL has submitted as its 2012 annual detailed analysis of the long-term feasibility of completing the Turkey Point Units 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C.? If not, what action, if any, should the Commission take?

Recommendation: Yes. A preponderance of the evidence demonstrates that FPL fully considered the economic, regulatory, technical, funding, and joint ownership considerations impacting the feasibility of the project. While continuing uncertainty exists in virtually all these areas, the Turkey Point 6 & 7 project continues to appear feasible at this time.

APPROVED

Issue 22: What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project?

Recommendation: The Commission should accept FPL's estimated range of \$3,570/kW (\$12.8 billion) to \$5,190/kW (\$18.7 billion) as the cost of the Turkey Point 6 & 7 Project.

APPROVED

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Issue 23: What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?

Recommendation: The Commission should accept FPL's estimated commercial operations dates of 2022 and 2023 for Turkey Point Units 6 & 7, respectively.

APPROVED

Issue 24: Should the Commission find that FPL's 2011 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

Recommendation: Yes. Staff recommends the Commission find that project management, contracting, accounting and cost oversight controls employed by FPL during 2011 for the Turkey Point Units 6 & 7 project were reasonable and prudent.

APPROVED

Issue 25: What system and jurisdictional amounts should the Commission approve as FPL's final 2011 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

Recommendation: Staff recommends the Commission approve as prudently incurred 2011 Turkey Point Units 6 & 7 project preconstruction costs of \$23,150,978 (\$22,877,378 jurisdictional). The recommended final 2011 true-up amount, net of prior recoveries, is an over recovery of \$15,372,530 and should be used in determining the net total 2013 Nuclear Cost Recovery Clause amount.

APPROVED

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Issue 26: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2012 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

Recommendation: Staff recommends the Commission approve as reasonably estimated 2012 Turkey Point Units 6 & 7 project preconstruction costs of \$34,907,426 (\$34,279,877 jurisdictional). The estimated 2012 true-up amount of \$734,498, net of prior recoveries, should be used in determining the total net 2013 Nuclear Cost Recovery Clause amount.

APPROVED

Issue 27: What system and jurisdictional amounts should the Commission approve as reasonable projected 2013 costs for FPL's Turkey Point Units 6 & 7 project?

Recommendation: Staff recommends that the Commission approve as reasonably projected 2013 Turkey Point 6 & 7 project preconstruction costs of \$29,211,385 (\$28,686,236 jurisdictional). The projected 2013 amount of \$34,994,155 should be used in determining the net Nuclear Cost Recovery Clause amount.

APPROVED

Issue 28: Should the Commission approve what FPL has submitted as its 2012 annual detailed analysis of the long-term feasibility of completing FPL's Extended Power Uprate project, as provided for in Rule 25-6.0423, F.A.C.? If not, what action, if any, should the Commission take?

Recommendation: Yes. The analytical approach that was used by FPL in performing its 2012 feasibility analysis for the Uprate project is similar to the Company's approach used in prior feasibility analyses. The results of FPL's analysis demonstrate that completion of the Uprate project remains in the best interest of FPL's customers.

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Issue 29A: Should the Commission find that in the previous year (2011) and the current year to date (2012), FPL managed the Extended Power Uprate activities in a reasonable and prudent manner? If not, what action should the Commission take?

Recommendation: Yes. Staff recommends the Commission find that in the previous year (2011) and the current year to date (2012), FPL managed the Extended Power Uprate activities in a reasonable and prudent manner.

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Issue 29: Should the Commission find that FPL's 2011 project management, contracting, accounting and cost oversight controls were reasonable and prudent for FPL's Extended Power Uprate project?

Recommendation: Yes. Staff recommends the Commission find that FPL's 2011 Uprate project management, contracting, accounting and cost oversight controls were reasonable and prudent.

APPROVED

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ISSUE 29: Should the Commission find that FPL's 2011 project management, contracting, accounting and cost oversight controls were reasonable and prudent for FPL's Extended Power Uprate project?

PARTIAL STIPULATION

As to the testimony of staff witnesses Rich and Fisher regarding the St. Lucie Unit 2 nuclear plant stator core work:

In its 2012 actual/estimated costs for St. Lucie Unit 2, FPL included costs payable to Siemens for contract work at St. Lucie nuclear plant. Commission Audit Staff recommended a \$3.5 million disallowance of EPU costs with respect to the St. Lucie nuclear plant stator core work. Commission audit staff noted that there was an additional 22 days of outage associated with the nuclear plant stator core work. FPL filed rebuttal testimony controverting audit staff's findings regarding FPL's management of the St. Lucie nuclear plant stator core work. FPL also responded to Staff discovery stating that the stator alignment pin issue added approximately 195 unplanned outage hours to the total duration of the outage.

Subsequent to the filing of its rebuttal testimony, FPL filed supplemental testimony and exhibits in which it explained that FPL negotiated a new agreement related to FPL's costs for the St. Lucie Unit 2 stator core repair work. The new agreement removes the \$3.5 million of costs FPL was responsible for paying to Siemens for the stator core work.

An additional aspect of the new agreement between FPL and Siemens was a reduction of (confidential) of the amount owed by FPL to Siemens for other contractual work. The basis for the reduction is the resolution of the nuclear stator core work.

Accordingly, staff recommends the Commission find that Audit Staff's recommendation for the disallowance is now moot because FPL negotiated a resolution with its contractor which adequately addresses the considerations raised by Audit Staff. Audit Staff will verify the removal of these costs in its next scheduled annual audit.

As to the remaining costs, staff takes no position at this time.

STIPULATED

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Issue 30: What system and jurisdictional amounts should the Commission approve as FPL's final 2011 prudently incurred costs and final true-up amounts for FPL's Extended Power Uprate project?

Recommendation: Staff recommends the Commission approve as prudently incurred 2011 Extended Power Uprate project capital costs of \$667,493,187 (\$640,855,812 jurisdictional net of joint owners and other adjustments) and O&M costs of \$12,172,529 (\$11,584,442 jurisdictional net of joint owners) including interest. The recommended final 2011 true-up amount, net of prior recoveries, is \$270,057 and should be used in determining the total net 2013 Nuclear Cost Recovery Clause amount.

APPROVED

Issue 31: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2012 costs and estimated true-up amounts for FPL's Extended Power Uprate project?

Recommendation: Staff recommends the Commission approve as reasonably estimated 2012 Extended Power Uprate project capital costs of \$1,058,854,365 (\$1,017,306,408 jurisdictional net of participants) and O&M costs of \$15,000,523 (\$14,546,749 jurisdictional net of participants). The recommended estimated 2012 true-up amount, net of prior recoveries, is \$45,615,272 and should be used in determining the total net 2013 Nuclear Cost Recovery Clause amount.

APPROVED

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Issue 32: What system and jurisdictional amounts should the Commission approve as reasonably projected 2013 costs for FPL's Extended Power Uprate project?

Recommendation: Staff recommends the Commission approve as reasonably projected 2013 Extended Power Uprate project capital costs of \$163,996,072 (\$161,047,828 jurisdictional net of participants) and O&M costs of \$5,170,770 (\$5,077,869 jurisdictional net of participants). The recommended projected 2013 amount of \$85,249,950 should be used in determining the total net 2013 Nuclear Cost Recovery Clause amount.

APPROVED

Issue 33: What is the total jurisdictional amount to be included in establishing FPL's 2013 Capacity Cost Recovery Clause factor?

Recommendation: Staff recommends the Commission approve \$151,491,402 as the total jurisdictional amount to be included in establishing FPL's 2013 Capacity Cost Recovery Clause factor.

APPROVED

Ann Cole

120009-EI

From: Marshall Willis
Sent: Thursday, November 15, 2012 2:47 PM
To: Ann Cole
Subject: FW: Oral Modification to Staff recommendation in Docket No. 120009-EI

From: Chuck Hill
Sent: Thursday, November 15, 2012 2:39 PM
To: Marshall Willis
Cc: Cheryl Bulecza-Banks; Mark Laux; Lisa Bennett; Michael Lawson; Jim Breman; Tom Ballinger; Mark Futrell; Lisa Harvey; Baldwin English; Roberta Bass; Jim Varian; Cayce Hinton; Katherine Fleming; Kathleen Stewart; Carlotta Stauffer; Kate Hamrick
Subject: RE: Oral Modification to Staff recommendation in Docket No. 120009-EI

Approved.

From: Marshall Willis
Sent: Thursday, November 15, 2012 2:28 PM
To: Chuck Hill
Cc: Cheryl Bulecza-Banks; Mark Laux; Lisa Bennett; Michael Lawson; Jim Breman; Tom Ballinger; Mark Futrell
Subject: Oral Modification to Staff recommendation in Docket No. 120009-EI

Staff requests approval to make an oral modification to its post-hearing recommendation in the Nuclear Cost Recovery Clause Docket, Docket No. 120009-EI, scheduled for a Special Agenda on Monday, November 26, 2012. Subsequent to filing its recommendation, staff identified minor scrivener's errors. The errors do not affect staff's recommendations or calculations. The corrections are as follows:

Issue 18:

On page 83, the first sentence of paragraph 3 should be changed as follows:

In reviewing the positions of the parties in this issue, staff notes that no specific 2012 2013 costs PEF is requesting recovery of were identified as unreasonable.

Attachment A

On page 167, the heading should be changed as follows:

PROPOSED STIPULATIONS
DOCKET NO. 120009-EI
PROGRESS ENERGY FLORIDA, INC.

INTELLIGENT NUMBER DATE

07697 NOV 15 2012

11/15/2012

FPSC-COMMISSION CLERK

Attachment B

On page 168, the heading should be changed as follows:

PROPOSED PARTIAL STIPULATION

Also on page 168, the first sentence of the first paragraph should be changed to:

The following is a ~~proposed~~ partial stipulation.