

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Power Plant
Cost Recovery Clause

Docket No. 140009-EI
Filed: August 18, 2014

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
POST-HEARING STATEMENT OF ISSUES
AND POSITIONS AND POST-HEARING BRIEF**

The Florida Industrial Power Users Group (FIPUG), by and through its undersigned counsel, files this Post-Hearing Statement of Issues and Positions and Post-Hearing Brief as it relates to issues affecting Florida Power and Light Company (FPL). FIPUG, along with the Office of Public Counsel, the Florida Retail Federation and White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate have filed a joint brief addressing issues in the Duke Energy Florida, Inc. portion of this docket.

BASIC POSITION AND SUMMARY

FIPUG supports the development of cost effective, reasonable and prudent energy sources to serve Florida consumers. Utilities seeking to provide nuclear power have the burden to demonstrate that the nuclear projects that are the subject of this hearing are feasible and the most reasonable and cost-effective way to serve ratepayer needs. The Commission must bear in mind that, at the end of the day, it is the consumers who bear the cost burden of nuclear projects.

FIPUG continues to question whether the FPL Turkey Point Nuclear Project will be constructed for the monies suggested by FPL and whether the new nuclear units will achieve commercial operation within the timeframe forecast by FPL. How much the project is projected to cost and when it is expected to serve customers, and whether those projections are reasonable,

are two important factual issues. FIPUG contends that the project costs will be more than projected and the nuclear project will be available to serve ratepayers later than forecast.

Florida Power & Light Company (FPL) Turkey Point (TP) 6 & 7 Project

ISSUE 1: Should the Commission approve what FPL has submitted as its 2014 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?

FIPUG: No.

ISSUE 10A: What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project and is that estimated cost reasonable?

FIPUG: FPL's current estimated costs are understated. The ultimate cost of the proposed Turkey Point units 6 & 7 will likely exceed the cost figure FPL projected in last year's proceeding, and again in this year's proceeding, which is a range from \$12.7 billion to \$18.5 billion.

ISSUE 10B: What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility and is that estimated commercial operation date reasonable?

FIPUG: The current estimated planned commercial operation dates of the planned Turkey Point Units 6 & 7, 2022 and 2023 respectively, are overly optimistic. The actual commercial operation dates of these units will occur later in time than these projected dates, if at all.

ISSUE 2: Should the Commission find that FPL's 2013 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

FIPUG: No position at this time.

ISSUE 3: What jurisdictional amounts should the Commission approve as FPL's final 2013 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

FIPUG: No position at this time.

ISSUE 4: What jurisdictional amounts should the Commission approve as reasonably estimated 2014 costs and estimated true-up amounts for FPL's Turkey Point

Units 6 & 7 project?

FIPUG: No position at this time

ISSUE 5: **What jurisdictional amounts should the Commission approve as reasonably projected 2015 costs for FPL's Turkey Point Units 6 & 7 project?**

FIPUG: No position at this time.

FPL Extended Power Uprate (EPU) Project

ISSUE 6: **Should the Commission find that FPL's 2013 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Extended Power Uprate project?**

FIPUG: No position at this time.

ISSUE 7: **What jurisdictional amounts should the Commission approve as FPL's final 2013 prudently incurred costs and final true-up amounts for the Extended Power Uprate project?**

FIPUG: No position at this time.

FPL Ultimate Issue

ISSUE 8: **What is the total jurisdictional amount to be included in establishing FPL's 2015 Capacity Cost Recovery Clause factor?**

FIPUG: No position at this time.

Discussion of Issues 10, 10A and 10B

FIPUG has long maintained that FPL's proposed new nuclear project will achieve commercial operation later than FPL contends and the project will cost more than FPL suggests. As part of the Commission's obligation to determine whether FPL's project remains feasible, (Issue 10), the Commission needs to understand and answer two important questions of fact: when is the project going to provide electricity to FPL's ratepayers who are paying for it (Issue 10B) and at what cost (Issue 10A).

In this year's proceeding, these two important factual questions cannot be readily answered. One not need look beyond FPL's Position Statement (set forth immediately below) on

these two issues to conclude, as suggested by FIPUG, that FPL’s proposed nuclear project will not achieve commercial operation as projected by FPL and the project will cost more than presently suggested by FPL. A Commission finding to the contrary cannot be reconciled with FPL’s position or the facts of the case.

ISSUES 10A and 10B and FPL’s position

ISSUE 10B: What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?

POSITIONS

FPL: FPL’s current estimated commercial operation dates for Turkey Point Units 6 & 7 are 2022 and 2023, respectively. As stated in the May 1, 2013 testimony of Steven Scroggs, delays in the regulatory review process will impact the licensing timeline and, ultimately, the current projected commercial operation dates. An updated project schedule will be developed following receipt of a revised NRC COLA review schedule. (Scroggs) (emphasis added)

ISSUE 10A: What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project?

POSITIONS

FPL: FPL’s current non-binding cost estimate range for Turkey Point 6 & 7 is \$3,750/kW to \$5,453/kW in overnight costs. When time-related costs such as inflation and carrying costs are included, and in-service dates of 2022 and 2023 are assumed, the total project cost estimate ranges from \$12.6 to \$18.4 billion.(Scroggs) (emphasis added).

Tellingly, FPL admits in Issue 10B that the “delays” will extend the projected commercial operation dates. FPL witness Scroggs does not provide concrete information about how long the commercial operation dates will be delayed. However, notably, FPL witness

Scroggs raises a host of issues that may cause further delays, such as a new condition of state site certification, namely, the development and installation of a “radial collector well” (Tr. 77), additional Nuclear Regulatory Commission (“NRC”) seismic reviews, (Tr. 74), and a NRC re-allocation of assets to the Waste Confidence Rule, (Tr. 74). FPL witness Scroggs further suggested that the the current NRC Combined Operating License Application (COLA) schedule is not being followed, that a revised COLA schedule has not been provided, but may be revealed later this year. (Tr. 73).

How long will the project be delayed? There is no evidence to suggest a concrete answer to that question and the Commission should not venture a guess. Based on the evidence presented in this case, the correct answer to the question of when FPL’s proposed nuclear projects will be commercially available is: presently unknown, but beyond the FPL 2022 and 2023 projected in service dates.

The Commission should reject FPL’s invitation to simply parrot an outdated and clearly erroneous projection of commercial operation dates for FPL’s proposed new nuclear units. Instead, the Commission should plainly state that the commercial operation dates for FPL’s proposed new nuclear units, Turkey Point Units 6 and 7, have slipped and will be delayed beyond FPL’s current projection commercial operation dates of 2022 and 2023.

The Commission should also consider deferring a determination on the long term feasibility of the project, as a projected commercial operation date is a key ingredient in making that judgment. Without the benefit of knowing when the project will be commercial available, an affirmative ruling that the project is feasible would be premised upon a suspect foundation, to say the least. The Commission should defer its feasibility decision until it has additional

information, such as a proposed new COLA schedule from the NRC or answer the question in the negative based on the insufficiency of information at this time.

Similarly, given FPL's admission that the commercial operation dates will be delayed, and its acknowledgement that time-related costs include items such as carrying costs and inflation will negatively impact the project, the Commission should find that the cost range of FPL's proposed nuclear project will be higher than FPL currently projects. Any other conclusion is not supported by the record in this case. Stated differently, the record evidence and FPL's own position statement support a factual finding that FPL's proposed new nuclear units, Turkey Point Units 6 and 7, will be delayed beyond FPL's current projection commercial operation dates of 2022 and 2023. Logically, given this fact, the Commission should not accept FPL's suggested assumption that the Turkey Point Units 6 and 7 will become operational in 2022 and 2023. That assumption is contrary to the evidence in the case. Instead, the Commission should find that the current costs range projected by FPL, \$12.6 billion to \$18.4 billion, is understated, and the project will cost more than those projections.

FPL witness Scroggs testified that a 2.5% inflation escalation factor is used by FPL when evaluating the costs of this project. Tr. 79. Thus, given the admitted uncertainty as to when FPL's nuclear project will be commercially available, if you assume a one year delay (a very reasonable assumption given considering the admittedly erroneous time horizon of 2022 and 2023) so that the new commercial operation time horizon is 2023 and 2024, the estimated low end of the cost range would increase by \$315,000,000 (\$12.6 billion multiplied by 2.5%) and the high end of the cost range would increase by \$460,000,000 (18.4 billion multiplied by 2.5%).

The undisputed facts call for the Commission to recognize that the delay in the projected commercial operation dates will increase the projected costs range of the project as described

herein. The Commission should make its findings clear in this regard and tell FPL's ratepayers that the nuclear project will achieve commercial operation later than FPL has previously projected and will cost ratepayers more money than FPL has previously projected.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FIPUG's Post-Hearing Statement of Issues and Positions and Post-Hearing Brief, was served by Electronic Mail this 18th day of August, 2014 to the following:

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