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May 1, 2015

**-VIA ELECTRONIC FILING-**

Carlotta Stauffer, Director  
Division of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

**Re: Docket No. 150009-EI; Nuclear Cost Recovery Clause**

Dear Ms. Stauffer:

Please find enclosed for filing in the above referenced docket Florida Power & Light Company's ("FPL's") Petition for Approval of Nuclear Power Plant Cost Recovery Amount for the Year 2016, along with the testimony and exhibits of three witnesses, including FPL's Nuclear Filing Requirements.

This filing is being made via the Florida Public Service Commission's Web Based Electronic Filing portal and consists of five submittals, each including a signed certificate of service. This letter and the petition are being filed as submittal 1 of 5. The remaining documents are being submitted as follows:

- Prefiled Testimony and Exhibits of S. Scroggs (2 of 5);
- Prefiled Testimony and Exhibits of J. Grant-Keene (3 of 5);
- Prefiled Testimony and Exhibits of R. Brown (4 of 5); and
- FPL's Nuclear Filing Requirements (5 of 5).

If there are any questions regarding this filing, please contact me at 561-304-5226.

Sincerely,

*s/ Jessica A. Cano*  
Jessica A. Cano  
Fla. Bar No. 0037372

Enclosures

cc: Counsel for Parties of Record (w/encl.)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Nuclear Cost                    )  
Recovery Clause                        )

Docket No. 150009-EI  
Filed: May 1, 2015

**FLORIDA POWER & LIGHT COMPANY’S  
PETITION FOR APPROVAL OF NUCLEAR POWER PLANT  
COST RECOVERY AMOUNT FOR THE YEAR 2016**

Florida Power & Light Company (“FPL”), pursuant to Section 366.93, Florida Statutes,<sup>1</sup> and Rule 25-6.0423, Florida Administrative Code, hereby petitions the Florida Public Service Commission (the “Commission”) for approval to recover a Nuclear Power Plant Cost Recovery (“NPPCR”) amount of \$34,249,614 through the Capacity Cost Recovery Clause (“CCRC”) during the period January – December 2016. This equates to a typical residential customer monthly bill impact of approximately \$0.34 per 1,000 kilowatt-hours (kWh) to support the continued development of FPL’s Turkey Point 6 & 7 project.

FPL projects substantial customer benefits from the addition of Turkey Point 6 & 7. For example, in the first full year of operation of both units, customers are projected to save \$570 million in fuel costs in just one future fuel cost and environmental compliance cost scenario analyzed. To the extent natural gas prices or environmental compliance costs increase above current forecasts over the next several decades, customer cost savings will be even greater. To the extent natural gas prices and environmental compliance costs remain at the low end of FPL’s projections, or decrease further, FPL’s customers will still benefit from a very low-cost generation portfolio that uses large amounts of natural gas to produce electricity. And in any scenario, the addition of Turkey Point 6 & 7 will diversify FPL’s fuel and generation mix,

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<sup>1</sup> All Florida statutory references are to the 2014 Florida Statutes.

increasing the overall reliability of FPL's system, while significantly reducing carbon dioxide and other emissions. Indeed, only nuclear generation can provide emission-free, baseload power.

FPL asks that the Commission enter a finding that FPL's actual/estimated 2015 costs and projected 2016 costs for Turkey Point 6 & 7 are reasonable. FPL also requests that the Commission approve the feasibility analysis provided by FPL for Turkey Point 6 & 7. This analysis shows that completion of the Turkey Point 6 & 7 project is projected to be cost-effective for customers and demonstrates just how valuable nuclear generation additions are for FPL's customers as key components of FPL's overall generation portfolio. Finally, FPL asks that the Commission approve a NPPCR amount of \$34,249,614 for recovery through the CCRC. This amount reflects the final true-up of 2014 costs supported by FPL's testimony and exhibits filed March 2, 2015, and the actual/estimated true up of 2015 costs and projected 2016 costs supported by the testimony and exhibits filed herewith.

### **Introduction**

1. FPL is a corporation with headquarters at 700 Universe Boulevard, Juno Beach, Florida 33408. FPL is an investor-owned utility operating under the jurisdiction of this Commission pursuant to the provisions of Chapter 366, Florida Statutes. FPL is a wholly-owned subsidiary of NextEra Energy, Inc., a registered holding company under the federal Public Utility Holding Company Act and related regulations. FPL provides generation, transmission, and distribution service to approximately 4.7 million retail customers.

2. Any pleading, motion, notice, order or other document required to be served upon FPL or filed by any party to this proceeding should be served upon the following individuals:

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Vice President Regulatory Affairs  
Ken.Hoffman@fpl.com  
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3. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Blvd, Tallahassee, FL 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, paragraph (c) and portions of paragraphs (e), (f) and (g) of subsection (2) of such rule are not applicable to this Petition. In compliance with paragraph (d), FPL states that it is not known which, if any, of the issues of material fact set forth in the body of this Petition, or the supporting testimony, exhibits, and Nuclear Filing Requirement ("NFR") schedules filed herewith, may be disputed by others planning to participate in this proceeding.

### **Background and Overview**

4. Section 366.93, Florida Statutes, was adopted by the Legislature in 2006 to promote utility investment in nuclear power plants. Rule 25-6.0423, Florida Administrative Code ("the Rule"), implements this statute and provides for the annual review of expenditures

and annual recovery of eligible costs through the CCRC. The Turkey Point 6 & 7 project qualifies for NPPCR treatment pursuant to Section 366.93, Florida Statutes.<sup>2</sup>

5. The NPPCR amount sought for recovery through the CCRC of \$34,249,614 is made up of the following: (i) the difference between FPL's 2014 actual costs and its 2014 actual/estimated costs provided last year; (ii) the difference between FPL's 2015 actual/estimated costs and its 2015 projected costs provided last year; and (iii) FPL's 2016 projected costs. Approval of the true-up of FPL's 2014 actual costs was requested in the petition filed March 2, 2015, and explained and supported in the direct testimony, exhibits, and NFRs filed therewith. FPL's 2015 actual/estimated and 2016 projected costs are the subject of this petition and supported by the accompanying testimony, exhibits, and NFRs filed herewith.

6. The testimony and exhibits of FPL Witnesses Steven Scroggs describe FPL's 2015 actual/estimated and 2016 projected costs, and demonstrate that FPL's 2015 and 2016 costs are reasonable. The testimony and exhibits of Jennifer Grant-Keene explain the computation of the total NPPCR amount sought for recovery during 2016. Exhibit SDS-8 to the testimony of FPL Witness Scroggs (portions of which are sponsored or co-sponsored by FPL Witness Grant-Keene), contain FPL's actual/estimated ("AE") schedules and projected ("P") schedules, as well as the True Up to Original ("TOR") schedules that make up FPL's NFRs. The form of these NFR schedules was developed by the Commission Staff working with FPL, the Office of Public Counsel, and others.<sup>3</sup>

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<sup>2</sup> By Order No. PSC-08-0237-FOF-EI, issued April 11, 2008, the Commission made an affirmative determination of need for Turkey Point 6 & 7.

<sup>3</sup> The NFRs consist of T, AE, P, and TOR Schedules. In May, there are three sets of schedules to be filed: the AE Schedules provide the actual/estimated cost information for the current year, the P Schedules provide the projected expenditures for the subsequent year, and the TOR schedules provide a summary of the actual and projected costs for the duration of the project.

7. The testimony and exhibits of FPL Witness Richard Brown provide the annual long-term feasibility analysis for Turkey Point 6 & 7 required by Rule 25-6.0423(6)(c)5, Florida Administrative Code, and demonstrate the continued economic feasibility of completing the Turkey Point 6 & 7 project. Using updated inputs for capital costs, fuel costs, and environmental compliance costs, as well as an updated load forecast and other updated system planning assumptions, the Turkey Point 6 & 7 project continues to be cost-effective when compared to the addition of the most economic non-nuclear base load generation option – a highly fuel-efficient combined cycle generating unit. The testimony of FPL Witness Scroggs addresses other, qualitative project feasibility topics.

#### **Turkey Point 6 & 7 Actual/Estimated and Projected Costs**

8. FPL is continuing to apply a step-wise approach to the development of the Turkey Point 6 & 7 new nuclear generation units. The primary focus at this stage of the project has been, and remains, obtaining the necessary federal, state, and local approvals for construction and operation of Turkey Point 6 & 7. By continuing to work on the necessary licenses, permits, and approvals, FPL is maintaining progress toward delivering the benefits of new nuclear generation to its customers.

9. During 2015, FPL has incurred or expects to incur a total of \$21,537,791 in “pre-construction costs” as defined by Rule 25-6.0423(2)(g), Florida Administrative Code.<sup>4</sup> These costs primarily consist of Nuclear Regulatory Commission fees for its review of FPL’s Combined License Application (“COL”), FPL employee and contractor labor and specialty

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<sup>4</sup> “Pre-construction costs” are defined as “costs that are expended after a site has been selected in preparation for the construction of a nuclear or integrated gasification combined cycle power plant, incurred up to and including the date the utility completes site clearing work.” Rule 25-6.0423(2)(g), Fla. Admin. Code.

consulting services necessary to support the review of the various license and permit applications, and participation in industry groups such as the AP1000 Owners Group. Additionally, FPL is incurring costs to perform studies that will inform a future decision to proceed to preconstruction. These “Initial Assessments” will help better define the project schedule and construction scope, enhancing the accuracy of the cost and schedule estimate to be used for the feasibility analysis that would be presented to the Commission for approval to begin pre-construction work. All of these costs are reasonable and recoverable pursuant to Section 366.93, Fla. Stat. and Rule 25-6.0423, Fla. Admin. Code. As demonstrated in the testimony of FPL Witness Scroggs, the Commission should find that FPL’s total 2015 project costs of \$21,537,791 are reasonable. However, FPL is not seeking recovery of Initial Assessment costs at this time. FPL has adjusted those costs out of its recovery request, to be deferred and recovered when it begins pre-construction work. Accordingly, the Commission should approve an actual/estimated true-up of \$6,089,262 (jurisdictional) which excludes Initial Assessment costs, \$11,769 in carrying charges, and \$598 in site selection carrying charges for Turkey Point 6 & 7 for recovery in 2016.

10. During 2016, FPL will continue to incur costs necessary to support the various license and permit applications, to participate in industry groups for new nuclear licensees, and to perform the Initial Assessments that will support a future decision and Commission approval to begin preconstruction work. Additionally, FPL will incur costs necessary to prepare for receipt of the COL from the NRC and to maintain the licenses and permits received. For example, upon receipt of the COL, FPL will be required to have certain resources in place to support the license. This will include specialty software to maintain the required license documentation and qualified professionals to administer the processes. All of these costs are

reasonable and recoverable pursuant to Section 366.93, Fla. Stat. and Rule 25-6.0423, Fla. Admin. Code. As demonstrated in the testimony of FPL Witness Scroggs, the Commission should find that FPL's total 2016 project costs of \$25,409,920 are reasonable. The Commission also should approve recovery of \$21,057,310 (jurisdictional) which excludes Initial Assessment costs at this time, \$7,622,521 in carrying charges, and \$159,588 in site selection carrying charges for Turkey Point 6 & 7 for recovery in 2016.

### **Turkey Point 6 & 7 Long Term Feasibility Analysis**

11. Rule 25-6.0423(6)(c)5, Fla. Admin. Code, requires that utilities "submit for Commission review and approval a detailed analysis of the long-term feasibility of completing the power plant." The Commission stated in Order No. PSC-09-0783-FOF-EI at page 14 (referring to Order No. PSC-08-0237-FOF-EI), that FPL was required to include updated fuel forecasts, environmental forecasts, break-even costs, and capital cost estimates, and that FPL should account for "sunk costs" in its feasibility analysis. FPL has complied with these requirements. Using updated assumptions and inputs, completion of the Turkey Point 6 & 7 project continues to be solidly cost-effective for FPL's customers, as described in detail by FPL Witness Brown. Additionally, as explained by FPL Witness Scroggs, the Turkey Point 6 & 7 project remains feasible with respect to other, non-economic considerations. FPL intends to pursue completion of the Turkey Point 6 & 7 project and has committed sufficient, meaningful, and available resources to the project consistent with its deliberate, step-wise approach.

12. FPL's economic analysis of Turkey Point 6 & 7 was performed by calculating a "breakeven capital cost" – the capital cost amount FPL could spend on new nuclear and break even with what it would spend for a combined cycle resource addition on a Cumulative Present

Value of Revenue Requirements basis – and comparing it to its current project non-binding cost estimate range. FPL evaluated seven future scenarios of fuel costs and environmental compliance costs assuming a conservative 40-year life of Turkey Point 6 & 7, as well as seven scenarios assuming a 60-year life of Turkey Point 6 & 7. The breakeven capital costs are higher than FPL’s non-binding cost estimate range (i.e., the results are favorable) in eight of the 14 fuel and environmental compliance cost scenarios analyzed. In the six remaining scenarios, the breakeven capital costs are within the non-binding cost estimate range. Accordingly, Turkey Point 6 & 7 continues to be an economically sound choice for FPL’s customers.

13. FPL’s feasibility analysis also quantifies the significant customer benefits that Turkey Point 6 & 7 is expected to provide. For example, assuming a current “medium” fuel cost projection and the “Environmental II” environmental compliance cost scenario, as explained in FPL’s testimony and exhibits, Turkey Point 6 & 7 is expected to:

- Provide estimated fuel cost savings for FPL’s customers of approximately \$570 million (nominal) in the first full year of operation;
- Provide estimated fuel cost savings for FPL’s customers over the life of the plant of approximately \$47 billion (nominal) assuming a 40-year life, or \$101 billion (nominal) assuming a 60-year life;
- Diversify FPL’s fuel sources by decreasing reliance on natural gas by approximately 13% beginning in the first full year of operation;
- Reduce annual fossil fuel usage by the equivalent of 184 million barrels of oil or 29 million mmBTU of natural gas; and

- Reduce CO<sub>2</sub> emissions by an estimated 290 million tons over the life of the plant assuming a 40-year life, or 481 million tons over the life of the plant assuming a 60 year life.

The ultimate fuel cost savings and other benefits of the project will depend upon the actual fuel prices and other variables that exist in the future over the life of the plant.

### **Conclusion**

14. FPL's 2015 actual/estimated costs and its 2016 projected costs for Turkey Point 6 & 7 consist of reasonable amounts that are expected to be expended for the project during those years. FPL's planned expenditures are subject to a rigorous planning and budgeting process, and key decisions affecting those expenditures receive the benefit of informed, thorough and multi-disciplined assessment as well as executive management review, all as described and shown in FPL's testimony and exhibits, including the NFRs. Completion of Turkey Point 6 & 7 continues to be cost-effective for FPL's customers after accounting for a number of updated assumptions, as demonstrated by FPL's 2015 feasibility analysis. For all the foregoing reasons, as discussed in the testimony of FPL's witnesses, FPL's 2015 actual/estimated and 2016 projected costs for Turkey Point 6 & 7 are reasonable, and its feasibility analysis should be approved.

WHEREFORE, Florida Power & Light Company respectfully requests that the Commission enter an order (i) determining that FPL's total project 2015 actual/estimated and 2016 projected Turkey Point 6 & 7 costs are reasonable; (ii) approving FPL's Turkey Point 6 & 7 feasibility analysis; and (iii) approving recovery of an NPPCR jurisdictional amount of \$34,249,614 through the CCRC during the period January – December 2016, reflecting the 2014

final true-up of NPPCR costs, 2015 actual/estimated true-up of NPPCR costs, and 2016 projected NPPCR costs as described herein.

Respectfully submitted this 1<sup>st</sup> day of May, 2015.

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By: s/ Jessica A. Cano  
Jessica A. Cano  
Fla. Bar No. 37372

**CERTIFICATE OF SERVICE  
DOCKET NO. 150009-EI**

I HEREBY CERTIFY that a true and correct copy of FPL's Petition for Approval of Nuclear Power Plant Cost Recovery Amount for the Year 2016 was served by electronic mail this 1st day of May, 2015 to the following:

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