

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Power Plant
Cost Recovery Clause

Docket No. 150009-EI
Filed: September 4, 2015

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S POST-HEARING
STATEMENT OF ISSUES AND POSITIONS, POST-HEARING BRIEF, AND NOTICE
OF ADOPTION OF OFFICE OF PUBLIC COUNSEL'S 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 also adopts the post-hearing brief of the Office of Public Counsel ("OPC") to the extent that the OPC brief addresses issues or makes arguments not set forth by FIPUG in its post-hearing brief.

BASIC POSITION AND SUMMARY

FIPUG supports the development of cost effective, reasonable and prudent energy sources to serve Florida consumers. However, FPL's Turkey Point Nuclear Project, specifically Units 6 and 7, continue to experience delays and steep projected cost increases. This year, FPL added five years to its projected in-service dates so that now, the first time FPL customers could expect to receive electricity from the two units in question, is 2027 and 2028. The projected costs for these units escalated by 1.1 billion dollars to 1.6 billion dollars, so that now, ratepayers will pay up to 20 billion dollars for these nuclear units. These projected extended delays and billion dollar-plus cost increases are not consistent with cost effective, reasonable and prudent energy sources.

D. STATEMENT OF ISSUES AND POSITIONS:

ISSUE 1: Should the Commission approve as reasonable what FPL has submitted as its 2015 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 1A: What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project?

FIPUG: FPL's current estimated costs are low and the ultimate cost of the proposed Turkey Point units 6 & 7 will likely exceed the cost figure FPL is projecting in this proceeding.

ISSUE 1B: What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?

FIPUG: The current estimated planned commercial operation dates of the planned Turkey Point Units 6 & 7, are overly optimistic. The actual commercial operation dates of these units will occur later in time than the commercial operation dates put forward by FPL.

ISSUE 2: Should the Commission find that FPL's 2014 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

FIPUG: No.

ISSUE 3A: (Legal): Pursuant to Section 366.93, Florida Statutes, can costs, which are not related to, or necessary for, obtaining or maintaining a combined license from the Nuclear Regulatory Commission for a nuclear power plant be incurred prior to the issuance of the COL and deferred for later recovery?

FIPUG: Section 366.93, Florida Statutes, requires that only costs related to, or necessary for, obtaining or maintaining a combined license for the NCR prior to the issuance of the COL can be incurred. Further, the statute requires that before non-COL related preconstruction costs can be incurred, the utility must seek Commission approval and prove the continued feasibility of the project and the reasonableness of the costs. Thus, no non-COL related costs can or should be incurred and deferred for later recovery prior to the NRC's issuance of the COL.

ISSUE 3B: Are the Initial Assessment costs incurred as set forth in FPL's Petition and Testimony for which FPL is seeking deferred recovery, costs that are related to or necessary for obtaining or maintaining a combined license?

FIPUG: No.

ISSUE 3C: Should the Commission approve FPL’s proposal to incur and defer for later recovery its Initial Assessment costs, as set forth in FPL’s petition and supporting testimony?

FIPUG: No.

ISSUE 4: What jurisdictional amounts should the Commission approve as FPL’s actual 2014 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

FIPUG: Less than the \$18,448,666 (jurisdictional), the final 2014 true-up amount of (821,804), the \$4,970,056 in carrying charges, \$130,292 in true up sums, and \$158,482 in site selection carrying charges.

ISSUE 5: What jurisdictional amounts should the Commission approve as reasonably estimated 2015 costs and estimated true-up amounts for FPL’s Turkey Point Units 6 & 7 project?

FIPUG: Less than the sums claimed by FPL. The Commission should exclude any costs related to Initial Assessment Costs or any other non-COL related preconstruction cost, or cost not necessary to obtain or maintain the COL.

ISSUE 6: What jurisdictional amounts should the Commission approve as reasonably projected 2016 costs for FPL’s Turkey Point Units 6 & 7 project?

FIPUG: Less than the sums claimed by FPL. The Commission should exclude any costs related to Initial Assessment Costs or any other non-COL related preconstruction cost, or cost not necessary to obtain or maintain the COL.

ISSUE 7: What is the total jurisdictional amount to be included in establishing FPL’s 2016 Capacity Cost Recovery Clause factor?

FIPUG: Less than the sums claimed by FPL. The Commission should exclude any costs related to Initial Assessment Costs or any other non-COL related preconstruction cost, or cost not necessary to obtain or maintain the COL.

Discussion of Issues

FIPUG has long maintained that FPL’s proposed new nuclear project will achieve commercial operation later than FPL contends, and that the project will cost more than FPL suggests. FIPUG’s positions on Issues 1A and 1B were proven at hearing in that FPL conceded the Turkey Point nuclear units 6 & 7 will indeed be delayed and the projected costs will increase compared to past cost and timing projections.

Specifically, last year, FPL told the Commission that the commercial in-service date for Turkey Point Units 6 & 7, the nuclear units at issue in this case, would achieve commercial operation in 2022 and 2023, respectively. This year, FPL acknowledged that Turkey Point Units 6 & 7 would not achieve commercial operation until 2027 and 2028 at the earliest. Last year, FPL told the Commission that Turkey Point Units 6 & 7 would cost between 12.6 billion dollars and 18.4 billion dollars to construct. This year, FPL corrected those numbers and told the Commission that the two units will cost between 13.7 billion dollars and 20 billion dollars to construct. Thus, in the span of one year, from 2014 to 2015, five years were added to the project completion timeline and the projected costs for the project increased between 1.1 billion dollars and 1.6 billion dollars. As FIPUG has maintained, the costs of these units will be higher than FPL projects and the in-service date will be longer than FPL forecasts.

Tellingly, FPL's own expert, Mr. John Reed, admitted that he knows of no nuclear project that was delivered on time or or under budget. Tr. 757. These adverse developments of FPL needing more time and more money to complete Turkey Point Units 6 & 7 foreshadow what FIPUG contends will be a recurring theme, namely, "more time and more money are needed", should this project move forward. This year's five year delay of the in-service date and 1.1 to 1.6 billion dollar cost increase should prompt this Commission to consider in earnest whether these proposed nuclear units should move forward.

In sum, FIPUG contends that the increased costs and extended in-service dates run afoul of the concept of cost effective, reasonable and prudent energy resources. FPL's projections are based on untested assumptions and projections that are uncertain, and for which a high degree of confidence is lacking. Tr. 864. The feasibility study is propped up by questionable, uncertain assumptions. FPL and this Commission should consider "stopping the bleeding", particularly in

light of the recent projected cost increases and commercial in service delays for Turkey Point Units 6 & 7.

FIPUG adopts the post-hearing brief of the Office of Public Counsel for matters not addressed, or arguments not made herein.

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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 4th day of September, 2015 to the following:

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