

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

DOCKET No.: 160009 - E1
Filed: June 1, 2016

NOTICE OF FILING DEPOSITION OF STEVEN D. SCROGGS

PLEASE TAKE NOTICE that the CITY OF MIAMI hereby gives notice of the filing of the Deposition of Steven D. Scroggs, which was taken on Wednesday, May 11, 2016, and is attached hereto as Exhibit "A."

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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that on the 1st day of June, 2016, I served the foregoing document on all parties listed in the attached Service List by e-mail.

By: /s/Xavier Alban
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Exhibit "A"

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NUMBER: 160009-E1
FILED April 27, 2016

In re: Nuclear Cost Recovery Clause

700 Universe Boulevard
Juno Beach, Florida
Wednesday, 10:15 a.m.
May 11, 2016

DEPOSITION

OF

STEVEN D. SCROGGS

Taken on behalf of the City of Miami
Pursuant to a Notice of Taking Deposition

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APPEARANCES:

VICTORIA MENDEZ, CITY ATTORNEY, by
CHRISTOPHER A. GREEN, ASSISTANT CITY ATTORNEY and
XAVIER ALBAN, ASSISTANT CITY ATTORNEY.

FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF LEGAL SERVICES, by
KEISHA MAPP, ESQ.
(VIA TELEPHONE)

FLORIDA ENERGY POLICY ATTORNEY, by
GEORGE CAVROS, ESQ.

OFFICE OF PUBLIC COUNSEL
THE FLORIDA LEGISLATURE, by
PATRICIA A. CHRISTENSEN, ESQ., and
ERIK L. SAYLER, ESQ. (VIA TELEPHONE).

FLORIDA POWER & LIGHT COMPANY, by
KEVIN DONALDSON, ESQ., and
JESSICA A. CANO, ESQ. and
JOEL BAKER, ESQ.

DUKE ENERGY OF FLORIDA, by
MATTHEW BERNIER, ESQ.
(VIA TELEPHONE)

FLORIDA INDUSTRIAL POWER USERS GROUP, by
JON C. MOYLE, JR.

ALSO PRESENT: Travis Contratto
 James McGaughey (VIA TELEPHONE)

WITNESS

STEVEN D. SCROGGS

Direct Examination (By Mr. Green)	4
Cross Examination (By Ms. Christensen)	62
Cross Examination (By Ms. Mapp)	122
Redirect Examination (By Mr. Green)	134
Recross Examination (By Ms. Cano)	136

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E X H I B I T S

- City Exhibit Number 1
- City Exhibit Number 2
- City Exhibit Number 3
- City Exhibit Number 4
- City Exhibit Number 5
- City Exhibit Number 6
- City Exhibit Number 7
- City Exhibit Number 8
- City Exhibit Number 9
- City Exhibit Number 10
- City Exhibit Number 11
- City Exhibit Number 12
- City Exhibit Number 13

1 (Thereupon, City Exhibit Number 1 and City
2 Exhibit Number 2 was marked for Identification.)

3 THEREUPON:

4 STEVEN D. SCROGGS

5 was called as a witness by the City of Miami and, having
6 first been duly sworn, was examined and testified as
7 follows:

8 DIRECT EXAMINATION

9 BY MR. GREEN:

10 Q. Could you, please, tell us your name, for the
11 record?

12 A. Yes. My name is Steven D. Scroggs,
13 S-C-R-O-G-G-S.

14 Q. Where are you employed?

15 A. I'm employed by Florida Power & Light as the
16 Senior Director of Project Development.

17 Q. And what is your professional address?

18 A. 700 Universe Boulevard, Juno Beach, Florida
19 33408.

20 Q. Mr. Scroggs, my name is Chris Green, and along
21 with Xavier Alban, I represent the City of Miami in this
22 Public Service Commission proceeding, and I'll be asking
23 you some questions today for your deposition.

24 I understand you've given depositions before.

25 A. That's correct.

1 Q. If at any point you don't understand any of my
2 questions, just stop me, and I'll rephrase the question,
3 so that you can understand it. If you answer the
4 question, though, I will assume you understood my
5 question --

6 A. Okay.

7 Q. -- okay?

8 For the record, it's very important that you
9 answer out loud, verbally, with words. If you shake
10 your head or if you say uh-huh, it may not be clear for
11 the record what was meant, and it's especially important
12 in this circumstance, because there are people attending
13 by phone, that you speak out loud. Do you understand?

14 A. Yes.

15 Q. Can you just tell me the benefit of your
16 educational background?

17 A. I have a Bachelor's Degree in Mechanical
18 Engineering from the University of Missouri in Columbia.
19 I have advanced training in Nuclear Power Operations`
20 from the U.S. Navy, and a Master's degree in Mechanical
21 Engineering from Penn State University.

22 Q. Do you hold any licenses?

23 A. I do not hold any licenses.

24 Q. Could the court reporter please show the
25 witness what has been marked as City Exhibit 1, which is

1 the Notice of Taking Deposition Duces Tecum. I'd ask
2 you to take a look at Exhibit 1, and let me know when
3 you're finished.

4 A. Yes, I'm familiar with the Notice.

5 Q. Okay. Have you seen the Notice before?

6 A. Yes.

7 Q. The Notice asked you to bring certain documents
8 with you today. Have you done that?

9 A. I have.

10 Q. Okay. Can you identify the documents you
11 brought with you today?

12 A. Yes. I have my March 1, 2016 testimony and
13 exhibits; my April 27th, 2016 testimony and exhibits,
14 and then a series of documents I used to support that
15 testimony.

16 Q. Okay. If we could go through and have the
17 court reporter mark those other documents, besides the
18 testimony.

19 If we could take a moment.

20 (Thereupon, City Exhibits 3-13 were marked for
21 Identification.)

22 BY MR. GREEN:

23 Q. Mr. Scroggs, can you go through and identify
24 the documents you've produced and reference them by the
25 Exhibit Number and explain what the documents are?

1 A. Okay. City 3 is a presentation provided to the
2 Advanced Committee for Reactor Safeguards on April 7th.
3 It relates to design issues that are outstanding with
4 the AP1000 plan design.

5 City 4 is a one page note of observations from
6 a recent visit to the AP1000 units under construction in
7 South Carolina and Georgia.

8 Q. What's the date of that note?

9 A. There's no specific date. It was a visit that
10 occurred during April 2016.

11 Q. Okay.

12 A. There's a memo prepared by Concentric -- City 5
13 is a memo prepared by Concentric Energy Advisors, that
14 reviews the current projected cost for AP1000 projects
15 under construction in Georgia and South Carolina, and
16 compares them to the cost estimate for Turkey Point.

17 City 6 is a Concentric Energy Advisor's
18 memorandum, recording the review of the Turkey Point 6
19 and 7 Project controls and management during the 2015
20 calendar year.

21 City 7 is a periodic Vogtle Construction
22 Monitoring Report, published in February 2016, which
23 covers the period of time ending with December of 2015.

24 City 8 is a PowerPoint presentation that goes
25 through additional details on the Category B/C Initial

1 Assessments that are being conducted in support of the
2 project.

3 City 9 is a Quarterly Report to the South
4 Carolina Office of Regulatory Staff, in support of the
5 progress made on the V.C. Summer Nuclear Plant in South
6 Carolina. This is a report ending December 31st, 2015.

7 City 10 is a schedule letter, dated June 24,
8 2015, from the Nuclear Regulatory Commission, to FPL,
9 identifying facts related to the Turkey Point Combined
10 License Review Schedule.

11 City 11 is another letter from the Nuclear
12 Regulatory Commission, dated October 27, 2015, again
13 addressing the License Review Schedule issues.

14 City 12 is a set of Staff's First Set of
15 Interrogatories and the Responses that I sponsored.

16 City 13 is a set of Interrogatories and
17 Responses from City of Miami's First Set, that I
18 sponsored.

19 Q. In preparation for today's deposition, have you
20 reviewed any other documents than what you have attached
21 or produced?

22 A. No.

23 Q. Have you reviewed any photographs to prepare
24 for today's deposition?

25 A. No.

Q. If I may see the exhibits.

A. Be careful with the cord.

MS. CANO: Do you need the testimony?

MR. GREEN: No, that's fine.

Thank you.

BY MR. GREEN:

Q. Let me ask you about City Exhibit 3, which is the Duke Energy letter I'm trying to find a date on it -- of March 30t, 2016. Can you tell me why you reviewed this document and what effect it had on your evaluation of the project?

A. This document is a part of the overall design review for the AP1000. Our AP1000 Combined License relies on the design specifications and judgments made on prior AP1000 designs. So we're kind of linked, technically, to resolution of design issues of other AP1000 projects.

This presentation was provided to the Advanced Committee on Reactor Safeguards to identify and update that Committee on five specific design items. And the resolution of the those five specific design items are necessary prior to FPL being issued its license.

Q. Okay. And are those five design items each outlined in this document?

A. Yes.

1 Q. And City Exhibit 4 is titled, Construction
2 Activities at Initial Units - V.C. Summer and -- how do
3 you pronounce that, Vogtle?

4 A. Vogtle. No "T."

5 Q. Can you tell me what this document is?

6 A. Our staff makes routine visits to the
7 construction sites to monitor the activity and identify
8 lessons learned as they're developed, and the general
9 progress of the construction of those projects. This is
10 the most recent observations provided to me by one of
11 the engineers who made that site visit.

12 Q. What was the name of the engineer that prepared
13 this?

14 A. I believe it's Paul Jacobs.

15 MR. GREEN: Did someone just join us?

16 MR. MOYLE: Yes, Jon Moyle, on behalf of
17 FIPUG, just joined.

18 MR. GREEN: Okay. Thank you.

19 BY MR. GREEN:

20 Q. City Exhibit 5, can you tell me how this
21 document was considered by you and for what purpose?

22 A. If you could remind me of what Exhibit 5 is.

23 Q. Sure. It says, "New Nuclear AP1000 Project
24 Costs, April 2016 Assessment of U.S. Project Estimates."

25 A. Yes. We request Concentric Energy Advisors

1 annually to take a look at our cost estimates and
2 compare those, on an equal basis, to cost estimates from
3 other AP1000 projects in progress. This is the April of
4 2016 update to that effort.

5 I use it as a reference to understand where our
6 cost estimates are relative to ongoing projects that
7 are, I believe, 60 to 65 percent complete.

8 Q. City Exhibit 6 is titled, Assessment of
9 Regulatory Prudence, FPL's Management of the Turkey
10 Point 6 and 7 Project in 2015. Can you tell me why you
11 reviewed this document and why it's significant to you?

12 A. This is a document that records the results of
13 an annual audit conducted by a third-party, Concentric
14 Energy Advisors, regarding prudent management decisions
15 associated with the project.

16 Q. And City 7 appears to be a report by Georgia
17 Power for the Vogtle Units 3 and 4. Can you tell me why
18 you considered this document?

19 A. This is an annual or semi-annual report, that
20 provides publicly available information regarding the
21 details of how the project is progressing. In this
22 particular instance, it describes a re-negotiation of
23 the EPC contract associated with Vogtle.

24 Q. And City Exhibit 8, you said was a PowerPoint
25 presentation?

1 A. Correct.

2 Q. Turkey Point Units 6 and 7, Category B/C -
3 Excavation, Fill and Sub-Foundation Initial Assessment.
4 Who prepared that?

5 A. I believe, Paul Jacobs.

6 Q. Why was it prepared?

7 A. It's just to provide a summary of the content
8 of the B and C Initial Assessments. They're not
9 complete yet. This is the most current status.

10 Q. Was this presented to any people?

11 A. No. This is a record document.

12 Q. City Exhibit 9, V.C. Summer Nuclear Station
13 Units 2 and 3, Quarterly Report to South Carolina Office
14 of Regulatory Staff, can you tell me why you reviewed
15 and/or considered this document?

16 A. Yes. This is the most recent publicly
17 available data summarizing the status of the V.C. Summer
18 project, and I use that to maintain knowledge of where
19 they are.

20 Q. City 10 is a June 24, 2015 letter to Mr. Mano
21 Nazar. It appears to be from Frank Akstulewicz.

22 A. This is a communication to FPL, from the NRC
23 Staff, regarding progress in their plans for future
24 milestones in the Combined License Review. On the back,
25 there's a table that provides dates.

1 Q. I think that might be Exhibit 11.

2 A. Well, there's a table on that one, too, if you
3 flip past that one.

4 Q. Okay.

5 A. This is the formal communication and schedule
6 milestones that are eventually posted on the NRC
7 website.

8 Q. An October 27, 2015 correspondence from the
9 NRC, City 11, is a more recent update to that schedule;
10 is that correct?

11 A. Yes. I think a little more focused on the
12 environmental -- there's two ongoing reviews within the
13 NRC process; one is a Safety Review and one is
14 environmental. Each has its own schedule.

15 Q. And according to the October 27th, 2015 letter,
16 there's two actual dates and one target date on the
17 chart, correct?

18 A. Correct.

19 Q. And the target date is October 2016 for Final
20 Environmental Impact Statement Issued to EPA, correct?

21 A. Correct.

22 Q. And the Interrogatory responses from FP&L, from
23 the City of Miami's Interrogatories, were prepared by
24 you?

25 A. Or at my direction.

1 Q. Okay. I want to turn now to your March 1st,
2 2016 testimony that was filed, and I have some
3 questions.

4 A. Okay.

5 Q. If you could turn your attention to Page 7 of
6 your testimony, Line 7. You stated, "Benefits related
7 to fuel and emission compliance cost savings have
8 declined."

9 What is your authority for that statement?

10 A. The feasibility analysis conducted annually up
11 to 2015.

12 Q. What was the date of the last feasibility
13 analysis date?

14 A. May 1st, 2015.

15 Q. How did you calculate the decline in the
16 benefit financially?

17 A. It's a matter of record that each year we
18 provide an estimate of the benefits in my May testimony
19 and June. And if you look at the pattern of those, from
20 year to year, they have declined.

21 Q. What, if any, documents were relied upon for
22 this conclusion?

23 A. Feasibility analysis and my testimony from
24 prior years.

25 Q. And the feasibility analysis was 2015?

1 A. Correct.

2 Q. Turn to the same page, Line 9. You say, "The
3 feasibility analyses have shown the effect of the
4 historically low natural gas price that have benefited
5 our customers significantly, combined with delays in
6 implementation of an approved plan to impose compliance
7 costs for attaining carbon dioxide goals."

8 Again, which feasibility analyses plan are you
9 referring to here?

10 A. The feasibility analyses of May 1, 2015 and
11 prior years.

12 Q. Okay. And who prepared that?

13 A. Prepared by our Resource Assessment Planning
14 Group, various people involved in the preparation of
15 that.

16 Q. Was a feasibility analysis prepared for 2016?

17 A. No.

18 Q. Why not?

19 A. We made a determination that we were going to
20 pause in the pursuit of the earliest practical schedule
21 in light of delays to the first wave projects, and
22 deemed that a feasibility analysis would provide no
23 additional information at this point.

24 Q. Are you familiar with the Florida
25 Administrative Code rules governing your Petition for

1 Cost Recovery in this case?

2 A. Yes, I am.

3 Q. Okay. You understand that that rule requires
4 you to submit a long-term feasibility analysis?

5 A. I understand.

6 Q. And you have not submitted one this year, have
7 you?

8 A. No.

9 Q. Can you explain why FPL has not complied with
10 that rule?

11 MS. CANO: Object to the form.

12 BY MR. GREEN:

13 Q. You can answer the question.

14 A. I believe FPL has petitioned for a waiver to
15 that rule, and the petition contains our discussion of
16 why.

17 Q. What is your understanding of why you haven't
18 submitted one?

19 A. I've explained. There is no real value to be
20 had from a feasibility analysis that's not going to
21 receive any additional updates, particularly capital
22 cost estimates.

23 Q. What about analyzing the benefits of fuel and
24 emission compliance costs, doesn't that change year to
25 year?

1 A. It changes slightly.

2 Q. Is it your testimony that no feasibility
3 analysis was ever done or prepared for this year?

4 A. That's correct.

5 Q. When was the decision made not to do the
6 feasibility analysis?

7 A. Over the course of March and April of this
8 year.

9 Q. Okay. If you turn to the next page, Page 8,
10 Line 21 -- this is your testimony, correct -- "An
11 updated feasibility analysis will be submitted on April
12 27, 2016 in this docket"?

13 A. That's correct.

14 Q. And that testimony was as of March 1st,
15 correct?

16 A. That's correct.

17 Q. So on March 1st, hadn't FP&L considered
18 preparing a feasibility report to be filed for this
19 year?

20 A. That was the intent.

21 Q. Okay. But is it your testimony that no
22 feasibility analysis was even drafted at that point?

23 A. That's correct.

24 Q. So, for 2016, FP&L doesn't have any new
25 information for fuel forecasts that it intends to

1 present to the Public Service Commission, correct?

2 A. I don't believe that's correct. In this
3 document, to support this feasibility analysis, there's
4 no new information.

5 Q. What environmental compliance costs did you
6 consider, if any?

7 A. Again, I'm not conducting the feasibility
8 analysis. That's being done by our Resource and
9 Planning Group.

10 Q. And who is in charge of that group?

11 A. Steve Sim.

12 Q. Who else is in that group?

13 A. There are many people. I don't have the names
14 of everybody on that group.

15 Q. So let me back up. When was the decision made
16 not to do the feasibility analysis for this year?

17 A. Over the course of March and April of this
18 year.

19 Q. Let me direct your attention to Page 9, Line 6
20 of your testimony. You state, "These resources enabled
21 the project to make significant progress in the current
22 licensing phase."

23 Can you define what you mean by "significant
24 progress"?

25 A. We've made -- this March 1 testimony is a

1 testimony to summarize the activities of 2015, all
2 right. So this is talking about progress made in 2015.
3 One of the principal priors was working through a series
4 of public comments on the Environmental Impact
5 Statement, working with the agencies and the NRC to
6 understand and address those comments. Similarly, on
7 the Safety Review, there were additional questions,
8 request for additional information, from the NRC, on
9 certain sizing issues, and those were progressed to the
10 point that they're now resolved.

11 Q. So by "significant progress," you mean
12 answering questions of the NRC?

13 A. That's a good portion of it, yes, sir.

14 Q. Okay. The same Page 9, Line 14 through Line
15 15, there's testimony from you indicating that major
16 activities focused on completing the agency reviews of
17 the federal applications, defending the State Site
18 Certification, and obtaining specific authorizations
19 from the U.S. Army Corps of Engineers.

20 Can you tell me what specific authorizations
21 you obtained from the Army Corps of Engineers?

22 A. Yes. We applied for and received Section 408
23 permits. The Section 408 permits deal with an
24 engineering analysis of construction activities that we
25 plan to undertake, that are in the proximity of flood

1 control infrastructure. As the agency that manages that
2 flood control infrastructure, if you're planning on
3 putting in a pipeline for reclaimed water that goes
4 underneath a surface water canal, we have to apply for a
5 408 permit, provide them the activities, the methods of
6 constructions, and give them assurance that we're not
7 going to have any negative impacts to that flood control
8 infrastructure, and that was essentially the
9 authorizations received from the Corps of Engineers in
10 2015.

11 Q. I want to direct your attention to what I
12 marked as City Exhibit 2.

13 MR. GREEN: For the benefit of those on the
14 phone, Exhibit 2 is a letter from the EPA to
15 Colonel Alan Dodd, District Engineer,
16 Department of the Army, Jacksonville District
17 Corps of Engineers.

18 BY MR. GREEN:

19 Q. Have you seen this letter before, Mr. Scroggs?

20 A. It's been some time, but, yes, I have seen it.

21 Q. I want to ask you some questions about the
22 concerns the EPA raised in this letter, and if you can
23 tell me what FP&L has done to address those concerns.

24 A. Okay.

25 Q. On Page 2, towards the bottom, it indicates,

1 "The EPA requests that the applicant" -- which would be
2 FPL, correct?

3 A. Correct.

4 Q. -- "provide a colored copy benthic survey of
5 the boat basin, radial collector well locations, and the
6 Unit 6 and 7 site." Has that been done?

7 A. Not specifically in response to this letter,
8 but the information that it requests has been provided
9 through the Combined License Application and the Site
10 Certification Application.

11 Q. Has the survey been done?

12 A. Again, we've satisfied -- we responded to this
13 request through personal meetings with the EPA and
14 through our dialog with the NRC.

15 Q. But was the benthic survey done?

16 A. This specific benthic survey was not done,
17 because a benthic survey had already been conducted.

18 Q. The request said, "The benthic survey submitted
19 for review should be conducted between the months of
20 June and September." Was that done during that time
21 period?

22 A. I don't have specific knowledge of the details
23 of that benthic survey. I believe this also -- we
24 talked about the Conditions of Certification and the
25 Site Certification that require future surveys prior to

1 construction and during construction, and that those
2 Conditions of Certification would satisfy this request.

3 Q. But you don't know the date of the survey that
4 was relied upon?

5 A. No, I don't.

6 Q. On Page 3, the top paragraph, it says, "Please
7 provide information which would support construction of
8 the project considering the fact that even though the
9 power units will be constructed on this island, the
10 surrounding landscape may be impacted by sea level rise
11 or storm surges that may affect the feasibility of the
12 project given the project purpose."

13 Did FPL respond to this request from the EPA?

14 A. FPL, again, has provided this information in
15 its Federal license application, and we pointed to the
16 information that had already been provided.

17 Q. Okay. Was this done in writing, in
18 documentation, in correspondence with the EPA or the
19 Army Corps of Engineers?

20 A. No. It was in writing to the NRC, directing
21 the NRC where they can find this information. It's on
22 the NRC docket, I believe.

23 Q. Do you know what document?

24 A. It's a letter from FPL to the NRC, on the NRC
25 open docket.

1 Q. Do you know what date?

2 A. No. Sometime following this letter.

3 Q. Okay. Do you know who prepared the response
4 letter?

5 A. William Maher.

6 Q. And the next paragraph, "It is not clear what
7 contingency plan will be implemented should the 60 day
8 limitation be exhausted," and this is referring to the
9 60 day limitation on using water from Biscayne Bay.

10 "It is not clear what contingency plan will be
11 implemented should the 60 day limitation be exhausted
12 and the reclaimed water supply is not available. Please
13 provide a detailed explanation of the contingency
14 plans." Was that done?

15 A. You know, all of this information is contained
16 in the Site Certification application and the subsequent
17 Site Certification and Conditions of Certification. We
18 have identified that and directed the EPA to that
19 information.

20 Q. Okay. That was done through documentation or
21 correspondence with the EPA or with the NRC?

22 A. Again, there was a person to person meeting in
23 Atlanta with the EPA to discuss this, and there was
24 documentation filed with the NRC docket.

25 Q. Who attended the meeting?

1 A. Matt Raffenberg.

2 Q. What's his title?

3 A. Senior Director of Environmental Licensing.

4 Q. When did the meeting occur?

5 A. Sometime in the summer of 2015.

6 Q. Do you know who else was present for the
7 meeting?

8 A. No, I don't.

9 Q. And then towards the third paragraph, "The EPA
10 requests that the applicant provide the following
11 information regarding any proposed mitigation," and
12 there's a list of items. Did FP&L respond to that
13 request?

14 A. Yes. By pointing to the Mitigation Plan that's
15 included as part of the Site Certification. There's one
16 clarifying aspects of this. The EPA came into the
17 process very late, and relied on the Army Corps and the
18 NRC documentation. In the NRC documentation, they
19 referenced the Site Certification, but they did not
20 include the Site Certification. So a good body of
21 knowledge and information that's publicly available on
22 this Turkey Point 6 and 7 Project was not known by the
23 EPA when they developed this letter. So it was really
24 us directing them to the proper place to find that
25 information.

1 Q. Okay. Page 4, the second paragraph, "The EPA
2 requests that the applicant provide a cumulative impact
3 analysis for other commercial projects that have
4 proposed tidal and freshwater wetland impacts in
5 Miami-Dade County."

6 Do you know if an analysis was provided
7 independent to the EPA or was it referenced in other
8 documents?

9 A. Again, information that we believe satisfies
10 this request is a part of the Site Certification and we
11 referenced that information for the EPA's knowledge.

12 Q. Do you have any letter from the EPA
13 acknowledging that you have satisfied these requests?

14 A. No.

15 Q. Okay. And the third paragraph there on Page 4
16 states, "In conclusion, the EPA believes that the permit
17 for the project should not be approved as currently
18 proposed, because it does not comply with the CWA
19 Section 404(b)(1) Guidelines."

20 What is the status of that permit?

21 A. It's in review. It's a part of the Army Corps
22 wetlands permits that will be issued associated with
23 this project. It will rely on the Final Environmental
24 Impact Statement produced by the NRC in this project,
25 and then the Corps will do additional permit review

using that Final Environmental Impact Statement as its record decision.

3 Q. What is the projected time line for that?

4 A. As one of those NRC schedulers indicated, the
5 Final EIS is anticipated in October of 2016.

6 Q. On Page 10, Line 15 of your testimony, you
7 indicate, FPL obtained authorization from U.S. Army
8 Corps of Engineers for work on or around certain flood
9 control structures necessary to support the installation
10 of linear facilities such as the reclaimed water supply
pipeline."

12 Do you have any documentation today reflecting
13 the Army Corps authorization?

14 A. I don't have it with me, no.

15 Q. Was that filed with the NRC?

16 A. No. That's a permit issued by the Army Corps
17 without -- they may have noticed the NRC and put it on
18 the docket, but they're not required to.

19 Q. Turn to Page 12 (sic), please, of your
20 testimony. You were asked a question about the
21 negotiation or execution of any commercial or
22 development agreements supporting the 6 and 7 Project.
23 And the last line of your testimony, at the top, "A
24 Record of Decision is anticipated in early 2016,
25 followed by a Land Exchange Agreement between FPL and

1 the NPS."

2 Was a Record of Decision obtained?

3 A. Yes.

4 Q. Was the Land Exchange Agreement executed?

5 A. Yes.

6 Q. Again, on Page 12 of your testimony, you
7 discuss certain delayed milestones. Is there a time
8 certain for completion of a Safety Review by the NRC?

9 A. The October 27th, 2015 letter indicates a
10 target date to complete by October of 2015, I believe.
11 Is there a date certain? No.

12 Q. The 6 and 7 Units are Westinghouse Model
13 AP1000, correct?

14 A. That's correct.

15 Q. There's only two other units under construction
16 in the country; is that correct?

17 A. There are four units; two sites, two units each
18 site.

19 Q. And one in China?

20 A. There are several in China.

21 Q. AP1000s?

22 A. Yes.

23 Q. But, as of today, there's not a single
24 operational AP1000 in the entire world, correct?

25 A. That's correct.

1 Q. You would agree, there has been significant
2 delays in the construction of the Georgia AP1000 unit,
3 correct?

4 A. Yes.

5 Q. Okay. Can you explain what those delays were
6 caused by?

7 A. There's been a number of factors affecting the
8 delay of a first of a kind construction project. They
9 relate to regulatory interpretation with the NRC on
10 certain standards and construction method. They relate
11 to the construction and logistics associated with
12 modular construction and delivery of those modules to
13 site. And they relate to, in a lesser extent, I
14 believe, a contract dispute with the original consortium
15 that began the project, that was resolved through
16 re-negotiation of that contract in late 2015.

17 Q. Okay. In fact, some of the components being
18 used in Georgia had never been designed before, correct?

19 A. As a first of a kind plant design, that's
20 correct.

21 Q. And has the delays in the construction of the
22 units in Georgia and South Carolina changed FP&L's
23 construction time line?

24 A. We are monitoring those. Our construction time
25 line has been informed by discussions with Chicago

1 Bridge and Iron and Westinghouse Electric Corporation,
2 both involved in those construction activities. So
3 we're reflecting the time lines that they're seeing in
4 our schedule.

5 Q. So how has FP&L adjusted its time lines, after
6 examining the construction in Georgia and South
7 Carolina?

8 A. Essentially we looked at site specific issues
9 related to establishing the construction to grade that
10 would be established prior to the first nuclear
11 construction, and it's logistics and material handling
12 and civil work associated with FPL's Turkey Point site
13 that we believe will require a few more years in
14 pre-construction and construction prior to the nuclear
15 construction.

16 The nuclear construction is the first period
17 where the NRC has oversight of the construction
18 activity. Feedback from Westinghouse and others is that
19 time line that we assumed in our scheduled was still
20 relevant, can be achieved.

21 Q. Has FPL extended its pre-construction time line
22 because of the delays in the Georgia and South Carolina
23 plants?

24 A. Again, the delays in Georgia and South Carolina
25 relate to contract issues and material delivery issues.

1 We are not reflecting those directly in our construction
2 time line. The changes we made to our construction
3 schedule predominantly relate to the period prior to
4 nuclear construction.

5 Q. Would that be what you termed the
6 pre-construction schedule time line?

7 A. No. There's pre-construction -- let's be
8 precise about our terms. Pre-construction is
9 engineering and planning prior to actually any physical
10 construction on site. There's a civil work construction
11 period prior to nuclear construction, which is a term
12 used to identify that construction that is under the NRC
13 oversight. So that period, prior to first nuclear
14 construction, is still construction.

15 Q. Wouldn't you agree that the construction and
16 design delays present in the Georgia and South Carolina
17 plants affects the feasibility of Unit 6 and 7 for FP&L?

18 A. It's not able to be determined at this stage.

19 Q. Why?

20 A. Their construction is not complete.

21 Q. But the delays have occurred.

22 A. And I have explained, the source of those
23 delays in our discussions with Westinghouse and Chicago
24 Bridge and Iron, and we believe those may or may not
25 occur with the FP&L project. In any event, we are

1 waiting -- the reason for our pause now is to await
2 completion of those construction projects, so that we
3 can assess, at the end of the day, what were all of the
4 delays, which ones translate to a second wave of
5 project, which ones can be addressed by contract
6 negotiations to alleviate potential roadblocks that were
7 experienced by the first wave projects.

8 Q. Okay. Page 13 of your testimony, you were
9 asked about the project management structure. And your
10 response, in the second paragraph, you say, "Mr. Reuwer
11 continues to lead the activities necessary to support
12 the project and feasibility analysis."

13 Is it your testimony today that Mr. Reuwer
14 didn't perform any feasibility analysis?

15 A. That's correct. This is not -- this does not
16 say that Mr. Reuwer conducted the feasibility analysis.
17 It says he continues to lead activities necessary to
18 support project schedule and feasibility analysis,
19 mainly the initial assessment activities that would help
20 us revise and refine the project schedule.

21 Q. On Page 14, you were asked, "What were the key
22 elements of the project management process used to
23 manage the Turkey Point 6 and 7 project in 2015?"

24 One of the items you list is the annual
25 feasibility analysis, correct?

1 A. Correct.

2 Q. So, for 2016, that is not part of FP&L's
3 project management process?

4 A. Correct.

5 Q. Page 19, the top paragraph, again you testified
6 that an updated feasibility study will be filed on April
7 27, 2016, correct?

8 A. Correct.

9 Q. That was not done?

10 A. Correct.

11 Q. What is APOG?

12 A. It's an acronym that describes a group of
13 owners or applicants for the AP1000 technology, loosely
14 meaning AP Owners Group.

15 Q. How many members are in this group?

16 A. Only six.

17 Q. What is its primary purpose?

18 A. It's an industry collaboration to -- because
19 the design is all tied together, and any operating
20 instructions, decisions about materials, decisions about
21 training, quality control are going to affect all future
22 operators or owners of that technology, so in a
23 collaboration, we've joined to make those decisions
24 jointly, from the first wave forward.

25 Q. Okay. What is the cost to FP&L to belong to

1 that group?

2 A. It's considerable.

3 Q. I believe it's three million dollars; is that
4 correct?

5 A. You're about right.

6 Q. And what does the three million dollars fund?

7 A. One, it buys access to all of the results of
8 that collaborative activities. So as training schedules
9 are agreed upon, specifications are agreed upon,
10 constructions and operating guidelines are developed,
11 FPL has access to all of that information and is able to
12 have the benefit of all of that developed information,
13 at a cost much less than what it would cost FPL to do it
14 individually.

15 Q. Isn't that something that Westinghouse, as the
16 manufacturer, should provide to the users?

17 A. It's not a part of the contract.

18 Q. Isn't that something you could negotiate for
19 with Westinghouse?

20 A. For a price. It's been determined that this is
21 a better opportunity.

22 Q. So what benefit did FP&L gain from belonging to
23 APOG in 2015?

24 A. Again, as progress is made in the first wave
25 projects, specifically license amendments that are made

1 during -- for issues identified during construction,
2 those license amendments become part of the design
3 license, part of any future Combined License. If we
4 were to pursue those independently and individually,
5 there would be a significant amount of cost. By
6 pursuing them as an industry group, in a participation
7 role, we have access to the full result of those license
8 amendments, without having to develop them independently
9 on our own.

10 Q. So has APOG assisted FP&L in obtaining progress
11 with the NRC?

12 A. In this license area specifically, yes.

13 Q. In 2015, what assistance did APOG provide FP&L
14 for the NRC's licensing process?

15 A. Supporting the review and production of these
16 license amendments with the NRC.

17 Q. So is it a collaborative effort of reviewing
18 your applications? Just explain to me how APOG helps
19 FP&L in that respect.

20 A. The decisions that are made on any individual
21 design feature with AP1000 have to be reflected and
22 applied by all future users of that technology. If FPL
23 was not involved in APOG, then we would have to develop
24 those independently and go through an independent review
25 with NRC for those. We would also not be privy to the

1 technical discussions or other discussions necessary to
2 develop those final results.

3 So our participation allows us access to a
4 final result that FPL will need in any event.

5 Q. Could you turn to Page 24? At the top of the
6 page, you testified, "The Experis and FPSC Staff audits
7 of 2015 project costs and activities are currently
8 underway." Have they been completed?

9 A. I'm not sure. I believe so.

10 Q. Why wouldn't you be sure?

11 A. Because I have many things going on right now.

12 Q. Doesn't this fall within your general
13 responsibilities?

14 A. Yes.

15 Q. Now, if we could turn to Exhibit SDS-2 to your
16 testimony.

17 A. Okay.

18 Q. Could you just explain what Exhibit SDS-2 is?

19 A. A listing of licenses, permits and approvals
20 necessary for the construction and operation of the
21 Turkey Point 6 and 7 Project.

22 Q. And it's broken down by Federal, State and
23 Local Agencies, correct?

24 A. Yes.

25 Q. Are you able to testify today as to the status

1 of each and every license listed in that exhibit?

2 A. In general, yes.

3 Q. So with the Federal authorization, what is the
4 status of the By-Product License?

5 A. It's a part of the overall NRC Combined
6 License.

7 Q. Has that been obtained?

8 A. No.

9 Q. What is the status of the Source Material
10 License?

11 A. Same.

12 Q. Has not been obtained?

13 A. Correct.

14 Q. What is the status of the NRC Licensing of
15 Nuclear Power Plant?

16 A. Not obtained.

17 Q. And the NRC approval of an Environmental
18 Report?

19 A. Not obtained.

20 Q. The COL or commonly known as the Operating
21 License, the Combined Operating License?

22 A. Combined license, yes.

23 Q. Not obtained?

24 A. Not obtained.

25 Q. Licensing requirements for land disposal of

1 radioactive wastes?

2 A. Not obtained.

3 Q. SNM License?

4 A. Not obtained.

5 Q. What does SNM stand for?

6 A. Special Nuclear Material. Fuel, essentially.

7 Q. Packaging and transportation radioactive
8 material?

9 A. Not obtained.

10 Q. Spent Fuel Contract?

11 A. We have a Spent Fuel Contract with a provider
12 in Tennessee.

13 Q. U.S. Army Corps of Engineers Section 404
14 Permit? Has it been obtained?

15 A. No.

16 Q. Army Corps Section 10 Rivers and Harbors Act
17 Permit?

18 A. Not obtained.

19 Q. Army Corps Section 408 Permit?

20 A. Actually, a portion of that has been obtained,
21 but not -- there are other Section 408 permits related
22 to river crossing, the transmission line in the City of
23 Miami.

24 Q. Army Corps license for use of government owned
25 lands; modified water deliveries to Everglades National

1 Park? I'm on the second page.

2 A. Yeah. We have obtained that. This allows us
3 to go do surveys in Phase One, environmental.

4 Q. FAA Obstruction Permit?

5 A. It's been obtained.

6 Q. That was for Unit 6. How about for Unit 7?

7 A. The same, for cranes.

8 Q. And for cranes, it's been obtained?

9 A. Yes.

10 Q. Do those permits expire?

11 A. They all have an expiration date.

12 Q. Do you know what the expiration dates are for
13 the FAA permit?

14 A. I don't know, but I do know we will be needing
15 to renew them prior to --

16 Q. Department of Interior Special Use Permit for a
17 temporary construction easement?

18 A. Again, we did get a permit to do the
19 delineation on instructed areas, along with the Army's
20 at the top of the page.

21 Q. Department of Interior Special Use Permit for a
22 temporary construction easement?

23 A. The same.

24 Q. It's been obtained?

25 A. Yeah.

1 Q. U.S. Fish and Wildlife Services permit for an
2 endangered species permit to take American crocodile
3 during monitoring?

4 A. Has not been obtained yet.

5 Q. Same agency, Fish and Wildlife, special purpose
6 salvage permit for migratory birds?

7 A. Not obtained.

8 Q. Same agency, Federal Fish and Wildlife Permit?

9 A. Not obtained.

10 These are all in process, following the NRC's
11 final environmental impact statement.

12 Q. Then there's a table of State of Florida
13 Authorizations. Are those related to the NRC proceeding
14 or independent?

15 A. There are some permits within the State
16 Certification that are related to the NRC.

17 Q. Okay. So let's go through them. FDEP, Siting
18 Board, Power Plant Site Certification?

19 A. It's been obtained.

20 Q. FDEP, EPA, National Pollutant Discharge
21 Elimination or the NPDES permit?

22 A. It's not been obtained.

23 Q. FDEP Exploratory Well Construction Permit?

24 A. Obtained.

25 Q. FDEP UIC Well Construction Permit?

1 A. Obtained. All of the well construction and all
2 operation permits have been obtained.

3 Q. Okay. Would that include the Prevention of
4 Significant Deterioration Construction Permit?

5 A. No.

6 Let me correct myself just a little bit.
7 Exploratory construction and operation permits have been
8 obtained for one underground ejection control well.
9 There are others that will come with the instructional
10 plan. Those permits have not been obtained.

11 Q. And the FDEP/EPA NPDES Construction Storm Water
12 Permit referenced at the bottom?

13 A. Has not been obtained.

14 Q. Was that the one you mentioned for
15 construction?

16 A. No.

17 Q. All right. On the next page, Florida Fish and
18 Wildlife Conservation Commission, Special Purpose
19 Life-Capture Permit?

20 A. We are operating under a current one on-site.
21 This is an additional one, related to Turkey Point 6 and
22 7. So it would be an extension of an existing permit.

23 Q. And has that been obtained?

24 A. That has not been obtained.

25 Q. What's the purpose of that permit?

1 A. We have a lot of critters. We have a
2 management responsibility to manage the wildlife. As a
3 part of that, we do a significant amount of data
4 collection of the crocodiles. We catch them there
5 within a month of being born, put chips in them, mark
6 them, and track them for years to come, so they can be
7 identified as having emanated from the Turkey Point
8 canal system.

9 Q. Operation of a Class V, Group 3 domestic
10 wastewater injection well?

11 A. Not obtained.

12 Q. Operation of domestic wastewater treatment
13 facility?

14 A. Not obtained.

15 Q. Title V Operations Permit?

16 A. Not obtained.

17 Q. Sovereign Submerged Lands Easements?

18 A. That was obtained as part of the Site
19 Certification.

20 Q. Upland Easements?

21 A. The same.

22 Q. It was obtained?

23 A. Yes.

24 Q. Well Construction Permit, from South Florida
25 Water Management District?

1 A. There are a number of well construction
2 permits, some associated with monitoring wells, and some
3 have been obtained in order to start the monitoring,
4 others have not.

5 Q. Well Abandonment Permit, from the Water
6 Management District?

7 A. Again, the same answer. Some have been
8 obtained, some have not.

9 Q. So you don't know which ones were,
10 specifically?

11 A. I don't have that information with me today.

12 Q. Okay. Federal Jurisdiction Per Section 14 of
13 the Rivers and Harbors Act of 1899, was that obtained?

14 A. Again, to the extent that it relates to -- the
15 408 authorizations received this year or in 2015 for the
16 reclaimed water pipeline, yes. For other water
17 crossings or other crossings that we have yet to do, the
18 copper waterline and other things, we have not.

19 Q. Water Well Construction Permits?

20 A. Again, yes, for some; and, no, for others.

21 Q. Well Abandonment Permit?

22 A. Yes, for some; and, no, for others. A number
23 of these wells were related to the initial data
24 gathering, to provide material for the applications. So
25 the ground water monitoring, the seismic core boarding,

those were related to these well permits.

2 Q. FWCC Carcass Salvage Permit, what is that?

3 A. Again, part of our environmental management of
4 the 11,000 acre facility, for any animal that we find,
5 we have to get a permit to dispose of the carcass. It
6 has reporting requirements, so the Florida Wildlife
7 Conservation Commission can track it.

8 Q. Removal of Nests and Ospreys Permit?

9 A. Not obtained. It would only be obtained if we
10 identified such an issue, but we have not.

11 Q. And then you have Foreign State Authorizations,
12 Utah Department of Environmental Quality Division of
13 Radiation Control, revision of existing General Site
14 Access Permit?

15 A. That has not been obtained as part of the NRC
16 license.

17 Q. What is the purpose of that license?

18 A. The Department of Energy has a contractual
19 relationship with a disposal site in Utah, and their
20 requirements is to obtain a permit to transport anything
21 to that site. It's wrapped up in the whole NRC Combined
22 License process.

23 Q. Would the spent fuel rods from Unit 6 and 7 be
24 transported to Utah for storage?

25 A. They would be transported to wherever the

1 Department of Energy decides to transport them.

2 Q. Tennessee Department of Environment and
3 Conservation Division of Radiological Health?

4 A. Similarly, there's a radioactive waste
5 management company that we have a contract with to
6 support Turkey Point 6 and 7, a requirement of the NRC
7 Combined License, and, as part of that, there's a
8 requirement for Tennessee to acknowledge that.

9 Q. Okay. Are these the only two states that
10 require this?

11 A. That we have any interaction with, yes.

12 Q. Then Local Authorizations would be Miami-Dade
13 County, land use and zoning conditional approval?

14 A. We have that obtained.

15 Q. CDMP text amendment?

16 A. That was withdrawn. Not obtained.

17 Q. All right. That's for both, excavation for
18 fill and source and temporary access roads, they're
19 withdrawn?

20 A. Not the same, together. The excavation for
21 fill source was withdrawn. The temporary access roads
22 authorization was obtained.

23 Q. County IW6 Permit?

24 A. I don't know for sure. I assume it was --
25 based on its name, I assume it's part of the

requirements for us to be able to do the investigation
2 wells, and we obviously did those wells, so I would
3 assume that we got that authorization.

4 Q. County Health Department, water well
5 construction permits?

6 A. We have those obtained.

7 Q. County domestic wastewater operating permit?

8 A. Obtained.

9 Q. County operation of pollution control facility
10 permit?

11 A. Obtained.

12 Q. DERM permit from the County?

13 A. I believe those were all part of the zoning
14 approval. That would be subject to check.

15 Q. Isn't a DERM permit very limited in time?

16 A. Again, these reflect things that would
17 potentially be needed or had been needed throughout the
18 existing tenures or future 50, 60 years for the project.

19 Q. But this was on-site combustion of construction
20 debris, but no construction has taken place, correct?

21 A. Right, but we have had clearing -- we have
22 cleared -- I guess it wouldn't be associated with this
23 project -- other DERM things that I recall, but not this
24 project.

25 Q. That you anticipate needing down the road?

1 A. Yes.

2 Q. IW5 Permit or Waiver?

3 A. Again, in anticipation.

4 Q. Stratospheric Ozone Protection Annual
5 Operations Permit?

6 A. As the remarks identify, we did receive one in
7 2008, and that was related to the construction of the
8 underground injection control well.

9 Q. Industrial Waste Annual Operation Permit, is
10 that a construction type permit?

11 A. Yes. That would be to support construction.
12 We don't have that yet.

13 Q. Marine Facilities Annual Operations Permit?

14 A. Not obtained.

15 Q. Is that something that you anticipate needing
16 in the future?

17 A. Yes. To support 6 and 7, well be bringing
18 some materials in through the marine port. We currently
19 have an existing operating marine port. This will be
20 just to amend that permit, to identify Turkey Point 6
21 and 7, probably.

22 Q. Could you turn your attention to Exhibit SDS-6,
23 please?

24 A. I'm there.

25 Q. And could you explain what Exhibit SDS-6 is?

1 A. These are tables that represent the costs
2 incurred, the actual costs incurred in 2015.

3 Q. Okay. And the table for licenses costs
4 includes a 3.7 million dollar cost for New Nuclear
5 Project Team Costs, FPL Payroll and Expenses, FPL
6 Project Team Facilities, FPL Engineering, FPL Licensing.
7 Can you explain what FP&L Payroll and Expenses means?

8 A. It means the payroll and operating expenses of
9 the group of licensing and engineering staff that
10 support the Turkey Point Nuclear Project directly,
11 otherwise known as the Nuclear Project Team.

12 Q. How many team members are there?

13 A. At the present time, we have eight.

14 Q. Eight?

15 A. Eight. In 2015, we had probably close to
16 twelve.

17 Q. Do you know the names of those individuals?

18 A. I can provide them for you.

19 Q. You don't know them off the top of your head?

20 A. I would probably miss somebody, frankly, if I
21 was asked.

22 Q. Does each of those employees have a distinct
23 job description?

24 A. Yes.

25 Q. Are they full-time employees?

1 A. Some are full-time, some are contract, some are
2 resources that we share with other FPL or NextEra
3 projects, so a portion of their time is billed to the
4 project.

5 Q. If the City was to request of FP&L to provide
6 the job descriptions for each employee of the Nuclear
7 Project Team, would you be able to do so?

8 A. Yes.

9 Q. Do those employees of the New Nuclear Project
10 Team have other duties unrelated to Unit 6 and 7?

11 A. No.

12 Q. So all of the members of that team are
13 exclusively devoted to Unit 6 and 7?

14 A. When I gave you the head count of eight
15 engineers currently, twelve; yes, all of those are
16 dedicated to Turkey Point 6 and 7. There are other
17 support staff, procurement, project controls, regulatory
18 affairs, others, that support the project, that aren't
19 part of that.

20 Q. Are these all engineers?

21 A. Yes.

22 Q. And when you say, "Payroll and Expenses," does
23 that include the support staff?

24 A. Unless they're separately delineated in other
25 line items categories below -- the Regulatory Affairs

1 and the New Nuclear Accounting are separately
2 delineated; Licensing, External Legal Services, they are
3 separately identified; Licensing Legal.

4 Q. And the line item for Licensing Legal, does
5 that include in-house counsel?

6 A. It includes some in-house legal counsel.
7 That's specifically associated with the NRC license.

8 Q. How many attorneys does FP&L have in-house?

9 A. I don't know that number.

10 Q. How many of those attorneys that you do have
11 are devoted to the 6 and 7 Project?

12 A. There's no attorney that's singularly devoted
13 to the Nuclear Project. For example, Steve Hamrick is
14 an attorney in our Nuclear Division. He has purview
15 over the NRC licensing activity associated with this
16 project, but then he also covers other areas.

17 Similarly, we have Michael Tamaro, who has
18 responsibility for the State Certification aspects, but
19 he has other projects that he works on.

20 Q. Are they salaried employees with FPL?

21 A. Yes.

22 Q. And are you seeking cost recovery for a portion
23 of their salaries?

24 A. Those dedicated to the 6 and 7 Project, yes.

25 Q. How do you breakdown the portion of their

1 salary that's attributed to the licensing for 6 and 7
2 versus any other activities that the attorneys do for
3 FP&L?

4 A. An hourly time sheet process that people report
5 the projects they are working on, and the hours of the
6 day.

7 Q. Who reviews those hours?

8 A. As part of our project controls process.

9 Q. And outside counsel, who reviews those
10 statements?

11 A. Our in-house counsel is responsible for the
12 management of external counsel.

13 Q. On the next page, Permitting - Legal
14 Specialists Support, what is that cost item for?

15 A. Again, that would be internal or external
16 support, legal support, supporting the State
17 Certifications, for the moment.

18 Q. Are those attorneys?

19 A. In most cases, yes.

20 Q. So the \$60,000 cost amount represents, if I
21 understand your testimony, time that attorneys have
22 spent working on permitting issues for Unit 6 and 7?

23 A. Non-NRC permitting issues, yes.

24 MR. GREEN: Could we take a brief break
25 before I go to the next topic, which will be

1 for the year 2017? Five minutes.

2 (Short recess taken.)

3 MR. GREEN: We are back on the record.

4 BY MR. GREEN:

5 Q. Mr. Scroggs, I wanted to follow up on some
6 questions about the exhibits. City Exhibit 3, which is
7 the letter from Duke Energy, it references a committee
8 on the status of AP1000 generic issues as they relate to
9 Dukes Energy of Florida. Do you know if those issues
10 have been resolved?

11 A. They have not fully been resolved, no.

12 Q. Do you know what the time line to resolve those
13 issues is?

14 A. I believe that the result of this meeting --
15 this is a presentation for an April 7th Advisory
16 Committee meeting -- was a pathway to complete this by
17 sometime early next year.

18 Q. And you would agree that the issues raised in
19 Duke's letter are concerns that would be shared by FP&L
20 for Unit 6 and 7, because it's the same unit?

21 A. Same design, yes, sir.

22 Q. I'm sorry, same design.

23 And they identify those issues as Condensate
24 Return, Main Control Room Dose, MCR Heat Up, Hydrogen
25 Venting and Protection and Safety Monitoring System,

1 Flux Doubling, Enclosure 1 contains the presentation
2 materials, those are the issues that were identified by
3 Duke Energy, correct?

4 A. Well, those are the issues that are the subject
5 of this Advisory Committee Review, and they have been
6 identified and worked through by the industry
7 participants. Duke, being the owner of the Levee
8 Project, which is the lead unlicensed AP1000, has the
9 responsibility to lead those discussions.

10 Q. Where is that project?

11 A. Crystal River, Florida.

12 Q. I'll direct you, again, to the PowerPoint
13 presentation identified and marked as City 8. On Page 8
14 of the presentation, there's an Assessment Conclusion
15 that says, "Based on an assumed receipt of COL on
16 January 2, 2017 driving the scheduled start of
17 development activities," has that date changed?

18 A. Well, this review was done based on our
19 official project schedule. Our official project
20 schedule assumes a COL received on January 2, 2017, so
21 that date, as it relates to what's in our project
22 schedule, has not changed. Our expectation of whether
23 that date will be met has changed.

24 Q. That is not a realistic date, is it?

25 A. It is not a date that we now understand,

1 through the NRC correspondence, will be met.

2 Q. Has this PowerPoint been updated since then?

3 A. No.

4 Q. Exhibit 10, which is the June 24, 2015 letter
5 from the NRC to FP&L --

6 A. I have it.

7 Q. -- has the schedule been updated, the one
8 that's shown as the Safety Review Milestones Schedule?

9 A. This is the latest estimate of schedule from
10 the NRC for the Safety Milestones.

11 Q. Has this schedule at all been affected by the
12 recent decision of the Third District Court of Appeal on
13 Site Certification?

14 A. No.

15 Q. City Exhibit 11, which is the NRC letter of
16 October 27, 2015, with the time line schedule for
17 Environmental Review, has this schedule been updated
18 since October 2015?

19 A. No, this is the latest schedule for that
20 aspect.

21 Q. Has this Environmental Review schedule been
22 affected since October 27, 2015?

23 A. Not that we've been notified or know.

24 Q. Has the time line been affected by the
25 evidentiary hearing required for Contention 2.1?

1 A. No.

2 Q. And what is the status of the Site
3 Certification for Unit 6 and 7?

4 A. The Third DCA provided an opinion identifying
5 three specific areas that it did not agree with the
6 Siting Board's determination. So those three specific
7 areas are in question at this point in time.

8 Q. And FP&L has retained counsel to appeal that
9 decision to the Florida Supreme Court, correct?

10 MS. CANO: Objection.

11 BY MR. GREEN:

12 Q. Do you know?

13 A. I don't know if we have obtained outside
14 counsel to support our petition to the DCA. I don't
15 know if we retained counsel, as such, for the Supreme
16 Court.

17 Q. Has FP&L adjusted its Site Certification time
18 line according to the recent decision of the Third DCA?

19 A. To acknowledge that there are portions of the
20 Site Certification that are not in effect, yes, as
21 reflected in my April 27th testimony.

22 Q. All right. Let's segue then.

23 Turning to your testimony in support of the
24 Cost Recovery for the year ending December 2017, turn to
25 Page 4 -- I'm sorry, Page 3. Towards the bottom of the

1 page, you testify, "FPL currently expects to receive the
2 COL and the ACOE Section 404(b) wetland permit in 2017."

3 Is that still your testimony today?

4 A. Yes.

5 Q At the top of that same page, Page 3, you
6 state, "Because FPL will not be requesting approval of
7 pre-construction work or proceeding with construction at
8 this time, no feasibility analysis is needed at this
9 time." And then you cite to the Florida Statute.
10 You're not a lawyer, are you?

11 A. No.

12 Q. You would agree with me that that is a legal
13 conclusion?

14 A. It's my understanding, from reading the
15 Statute, there's no feasibility analysis discussed in
16 the Statute.

17 Q. But there is in the Rule?

18 A. Correct.

19 Q. And the Rule corresponds to the Statute?

20 A. Yeah. That's -- maybe that's a legal term.

21 Q. Do you think that rate payers are entitled to
22 the feasibility study?

23 A. I think there's sufficient information out
24 there to inform the next step process. That's why we
25 proposed this.

1 Q. In every other year that you filed for Cost
2 Recovery, you filed a feasibility report, correct?

3 A. Correct.

4 Q. Is that a document that you prepare -- that you
5 wait until the last minute to prepare before the filing
6 before the PSC?

7 A. It takes quite a bit of effort to draft.

8 Q. It takes a lot of time, right?

9 How long did it take you to prepare the filing
10 of the feasibility report in 2015?

11 A. Again, it starts at the beginning of the year,
12 and it's complete sometime in the April time frame.

13 Q. So in January, you would start preparing the
14 feasibility report?

15 A. Again, it's not that simple. We collect
16 information, the inputs. The analysis doesn't
17 necessarily begin until you have all of the information,
18 you've gathered all of the information, for you to
19 understand the ongoing future time line of the project.

20 Q. You mean to tell me you don't start a draft of
21 the document in January of the year?

22 A. Correct.

23 Q. And the first draft of the document would
24 commence, when? Let's say, 2015, when did you commence
25 drafting the feasibility report?

1 A. Again, I don't draft the feasibility report.
2 That's done by others in the company. But my first
3 review of the feasibility analysis is usually sometime
4 in mid to late April.

5 Q. Page 8 of your testimony, towards the center of
6 the page, you're asked, "What specific considerations
7 are included in the Nuclear Cost Recovery rule as
8 implemented by the FPSC?"

9 And your testimony is, "Annually, within the
10 cost recovery process, the applicant must provide a full
11 accounting for all project activities and costs. This
12 transparency follows the FPSC to conduct indepth
13 oversight of the utility's actions in real time."

14 You talk about transparency there, correct?

15 A. Yes.

16 Q. Wouldn't it be transparent for FP&L to file a
17 feasibility analysis?

18 A. Again, if we had all of the information
19 necessary to make a relevant analysis there, yes, but
20 what we have said is that because of our need to take a
21 pause, to allow completion of the first wave of
22 construction, which will provide us with a better cost
23 estimate and a better scheduling understanding, that we
24 don't have that information at this point in time,
25 there's no value to a feasibility analysis beyond that.

1 Q. And why not take a pause in your request for
2 cost recovery?

3 A. Again, the Statute allows us to move forward
4 with this project. It's really in the best interest of
5 the customers, absolutely, to make sure that we have
6 this option to look forward to, and FPL has continued on
7 that process very clearly, very carefully, step-wise
8 managed throughout, explaining why we're doing certain
9 things at certain points in time.

10 Q. If everything were to go as scheduled right
11 now, when would Unit 6 and 7 go online?

12 A. I don't have that information.

13 Q. When would a current rate payer in 2016 reap
14 the benefit of Unit 6 and 7?

15 A. It could be the end of the next decade.

16 Q. Could be 50 years from now, correct?

17 A. Unlikely, but it could be.

18 Q. In fact, most of the current rate payers will
19 be dead before they see a benefit from Unit 6 and 7,
20 correct?

21 MS. CANO: Objection, argumentative.

22 BY MR. GREEN:

23 Q. Correct?

24 A. You're asking for my opinion. My opinion is
25 that most of the people that would pay into the bulk of

1 the cost of Turkey Point 6 and 7 will reap the benefits
2 of that, absolutely.

3 Q. Well, if they're not dead, they'll be senior
4 citizens, correct?

5 A. I don't understand your question.

6 Q. Well, assume an average rate payer is about
7 twenty years old. Okay. You're not talking about them
8 reaping a benefit from Unit 6 and 7 until they're maybe
9 sixty to seventy years old, correct?

10 A. No, that's not correct.

11 Q. No?

12 Pursuant to the Third District Court of
13 Appeal's opinion, FPL has to return to the Siting Board,
14 correct?

15 A. That is one process avenue, I understand. If
16 that order becomes final, then it would be remanded to
17 the Site Board.

18 Q. Have you met with members of the City of Miami
19 Administration in the last few months?

20 A. Yes.

21 Q. How many times?

22 A. Twice.

23 Q. What was the purpose of those meetings?

24 A. To discuss ongoing transmission projects within
25 the City of Miami.

1 Q. And who was present for those meetings?

2 A. There's a roster that's been taken at each one
3 of those meetings, but generally the Mayor, the City
4 Attorney, the City Manager, Assistant City Manager,
5 involved engineering and Public Works, other attorneys
6 from the City Attorney's Office, FPL transmission
7 engineers, FPL attorneys, FPL external affairs
8 personnel, and FPL project development personnel.

9 Q. And why did you attend?

10 A. Because I have specific knowledge of the
11 activities that transmission is proposing in the City of
12 Miami.

13 Q. Do you recall giving testimony in a deposition
14 last year with reference to the cost recovery from the
15 Public Service Commission?

16 A. I recall a deposition last year, yes.

17 Q. Have you had a chance to review your deposition
18 testimony prior to today?

19 A. I reviewed it shortly after the deposition was
20 taken for accuracy.

21 Q. Have you reviewed it recently?

22 A. No.

23 Q. Do you recall testifying in your deposition at
24 that time that a thorough indepth evaluation of the
25 units is warranted at this time, because it's clear that

1 the circumstances under which the investment was
2 approved have changed radically?

3 MS. CANO: I'm sorry, do you have a copy
4 for the witness?

5 MR. GREEN: Yes, I do.

6 I'm sorry, I misspoke. I'll withdraw the
7 question.

8 BY MR. GREEN:

9 Q. What is the current estimated date that Unit 6
10 and 7 would actually start producing power for rate
11 payers?

12 A. The current project schedule is 2027 and 2028.
13 We would assume that we would begin pre-construction
14 activities immediately upon receipt of the COL. As we
15 have stated in my testimony for April 27th, we no longer
16 intend to do that, so there's probably a year for year
17 push on when we would get started with pre-construction
18 and a COD date.

19 Q. Do you have an estimated date when FP&L will
20 break even on a present value basis after Unit 6 and 7
21 enter service?

22 A. I don't have that analysis.

23 MR. GREEN: That's all of the questions I
24 have. Thank you.

25 MS. CANO: I'm sorry, Patty, can I get an

1 estimate for your time here?

2 MS. CHRISTENSEN: Yeah, sure. I'm
3 thinking, probably about an hour.

4 MS. CANO: Okay.

5 MS. CHRISTENSEN: Do you want to go ahead
6 or do you want to take a break? I'm fine
7 either way, but I'll work with the majority.

8 MR. GREEN: Will anyone else have
9 questions?

10 MS. MAPP: Yes, Staff has questions, as well.

11 MS. CHRISTENSEN: It's up to you.

12 THE WITNESS: Lunchtime will probably be
13 okay.

14 MS. CANO: Okay. So we'll break for an
15 hour for lunch. Again, I'll leave the line
16 open, but on mute.

17 (Lunch recess taken.)

18 CROSS EXAMINATION

19 BY MS. CHRISTENSEN:

20 Q. All right. I'm going to go ahead and proceed.
21 I guess we're back on the record.

22 I'm Patty Christensen, with the Office of
23 Public Counsel. Good afternoon, Mr. Scroggs.

24 A. Good afternoon.

25 Q. And since you've already gone through the

1 litany of a deposition and questions, and you've been
2 deposed before, I'm just going to go ahead and start
3 with my questions.

4 If one of my questions is confusing or if you
5 need me to repeat it or try to clarify it, please let me
6 know, and I will do my best to clarify the question.
7 Otherwise, I will assume you understand the question and
8 you can respond to the best of your ability.

9 I'm going to refer you to your April 27, 2016
10 testimony, and I'm going to be starting on Page 2.

11 A. I'm there.

12 Q. Okay. And I'm going to start with Line 22
13 through 23, and then I think it follows over to the next
14 page. You testified, "Specifically, due to a number of
15 factors, FPL will not be proceeding directly to
16 pre-construction work following receipt of the required
17 licenses and permits."

18 I'm going to see if I can get you to parse
19 apart that statement a little bit. You talk about, due
20 to a number of factors. Can you list for me what those
21 factors are that you're referring to in that sentence?

22 A. I'm looking to see if there's another part of
23 my testimony which goes into more detail on that.

24 Q. Take your time.

25 A. Yeah. Principally, the factors relate to the

1 ongoing pace of the first wave of AP1000 projects. We
2 have been intentionally establishing our process to be
3 the first of the second wave of projects, so that we can
4 capitalize on learnings and observations that the first
5 wave experienced.

6 Due to the extended time frame for the first
7 wave projects, we don't have the information that we
8 anticipated we would have at the point of moving from
9 licensing into pre-construction.

10 Q. Okay. So let's unpack that a little bit. You
11 talk about the change -- the ongoing, I guess, delays in
12 the first wave AP1000 projects. What happened or can
13 you identify specifically what factors in 2015 for those
14 first wave projects caused you to decide that you needed
15 to delay?

16 A. The primary was the re-negotiation of the EPC
17 contracts for both, the Vogtle project and the Summer
18 project. Re-negotiation of those contracts pushed the
19 COD dates for those units out to the 2019, 2020 time
20 frame.

21 So previously we anticipated that those first
22 wave projects were been going to be completing about the
23 time we were in a position to make decisions about going
24 forward with pre-construction. So they're delayed by
25 some years. That delays our information and our ability

1 to take that information on cost and schedule and then
2 create a more specific cost and schedule for the Turkey
3 Point 6 and 7 project that we think is warranted to move
4 to the next phase.

5 Q. What was the original cost delivery dates that
6 were set forth in the EPC contracts, that you were
7 basing your original plan on?

8 A. Originally, I think there was 2015 to 2016.

9 Q. Okay. So we're talking an extension of, what,
10 four years here?

11 A. Approximately.

12 Q. Okay. Which leads me into the next question
13 that I have, when does FPL plan on building the Turkey
14 Point 6 and 7 Project? Are you anticipating a delay of
15 only four years or is it possible that upon receipt of
16 the COLA, the building project could be put down further
17 than that?

18 A. It's possible that they could be pushed further
19 than that. The decision process and the approach that
20 we've applied to this project all along is to make a
21 current situational analysis with the best information
22 available, and that best information available would
23 help guide us as to whether we took and passed what we
24 call off-ramps, slowed down certain aspects of the
25 project awaiting for information to develop to better

1 inform the project. That's essentially where we are at
2 this stage.

3 Q. Okay. Well, let me see if I understand what
4 you're saying. The earliest that FPL would propose to
5 go into pre-construction is four years, based on this
6 new COD date from the first wave projects?

7 A. Assuming that that schedule is maintained, that
8 would be the first opportunity to have the information
9 necessary.

10 Q. Okay. And what specific information are you
11 actually hoping to get from the COD dates being 2019 and
12 '20? What information are you waiting to develop,
13 specifically?

14 A. The specific capital cost information that
15 would be translatable to the Turkey Point 6 and 7
16 Project, so that with 6 and 7, there are site specific
17 costs and there's a body of cost, the majority of which
18 is related to the nuclear construction.

19 So we're really looking for that piece of the
20 puzzle that says, when you're done, what did it cost,
21 and what was the schedule to actually execute that
22 project.

23 Q. Okay. And how had that, if at all, did those
24 capital costs change from 2015 or what estimates you
25 were using in 2015 for the feasibility study?

1 A. Well, our capital costs estimate has been a
2 bounding range, both high and low. Our capital costs
3 estimates haven't changed since the initiation of the
4 project. They've been escalated annually by
5 approximately 2.5 percent per year, as a conservative
6 estimate of inflation. That compares to the actual
7 experience we're seeing out of Vogtle and out of Summer,
8 and, you know, at this stage of the projects, they're 60
9 to 65 percent complete, and our bounding cost estimate
10 range is inclusive of the capital costs estimates for
11 Vogtle and Summer.

12 So, you know, again, we are looking at,
13 particularly in 2015, with the resolution of the EPC
14 contracts and outstanding dollars being split up amongst
15 owner and contractor, we have a revised cost estimate
16 for those projects.

17 Q. And is that revised cost estimate included in
18 City's Exhibit Number 5 that was attached to the
19 deposition, the Concentric Summary for Overnight Cost
20 and Capital Costs for both, the Summer and Vogtle
21 Projects?

22 A. Yes, that's correct.

23 Q. Okay. And that's the capital cost -- that's
24 the same Concentric report that was used in your
25 feasibility study from last year, and last year's

1 feasibility study?

2 A. No.

3 Q. Well, same type of Concentric report --

4 A. This is the April 2016 version of a similar
5 report that's been done in the past.

6 Q. Okay.

7 A. We did not use that information in the
8 feasibility analysis.

9 Q. But you used the Concentric report produced for
10 2015 as part of the analysis of the feasibility of the
11 Turkey Point 6 and 7 Project going forward in 2015; is
12 that correct?

13 A. It's a benchmark. It's a very relevant
14 benchmark.

15 Q. And you have the current Concentric report for
16 2016?

17 A. Yes, ma'am.

18 Q. Okay. At this stage, you would describe the
19 project as in more of a feasibility study phase, to see
20 if it's cost effective going forward, rather than an
21 actual building phase?

22 A. No. We're in the licensing phase. So, from a
23 Cost Recovery Statute, we're in the pre-construction
24 phase, from the definition of that term in the Statute,
25 right. There's site selection, pre-construction and

1 construction, as definitions in the Statute. So we're
2 in the pre-construction phase with respect to the
3 Nuclear Cost Recovery definitions.

4 Q. Well, I guess you had an explanation of taking
5 a time out and looking and seeing if this is an off-ramp
6 opportunity, I think that's what you described.

7 A. Off-ramp, pause, slow down the project process.

8 Q. Okay. So would you describe that pause as the
9 company's opportunity to take a look at whether or not
10 it continues to be feasible or cost effective going
11 forward or do you have a different meaning by off-ramp
12 and pause? And if so, can you explain to me what you
13 mean.

14 A. Let me look at my testimony, because I think,
15 actually, in my testimony, I clarify that.

16 So Page 4, Line 4 specifically talk about the
17 factors you asked about, "Projected quantitative
18 benefits remain uncertain due to a lack of refined
19 assessment capital construction costs that will be
20 developed following completion of the first wave of
21 AP1000 construction experience."

22 And on Line 9, "These factors, combined,
23 indicate that FPL should pause before moving to the
24 post-licensure pre-construction phase."

25 Q. Well, let me ask you a couple of questions

1 about that. I may have to come back to it later.

2 You say, "Following completion of the first
3 wave of AP1000 construction experience," are you
4 suggesting that FPL would not begin building until the
5 Summer and Vogtle plans are actually placed into
6 service?

7 A. Yes.

8 Q. Okay. And in 2015, did you, in your testimony,
9 indicate that FPL was not planning on proceeding with
10 building Turkey Point 6 and 7 until the first wave
11 AP1000 plants were in service?

12 A. Could you ask that question, again? I got
13 lost.

14 Q. In 2015, when you all did your feasibility
15 study and you were talking about the first wave of
16 plants, did you discuss that FPL was going to wait until
17 Vogtle and Summer had actually been completed, before
18 you proceeded to build Turkey Point 6 and 7?

19 A. Maybe not in those words, but I do recall that
20 I indicated that there was uncertainty about capital
21 costs estimates and schedule, that would be the focus of
22 lessons learned and applied to our project from the
23 first wave AP1000 projects.

24 Q. And I do recall talking about lessons learned
25 and having them applied, but I don't recall, and maybe

1 you can refresh my memory, where that was going to
2 result in a pause in 2015. Do you recall anywhere in
3 your testimony where that was discussed?

4 A. Well, I recall, in my testimony, we talked
5 about a general project approach, and we talked about a
6 step-wise decision-making process that allows us to
7 control the pace of the project, related to the
8 information as it develops. That's where I've used the
9 term, off-ramps before. Off-ramp doesn't mean you stop
10 the project. It just means that you're waiting for more
11 information to be developed, so you can make a decision
12 on whether to continue or not.

13 Q. And making a decision of whether or not to
14 continue, that would be what you would mean as an
15 off-ramp, stopping the project, at that point?

16 A. Not when you're making a decision, but when
17 you're waiting for information to develop, so that you
18 can then do an analysis that would inform whether you
19 move forward or not. It's our anticipation that the
20 pre-construction decision by the PSC and the Amended
21 Statute is an important milestone, so we can be informed
22 of the best information available.

23 Q. Okay. So let me take you back to your April 27
24 testimony.

25 A. Okay.

1 Q. Page 3, Line 18. In there, you testify that
2 the Third DCA reversed and remanded the Site
3 Certification received in 2014. Will the NRC issue a
4 COLA without that Site Certification, which the Third
5 DCA reversed?

6 A. My understanding is that the Site Certification
7 is not a necessary pre-requisite for the NRC to issue
8 the Combined License. There may be aspects of the Site
9 Certification that is related to a Water Quality
10 Certification that the NRC might require before issuing
11 the Combined License.

12 Q. Okay;. So your understanding is that it's not
13 required to have the transmission line sited to be able
14 to go ahead and get the COLA? I just want to make sure
15 I'm understanding your testimony.

16 A. The Combined License stands on its own. It's
17 not reliant on State approvals.

18 Q. Yeah. But does it require that you have
19 transmission available? I mean, is that a factor that
20 they will consider before they issue the license, I
21 guess is my question?

22 A. My understanding of the NRC's process is that
23 our Combined License application to NRC is complete. It
24 has all of the information that they need to make their
25 decision on the Combined License. So it's not reliant

1 on whether or not a State certification for transmission
2 lines or any other aspect of the project is finished.

3 Q. Okay. Let me ask you this, can you explain
4 well, I guess you're sort of answering it, because
5 you're saying that you believe the COLA can be issued
6 without the transmission lines. Is there anything in
7 the COL process, in that licensing process, that looks
8 at transmission at all, that you're aware of?

9 A. There's a number of things that do look at
10 transmission. They're related to certain Reactor Safety
11 Guidelines, that there's appropriate backup power to be
12 able to be provided to the site from off-site. Then
13 there's a review of transmission lines up to the first
14 transmission substation. That's technically the scope
15 of the COL review. They don't look into other portions
16 of the Turkey Point or the FPL transmission grid. They
17 go from plant site to the first transmission substation.

18 Q. Okay. And where would that be, in relation to
19 the Turkey Point site? Is it on the site or is it
20 off-site?

21 A. There's multiple lines that come out of the
22 Turkey Point 6 and 7 Project, but, in general, on the
23 east side, that's the Davis Substation in South Central
24 Miami-Dade County, and on the west side, that's at the
25 Levee Substation.

1 Q. Okay. Are either of those -- for the
2 transmission siting that was done, is there any of
3 transmission line that goes from the Davis Substation to
4 the Turkey Point facility that would have been impacted
5 by the Third DCA ruling?

6 A. No. All of that is an existing transmission
7 highway. It's just a line that's being added to a
8 right-of-way that already has existing transmission.

9 Q. Okay. And the same question for the Levee
10 Station, is there any portion of that transmission line
11 from the Turkey Point -- proposed Turkey Point site to
12 the Levee Station, that would have been impacted by the
13 DCA decision?

14 A. My understanding is that there is two corridors
15 on the west side. There's a west preferred corridor,
16 which is west of L-31, the north canal, and then there's
17 a less consensus corridor.

18 If the conditions of certification, if the Site
19 Certification directs FPL to attempt to site to the
20 maximum extent possible in the west consensus corridor,
21 that corridor is not impacted by the Third DCA opinion,
22 in my understanding, but the East Everglades Overlay,
23 that is an environmental ordinance of the County of
24 Miami-Dade, has some portion within the west preferred
25 corridor, is affected by that East Everglades Overlay.

1 Q. Okay. All right. So is FPL planning on
2 proceeding with an appeal to address the Third DCA
3 decision or would that result in having to recite a new
4 route? I guess I'm trying to understand how is this
5 going to go forward.

MS. CANO: Objection.

7 MS. CHRISTENSEN: If he knows.

8 MS. CANO: Consideration regarding future
9 actions with respect to that decision are
10 subject to current privileged conversations.

11 BY MS. CHRISTENSEN:

12 Q. Has FPL taken a formal position on how it plans
13 on proceeding with the Third DCA decision?

14 A. Not that I know of.

15 Q. And so, at this time, could you estimate what
16 impact, if any, the Third DCA decision will have on the
17 transmission line and the siting going forward, what
18 impact that might have on scheduling?

19 A. It's certain to have some impact, but I don't
20 have a basis upon which to make estimates of time.

21 Q. At this point, do you have a best guess as to
22 what -- you said it's certain to have some impact. What
23 would be your best guess as to the impact that it may
24 have on getting the transmission to Turkey Point
25 established?

1 A. I really don't have a guess at all.

2 Q. Do you have any information on how much it
3 might cost or an additional cost to resolve this
4 transmission issue that's come up since the Third DCA?

5 A. No.

6 Q. Okay. Let me refer you to Page 4, Line 4 of
7 your testimony. You say, "Projected quantitative
8 benefits, however, remain uncertain due to a lack of
9 assessment of capital construction costs that will be
10 developed following the completion of first wave AP1000
11 construction experience."

12 And you may have already said this, because you
13 talked about the COD dates, can you describe what your
14 understanding of what the anticipated completion dates
15 are for the Summer and Vogtle projects?

16 A. Yes. My understanding is that, Vogtle's
17 specific date is in 2019 and 2020, for Unit 2 and Unit
18 3, respectively; and the Summer project would be not far
19 behind that, maybe within a year.

20 Q. Okay. And I think we talked a little bit about
21 the Concentric report, 2015 and 2016. Has the overnight
22 capital costs for these projects changed significantly
23 between the 2015 and 2016 report?

24 A. The overnight capital costs for the Vogtle
25 project increased -- I think, actually both of them

1 increased, but the Vogtle project overnight capital
2 costs increased more than the Summer.

3 Q. And did they provide in the Concentric report a
4 reason why the Vogtle project experienced that increase?

5 A. Yes. I think Vogtle, from the very beginning,
6 did not accept as an owner's cost a certain disputed
7 amount with Westinghouse and the consortium. So, from
8 the beginning, that amount had not been part of the
9 analysis that Concentric provided. With the resolution
10 of the 2015 EPC agreement, Concentric was able then to
11 roll the assigned or allocated amount of dollars for
12 that into the cost for Southern Vogtle.

13 Q. Okay.

14 A. So it was really kind of something that had
15 been pushed off until it got addressed in 2015.

16 Q. Okay. And did FPL, in its feasibility analysis
17 last year, include consideration of the capital costs
18 for Vogtle and Summer?

19 A. No. Again, it's a benchmark. It's not used in
20 our analysis. Our analysis is independent.

21 Q. Okay. But it was used as a benchmark for the
22 analysis, the feasibility analysis, whether or not it
23 was reasonable? Is that a fair statement?

24 A. I don't want to parse too much here. A
25 feasibility analysis is a defined analytical effort we

1 undertake.

2 Q. Okay.

3 A. The general qualitative and quantitative
4 factors that assess our recommendation to proceed or not
5 with the project, yes, it was part of that broader
6 analysis for consideration.

7 Q. Okay. And I guess I'm trying to understand a
8 little bit better, are you saying that the feasibility
9 study is meaningless this year, because of the unknown
10 cost to complete the Vogtle and Summer projects, but the
11 feasibility study was not meaningless last year?

12 A. That's not what I'm saying.

13 Q. Okay. Maybe you can explain to me a little bit
14 better how the uncertainty of completion of the project
15 dates has impacted whether or not FPL will do a
16 feasibility study this year.

17 A. Okay. From the beginning of the project, FPL
18 has started with an overnight estimated costs range, and
19 then we've conservatively applied 2.5 percent per year
20 to both, the high and low end of that range.

21 Q. Okay.

22 A. We never revised that. We never had negotiated
23 contracts or other things to use to better refine that
24 estimate. We've always said, before we take the next
25 steps, now defined as permission to move from licensing

1 into pre-construction in the Statute, that would be a
2 time where we would need to make the next concerted
3 effort to refine that capital costs estimate.

4 The information necessary to do that will not
5 be available until the first wave of construction is
6 complete and we have a final set of numbers, not a 60
7 percent complete number, not a 65 percent complete
8 number, but a final set of numbers and an expected
9 schedule to do that.

10 Q. And I guess I'm trying to understand a little
11 bit better, what was different in 2015, that made it
12 more certain in 2015 than it does today to go ahead with
13 the same methodology that you've been using for the last
14 seven years?

15 A. It doesn't. I mean, each year we apply 2.5
16 percent. So each year it grows arbitrarily and
17 conservatively, but it's not because any of the
18 underlying costs have changed or that we have any
19 information that feeds that.

20 Q. Okay. All right. Let me take you to Page 7 of
21 your testimony, Line 3. You testified that, "While
22 customers have benefited from these choices,
23 particularly the affordability and lower emissions of
24 domestic natural gas, recurrence of high and volatile
25 fossil fuel prices or supply reliability issues have

1 impacted customers and the Florida economy in the past
2 and, unaddressed, could impact the State again in the
3 future," can you explain what you mean by the word
4 "unaddressed" in that context?

5 A. One of the motivating concepts in the Nuclear
6 Cost Recovery legislation and Statute was to promote
7 fuel diversity in the State, to provide another baseload
8 of electric generation source that's not reliant on
9 natural gas. At that point in time, I think the State
10 was 60 -- or at least FPL was 60 or 65 percent natural
11 gas generation. When we had the hurricanes in 2004 and
12 2005, it created gas supply disruptions, gas supply
13 spiked to over eleven dollars per BTU, where today it's
14 under two, so five times or more. And all of that cost
15 gets passed on to the consumer, because that's what's
16 necessary to generate.

17 So the concern was, we needed to diversify our
18 fuel supply and our generation supply. So that's one of
19 the motivating factors for bringing more nuclear
20 generation into the system, and particularly at the
21 south end of the peninsula, where there's not a lot of
22 natural gas supply pipelines and other sources of fuel.

23 Q. Okay. So, you mean, unaddressed in the sense
24 that you need to have fuel diversity?

25 A. If we don't address fuel diversity or fuel

1 supply diversity, then, yes, we are subject to market
2 price exposure.

3 Q. All right. Let me take you to Page 10 of your
4 testimony, Line 2, and there you testify, "A project of
5 this complexity, particularly in the early stages, is
6 subject to external factors that are not under FPL's
7 control."

8 Can you explain the external factors that are
9 not under FPL's control that you're referring to there?

10 A. Some of them are related to the NRC, the NRC's
11 funding and resource capability, and, therefore, the
12 pace at which they can move forward with the review of
13 the license. We've had two budgets holdup review of the
14 Turkey Point 6 and 7 license during the pendency of this
15 licensing review. So that's an example of an external
16 factor that we don't have control over, that can affect
17 the pace of the project.

18 Q. Do you have any opinion as to when those
19 external factors will be under control?

20 A. By definition, they're never under our control.

21 Another example is the pace of the first wave
22 AP1000 construction projects. So managing in an
23 uncertain environment requires you to have the ability
24 to accelerate or decelerate the pace of a project and
25 associated expenditures in relation to those external

1 factors.

2 Q. Okay. Let me refer you to Page 11, beginning
3 at Line 7 of your testimony -- or specifically referring
4 to Line 7 of your testimony, and starting, actually, on
5 Line 6, you say, "In this instance, FPL has determined
6 that the appropriate step is to pause prior to taking
7 the next step to initiate post-licensure
8 pre-construction work."

9 Do you know how much -- instead of pausing, how
10 much it would cost to cancel the project?

11 A. I don't have that figure.

12 Q. Is that a figure that you can obtain?

13 A. It can be estimated.

14 Q. Do you have any estimated figure in mind?

15 A. No.

16 Q. What would you actually have to -- what
17 information would you have to gather to be able to find
18 out what the number would be if you just stopped the
19 project?

20 A. We have ongoing contracts with vendors who are
21 providing support to the project. If we were to
22 arbitrarily pick a date and say, "Stop work," there
23 would be unwinding costs with some of those contracts.
24 It wouldn't be dramatic, but in order to fully answer
25 your question, there's questions about the severance for

1 employees that are going to be displaced by canceling
2 the project. There's other considerations.

3 Q. So, if I'm understanding, there's some future
4 ongoing cost, aside from costs that have already been
5 collected? There would be future impact costs to wind
6 up the project that would have to be considered?

7 A. Maybe I'm misunderstanding your question, but I
8 think what you're asking is, in a hypothetical where a
9 decision was made to stop the project on a date certain
10 and forgo all of the value created by the project up to
11 that point, yes, there would be unwind costs associated
12 with canceling project contracts that haven't gone to
13 term.

14 Q. Okay. And I think you said you would have to
15 look at what the unwind costs would be, and then look at
16 severance of employees. Are there any other costs that
17 would need to be taken into consideration under the
18 hypothetical? Let's say, as of, you know, December of
19 2016, FPL made the decision it was not going to proceed
20 forward with the project. Are there any other costs
21 considerations that you would have to look at?

22 A. Well, there are activities that are being
23 pursued under this project for land exchange

24 Q. Okay.

25 A. -- for example. If we were to stop this

1 project, we would probably -- FPL would need to make a
2 decision, is it obligated, is it desired to continue to
3 pursue that land exchange, because we have an agreement
4 with the Natural Park Service to do that. So that would
5 be the kind of analysis we would have to do to
6 understand what's our obligation and the cost to
7 complete that obligation, those types of things.

8 Q. Okay. And has FPL undertaken to do any of this
9 analysis internally, while we're taking the pause --
10 let's assume, for a hypothetical, that at this point
11 you're going to pursue the COLA and not pursue further.
12 Have you done any analysis as to what the cost would be
13 to obtain the COLA and then -- just to get to obtaining
14 a COLA and not proceeding further?

15 A. Yeah. In fact, this April testimony provides
16 our estimate of costs for 2016 and projected costs for
17 2017, and our current expectation based on the NRC
18 feedback is that we would be able to be complete with
19 the COL proceed in 2017. So that's a clear indication
20 of what we think it takes to the get to end of the COL.

21 Q. Okay. Do you anticipate any other additional
22 costs?

23 A. Yeah. I'm sorry, I'm still going, to answer
24 your compound question.

25 So, yes, beyond that, there are costs that are

1 related to any other ongoing litigation, perhaps with
2 the Site Certification, or if the NRC's decision is
3 appealed, and there is a small cost associated with
4 maintaining the Combined License in a valid form.

5 Q. Has your testimony included what it would cost
6 to maintain the license in a valid form?

7 A. No. It's beyond the scope of this year's
8 testimony.

9 Q. Okay. Have you included any estimated cost for
10 ongoing litigation?

11 A. No.

12 Q. Let me refer you to Page 14 of your testimony,
13 Line 7 through 10 -- or, actually, 7 through 8. Let me
14 start there. You testified that "Several factors,
15 directly or indirectly, influence the scope and the pace
16 of the regulatory reviews."

17 You may have already discussed this, but let me
18 ask this again, can you explain how the NRC resources
19 are impacted?

20 A. The NRC is funded annually in the Federal
21 budget process. If the Federal budget process doesn't
22 appropriately fund the resources needed by all of the
23 NRC activity, NRC managers have to make decisions of
24 what's the highest priority. Typically the highest
25 priority are oversight and operating reactors. The

1 second priority would be oversight of reactors in
2 construction. The third priority would be everything
3 else.

4 So if the pot of money isn't big enough to
5 cover everything else, it could impact the resources
6 they have to pursue the licensure.

7 Q. Is FPL anticipating that there any NRC
8 budgetary constraints that would be impacting the COL
9 going forward in 2016?

10 A. In 2016, no. We don't have much of a view
11 until 2017.

12 Q. Okay. On Page 14, Line 10 through 11, you
13 state, "For example, industry events and administrative
14 decisions can impact the NRC resources available to
15 conduct the review of FPL's COLA."

16 Let me scratch that one.

17 I'm going to take you to the line following
18 that, which is 10 through 13, where you testify, "Other
19 developments can impact the information that must be
20 incorporated into FPL's decision making process, such as
21 the lessons being gathered at the two U.S. AP1000
22 construction sites and current economic factors."

23 In addition to the information you've already
24 talked about, the delivery dates being moved back, are
25 there other lessons being gathered at these U.S. AP1000

1 sites that you haven't already testified to today?

2 A. There's many, yes.

3 Q. Okay. Can you explain what those lessons are,
4 that you're referring to in that portion of your
5 testimony?

6 A. This is a general reference to a number of
7 lessons. I can give you further examples..

8 Q. Okay.

9 A. One example that has affected both, Vogtle and
10 Summer, has been the batch plant. This is the very
11 technically precise concrete batch facility that's built
12 on site. Both sites have had difficulty in getting that
13 plant up to a quality level that's sufficient for the
14 nuclear concrete that's needed for foundations and other
15 devices. So that's a big lesson learned, that the
16 second wave will likely start earlier and have
17 additional testing of that batch plant, so that it is
18 certain to be ready by the time it's needed to support
19 the construction schedule.

20 Q. Okay. Do you have any cost impacts related to
21 these kind of lessons learned that you have taken away
22 from the other two AP1000 sites?

23 A. Well, these are the things that feed our
24 overall analysis once all of the lessons learned are
25 taken care of. The initial assessments that we've

1 conducted over the last year, and are finishing up this
2 year, look at the logistical scheduling impacts of those
3 issues. They don't get assigned a dollar cost to those.

4 Q. Okay. And do you have any idea what the
5 scheduling impact is or is likely to be?

6 A. Well, again, these observations have already
7 informed our need to have a longer pre-construction --
8 a longer period of construction, civil construction,
9 prior to nuclear construction. So the batch plan civil
10 work to establish plant to grade so you can start the
11 nuclear construction, those are lessons learned that we
12 need to add time to our project schedule to make that
13 happen. That's reflected on our current schedule.

14 So those are lessons learned that have been
15 moved into our project schedule. I expect there will be
16 more.

17 Q. Okay. Well, I think you testified that there
18 are five remaining AP1000 design issues that must be
19 resolved to support the issuance of a Combined License.
20 You talk about that on Page 15.

21 A. Correct.

22 Q. So I think you testified today, but I just want
23 to make sure that I understand it, those design issues
24 will be incorporated into FPL's -- or will have to be
25 incorporated into the design of FPL's units going

1 forward? Am I understanding that correctly?

2 A. Yes. And that's one of the reasons we're
3 involved in APOG and other industry group. We're
4 monitoring this as it gets resolved in the Levee docket,
5 and then we're going to adapt and adopt into our license
6 application the answer that got accepted in the Levee
7 project.

8 Q. Okay. So given those uncertainties, would it
9 be fair to say that at this point in time we really --
10 we don't know what it would cost to build Turkey Point 6
11 and 7 or how long it's going to take to build that?

12 A. I think that's the reason we're identifying we
13 need to take a pause, because we have an understanding
14 of the cost estimate range. Our cost estimate range
15 bounces, meaning it's higher and lower than the current
16 estimates that are coming out of in construction
17 projects. So we have, you know, a good benchmark that
18 says we're within the range, but do I have a refined, go
19 forward number that I can then present to the Public
20 Service Commission and recommend that we move to
21 pre-construction, no, I don't have that.

22 Q. Okay. And I think we talked a little bit about
23 the five remaining AP designs. Have you stated in your
24 past testimony that when a COL is issued, the plant is
25 completely designed?

1 A. I don't know if I've ever made such a
2 statement.

3 Q. Okay. And I just want to make sure that I'm
4 understanding that. Vogtle and Summer are proceeding
5 with -- let me see how I can put this.

6 Would it be correct to say that Summer and
7 Vogtle -- did they get their COL without a complete
8 design?

9 A. No. They were designed and the COL was issued
10 based on a certain revision --

11 Q. Okay.

12 A. -- of the design certification document. One
13 of the things I mentioned earlier were license
14 amendments. That's the process that the NRC has in its
15 ability, to go back and bring a licensed design up to an
16 acceptable standard. So with a license that hasn't been
17 issued, they want that license application to be up to
18 grade the day they issue it.

19 For licenses that have already been issued,
20 they want license amendments to bring that license up to
21 currency, and that way, all of these plants are going to
22 be using the same design basis and may get there
23 differently based on when their license was issued.

24 Q. So is what you're describing, that the design
25 of these AP1000s is kind of a moving target, based on

1 time and experience?

2 A. I think they're refined overtime. I wouldn't
3 say they're a moving target.

4 Q. Was 10 CFR 52 supposed to freeze the design?

5 A. No. It establishes a design basis document to
6 promote consistency amongst all plants of that same
7 design. Part 52 requires everybody to reference the
8 same design, whether you get there through license
9 amendments or whether you get there the day that your
10 COL is issued. Part 50 didn't have that level of rigor.
11 You could start off with the same design, but you could
12 individually modify your design and subsequently be
13 different than a design that was at the beginning
14 similar to yours.

15 Q. Okay. So if I'm understanding what your
16 understanding of Part 52 is, is that the designs are
17 ultimately all supposed to be the same, for the same
18 type of plant?

19 A. They will be consistent, yes.

20 Q. Okay. On Page 15, Lines 17 through 19, you
21 testified that, "Given the unique and important nature
22 of the Bay, federal interest from the National Park
23 Service has resulted in additional reviews to inform the
24 Final Environmental Impact Study."

25 A. Yes.

1 Q. Could you explain what these additional reviews
2 are?

3 A. National Park Service submitted, in the public
4 comment portion of the draft DIS, a series of questions
5 asking for more detail related to radioactive collector
6 well operation, and potential impacts of a radio
7 collected well, as well as some other facets of the
8 project. As the EPA was, they were not well-informed as
9 to the fact that many of these questions had been
10 addressed in the State certification process, and the
11 body of information in the state certification that was
12 referenced within the draft EIS was not consulted.

13 So we were able to address a lot of their
14 questions, again, by pointing to the information and
15 studies that were done in the Site Certification
16 process, and the conditions of certification that
17 restrict use of that radio collective well system, as
18 well as additional pre-construction, construction and
19 post-construction monitoring that will be done with that
20 system.

21 Q. So are you saying that essentially the
22 additional reviews were referring them to previously
23 submitted information?

24 A. A good portion of it was, yes.

25 Q. What additional review is outstanding, I should

1 say?

2 A. My understanding is that the National Park
3 Service, as well as other federal agencies, met with the
4 NRC in April for a final drafting meeting for the final
5 EIS, and that that meeting has been completed. So my
6 understanding of what that means is that everybody has
7 gotten their issues addressed, and whatever the answer
8 is, will be reflected in the Final Environmental Impact
9 Statement.

10 Q. Okay. Is the National Park Service reviewing
11 the impact of the proposed cooling system on the
12 existing hypersaline plume?

13 A. I don't know what they're reviewing.

14 Q. Did they make any indications to you that they
15 wanted to look at that issue?

16 A. Well, they're certainly interested in the
17 hypersaline situation with the existing cooling canal
18 system, but the design facts that the cooling tower
19 using reclaimed water does not interface with the
20 existing cooling canal system should give them a great
21 deal of confidence that there is no incremental impact
22 from the Turkey Point 6 and 7 cooling tower design.

23 Q. How long has there been a hypersaline plume
24 under FPL's floating island and the bay?

25 A. Since the day they were drenched, perhaps,

1 1971.

2 Q. If you know, when did the hypersaline plume
3 expand beyond the western edge of FPL's territory?

4 A. Well, let me back up a minute. When I was
5 answering your first question, I didn't get, "And the
6 Bay" thrown in at the end of your question. I don't
7 know that there is any surface water connection at all
8 with the bay and the canal system.

9 As to your current question, with respect to
10 movement of the hypersaline water to the west in the
11 ground water, I believe that there's early monitoring
12 well indication, maybe from 1983, that indicates that
13 that may be the case.

14 Q. Okay. And I think in your testimony you say
15 that while the New Nuclear Units will not rely on the
16 cooling canal system, the Environmental Review assesses
17 project impacts relative to a defined baseli-n-e and
18 emergent information regarding the cooling canals is
19 being reviewed to determine if the information impacts
20 the baseline assumptions in the COLA."

21 A. Can you tell me where you are?

22 Q. I'm on Page 15, starting at Line 22, and then
23 on to the top of Page 16, Line 3.

24 Can you explain what underline baseline
25 assumptions regarding the cooling canals related to the

1 COLA, what those were?

2 A. When we provided our Combined Operating License
3 application in 2009, we characterized the current
4 environmental situation under the island and in the
5 surroundings, all right. So the question is, given the
6 information and the situation that's occurred at the
7 plant since 2009, does that constitute a change to the
8 baseline assumptions that we relied upon in our 2009
9 application.

10 Q. Okay. And I think you said that that was under
11 review, so --

12 A. We understand, from the NRC, that that's one of
13 the areas that they're reviewing.

14 Q. Okay. And do you know, if they make a
15 determination that the baseline assumptions have
16 changed, whether or not that will require a new
17 Environmental Impact Statement?

18 A. I don't know.

19 Q. Okay. Let's continue on Page 16, Lines 9
20 through 10.

21 A. 15 or 16?

22 Q. 16.

23 You state that the NRC Turkey Point 6 and 7
24 COLA Review schedule lists administrative steps -- or
25 these administrative steps as under review, however,

1 discussion with NRC staff indicates that these steps,
2 including the contested hearing, can be completed in
3 2017.

4 And I had a couple of questions regarding that.
5 What are the administrative steps that are under review?

6 A. This refers to the NRC's schedule of milestones
7 that they post on the Turkey Point 6 and 7 Combined
8 License Application site. They're very similar to the
9 milestones that are in the October 27 and June 24
10 letters from the NRC.

11 When you go on the website, they say, "Under
12 review." So I don't have an official NRC position with
13 respect to those final administrative steps. These are
14 steps that would follow after the Safety Review is
15 complete and after the final EIS is complete.

16 So the step to have a contested hearing, the
17 step for the results of those contested hearing to be
18 brought before the Commission for a final decision, they
19 do not provide an estimated or target date for those.

20 Q. Okay. Were those target dates provided in the
21 October 27, 2015 letter? Were there actual dates or
22 different milestone dates?

23 A. No. The dates in the June and the October
24 letters were related to either completing the Safety
25 Review or completing the Environmental Impact Statement.

1 These administrative steps are the steps that follow the
2 completion of those reviews.

3 So staff completes their reviews, either
4 environmental or Safety Review, hands it over to the
5 broader Commission to then do a contested hearing, if
6 they still want one and one is necessary, or go straight
7 to the Commission for a licensing decision.

8 Q. Okay. And I just wanted to follow up a little
9 bit with the -- I guess it's the Safety Review and the
10 Environmental Impact Study Review. Although the NRC has
11 put out dates where they expect those to be finished,
12 are those firm dates or can they revise that schedule?

13 A. They're never firm. That's why they call them
14 target dates. In their letter, I think, in the
15 correspondence itself, it describes factors that they
16 rely on to make those assumptions. And if those factors
17 change -- like one of them was that we provide response
18 to their REIs within a certain time frame. And as long
19 as we keep that, they say their estimate for completing
20 the process is valid, but if we were not to make that or
21 if some other resource issue were to come up from the
22 NRC, that they didn't have the people to review it, and
23 then they would change it.

24 Q. Okay. And that's purely up to the NRC staff as
25 to whether or not they would revise those target dates?

1 A. Well --

2 Q. Well, I mean --

3 A. -- staff and management, NRC staff and
4 management.

5 Q. You know, it's not a schedule as we think of
6 like a hearing schedule or something, where the dates
7 are a little bit more firm.

8 A. Well, I imagine once they schedule a hearing
9 date that involves the NRC Commissioners, it becomes
10 much more firm.

11 Q. Right. And that's the next step, and not this
12 initial --

13 A. Yes. Right.

14 Q. Okay. I'm trying to understand their internal
15 processes at least a little bit better.

16 And I think in your testimony that you said
17 that you had discussed with somebody on the NRC staff,
18 that included -- you were discussing when this would be
19 completed, and they were hopeful that they could
20 complete it by 2017. Who did you discuss that with at
21 the NRC?

22 A. The name is Manny Comar. He's the Safety
23 Project Manager for the Turkey Point 6 and 7 Safety
24 Review.

25 Q. Okay. Did you speak with anybody who was

1 dealing with the Environmental Impact Statement?

2 A. Yes. I can't remember her name, but it's on
3 one of those -- one of those schedule letters. The
4 first one is Alicia. She's a similar -- similarly,
5 she's the project management for the environmental
6 aspect.

7 Q. Okay. If you know, do you have any idea what
8 type of issues may be covered in a contested hearing?

9 A. Right now, there's only one contention that's
10 been admitted, and that contention relates to, in the
11 first application, an intervenor identified some trace
12 chemicals that can be found in reclaimed water and that
13 we did not identify concentrations for -- I think it was
14 Toluene, in our initial application, and so the
15 contention was that FPL didn't provide a complete
16 application.

17 We subsequently cured that, by providing that
18 information, but the NRC has allowed that contention to
19 remain alive. If it remains alive following the Safety
20 Review, then we would have a narrowly focused hearing on
21 that singular contention.

22 Q. Okay. Are there possible other contested
23 issues that may arise based on the Impact Statement or
24 Safety Review, if there are issues that are raised?

25 A. In the NRC process, that time has passed, but,

1 again, I guess they could always open it up, if they
2 want.

3 Q. Okay. And do you know what the schedule for a
4 contested hearing would be, based on the -- let's assume
5 that the October 27th date holds for when they issue
6 their Impact Statement and their Safety Review, how much
7 longer would it be for a contested hearing?

8 A. We would estimate that that contested hearing
9 would be held sometime in the first part of 2017, and
10 that the last part of 2017, we would be working through
11 the administrative review to the NRC Commission hearing,
12 where they make the licensure decision.

13 Q. Okay. So the anticipated or -- based on the
14 most optimistic schedule at this point, the COL would be
15 at the end of 2017?

16 A. I wouldn't characterize it as the most
17 optimistic schedule. This is the best information that
18 we have been provided by the NRC.

19 Q. So the end of 2017, based on best information?

20 Okay. Let me turn your attention to Page 17,
21 Lines 7 through 9. You talk about, "Given this recent
22 development" -- specifically related to the Site
23 Certification -- "cost implications associated
24 resolution are not included in the information presented
25 in this filing. Any potential cost impacts will be

1 reflected in the final true-up of 2016 costs and the
2 actual/estimated true-up of 2017 costs that will be
3 filed in 2017."

4 When do you expect to have the costs related to
5 the resolution of Site Certification?

6 A. We might have an estimate of the costs range
7 once we move further along in the process of resolving
8 that, but, to be practical, we probably won't know the
9 complete actual costs until we're through with
10 addressing that issue.

11 Q. Okay. And your anticipation, I think you say
12 that you're planning on putting these costs in as part
13 of actual/estimated and final true-up costs?

14 A. Correct.

15 Q. Are you asking the Commission to, I guess,
16 blast going forward with some sort of resolution on Site
17 Certification, even though you haven't presented what
18 your plan is?

19 A. We're not identifying or asking for specific
20 recovery of any of those costs.

21 Q. Okay. But your intention is to go ahead and
22 seek recovery of those through true-up costs next year?

23 A. Absolutely.

24 Q. I just want to make sure I understand it.

25 A. In my understanding, they're part of

1 maintaining, or, depending on the application of the
2 permit, necessary for operation and construction of the
3 facility.

4 Q. Okay. Let me take you to Page 18.

5 Actually, let me ask you one clarifying
6 question. On Page 17, Line 7 to 8, you talk about,
7 "Resolution of the Site Certification will be the
8 subject of specific review in the near term."

9 What specific review are you referring to and
10 what do you mean by the terms, "near term"?

11 A. My understanding is that the DCA opinion comes
12 with the time lines to -- FPL has options, different
13 ways of petitioning for rehearing or other ways to
14 resolve the issue, and until we understand what those
15 options are, determine what is the best path to take, we
16 won't have that figured out. It could be weeks. It
17 could be months.

18 Q. And you say, "Near term." What do you mean by
19 "near term"?

20 A. Next year.

21 Q. Okay. Okay. Let me move on to Page 18, and in
22 Line 1, you state, "Notably, the project owners and
23 Westinghouse Electric Company have resolved a dispute
24 regarding the project scope and cost," and this is
25 related to the Vogtle project.

1 I think we've discussed this before, but let me
2 ask you, again, specifically, how has this settlement of
3 this dispute been factored into your costs estimates -
4 or, I'm sorry, has the settlement of the dispute been
5 factored in your costs estimates?

6 A. No.

7 Q. And, if not, can you explain why not?

8 A. Because our cost estimate is independent of the
9 actual experience at Vogtle or Summer.

10 Q. Okay. And referring to Page 18, Line 7, you
11 talk about the projects being 60 percent complete. Can
12 you explain what you mean or what's included in the 60
13 percent complete?

14 A. Again, this is my understanding, drawn from
15 review of the Vogtle Construction Monitoring Report and
16 the Quarterly Report provided by Summer to the South
17 Carolina Public Staff, and, again, it's their
18 terminology to attempt to give an overall single figure
19 that represents the status of construction. So, you
20 know, you're more than halfway. You would assume that
21 that means engineering and design is almost entirely
22 complete, procurement is largely complete, and the
23 balance would be the labor and assembly time --

24 Q. Okay.

25 A. -- for the material.

1 Q. Okay. Do you have any estimate of what
2 percentage of construction complete -- what the
3 construction to complete would be?

4 A. No. Again, I'm relying on their report, which
5 didn't break it down any more than that.

6 Q. Okay. I'm just going to ask a couple of more
7 specific questions. Do you know what percentage of the
8 nuclear island is complete?

9 A. No, I do not.

10 Q. Okay. And do you have an estimate as to what
11 percentage of the critical path items are complete?

12 A. No, I do not.

13 Q. Okay. Let me take you down to Line 22, on Page
14 18. I did want to ask a follow-up question. You said
15 you relied on the reports that were submitted for South
16 Carolina and or the Georgia Commission; is that
17 correct?

18 A. Yes, ma'am.

19 Q. All right. And the Georgia Commission, is that
20 the report that is created and submitted by Dr. Jacobs?

21 A. No.

22 Q. Is that a different author?

23 A. I believe it's authored by Southern or Georgia
24 Power itself. It would be the one identified as City
25 Exhibit 7.

1 Q. Okay.

2 A. There's an Independent Monitor Report.

3 Q. Right. And it's not the Independent Monitor
4 Report?

5 A. No.

6 Q. Okay. I just wanted to make sure I understood
7 which one you were talking about.

8 Okay. Page 18, Line 22, you state that there
9 are 31 amendments that are approved by the NRC and about
10 130 amendments that are planned, for a total of 300
11 amendments, based on Vogtle and Summer, that have been
12 incorporated into Turkey Point 6 and 7 COL.

13 A. That's not correct. What I'm providing is an
14 estimate of the number of amendments that have already
15 been approved by the NRC, 31. There's defined another
16 130 amendments that are in some form of process of being
17 reviewed for approval. And the industry's estimate is
18 that by the end of construction, there will be a total
19 of 300 amendments, none of which have been incorporated
20 into FPL's COL at this stage.

21 Q. Okay. With that clarification, what impact, if
22 any, does the processing of these amendments have on the
23 time frame of the issuance of the COL for Turkey Point 6
24 and 7, since all of those amendments will have to be
25 incorporated into the license?

1 A. Many of these amendments are being applied
2 post-license and can be applied post-license to our COL.
3 So it's really the five design issues, that we mentioned
4 earlier, that need to be resolved before being able to
5 grant our COL. These amendments can be processed as
6 they come in over time.

7 And, again, the process is basically the
8 amendment that Summer filed or that Vogtle filed, we put
9 a cover letter on that and say, "We'd like that to be an
10 amendment for FPL's COL."

11 And because it's already been reviewed, because
12 it's already been vetted within the NRC, we expect a
13 very short process to incorporate that into our COL.

14 Q. Okay. So, I guess, if I'm understanding what
15 you're saying correctly, the five design issues are the
16 ones that would have an impact on the issuance of the
17 COL?

18 A. That's right.

19 Q. And the other remaining amendments would be
20 either processed before or after the COL is issued?

21 A. Correct. They would have to be processed
22 before FPL could begin nuclear construction. In other
23 words, if the license amendment talks about how rebar is
24 connected in the concrete, we have to make sure that
25 license amendment was in our license and accepted by the

1 NRC before we proceeded to that step in the
2 construction.

3 Q. Okay. With that understanding, what is the
4 expected time frame that the remaining 130 amendments
5 would be processed?

6 A. We would expect that we'd be able to process
7 those as they're coming in from the Vogtle and Summer
8 projects through the 2020, 2022 time frame.

9 Q. Okay.

10 A. I don't see those having an impact on our
11 overall project schedule.

12 Q. Okay. And the five design amendments, have
13 those already been approved or are those still in the
14 process of being approved?

15 A. They're now kind of in that administrative
16 process. The technical reviews have been done. The
17 presentation that I referred to in this Duke -- in City
18 3, that was the final presentation to the Advance
19 Committee on Reactor Safeguards that gives it the
20 technical blessing, and now it's moving on to the
21 administrative process.

22 So our anticipation, based on what the NRC
23 tells us, is that those will be resolved within the next
24 year.

25 Q. Okay. Is this one of those target date type

1 estimates?

2 A. You're starting to see a pattern with the NRC
3 scheduling. Yes.

4 Q. Okay. I'm still learning their processes. I'm
5 just trying to get a better understanding.

6 Page 20, Lines 9 -- or, actually, it starts a
7 little bit higher, at 8, that sentence that kind of goes
8 all of the way to the end. You talk about, "A future
9 plan that does not include new nuclear capacity
10 increases and prolongs reliance on fossil fuels,
11 increasing exposure to fuel supply reliability and price
12 volatility and is not as effective at reducing system
13 emissions, including greenhouse gas emissions, when
14 compared to a plan that does include new nuclear
15 generation capacity."

16 So, in this statement, how does the cost of
17 building new nuclear generation factor into your
18 statement, if at all?

19 A. Well, these are both qualitative and
20 quantitative factors. To the extent that we're
21 comparing, you know, when we do a life cycle cost
22 analysis and that life cycle cost analysis includes fuel
23 and emissions costs for the gas fire unit that we were
24 comparing ourselves to, so to the extent that that
25 future emissions cost or gas volatility represented by a

1 comfortable price forecast, high, low, medium gas price
2 forecast, that's what I'm talking about. The capital
3 cost of nuclear is larger than the capital cost of a
4 combined cycle of gas, but the life cycle cost isn't
5 necessarily larger. In most cases, it's a flush.

6 Q. All right. And that's essentially what you've
7 been doing with the long-term feasibility analysis,
8 correct?

9 A. Correct.

10 Q. But you didn't undertake one of those this
11 year?

12 A. Correct.

13 Q. And I think on Page 4, Line 4, you say,
14 "Projected quantitative benefits, however, remain
15 uncertain due to a lack of a refined assessment of
16 capital construction costs." If, at all, how was this
17 uncertainty factored into your assessment of the
18 advantage of new nuclear?

19 MS. CANO: I'm going to object to the form.

20 It's a little vague.

21 BY MS. CHRISTENSEN:

22 Q. Okay. Let me see if I can take another stab at
23 it.

24 Okay. If at all, how was the uncertainty
25 related to the ultimate capital cost of building new

1 nuclear factored into your assessment of the advantages
2 of new nuclear power plants?

3 A. Well, I think the reason that we have chosen to
4 take a pause in the overall project is the uncertainty
5 in those capital costs estimates. The next opportunity
6 to reduce that uncertainty is upon completion of the
7 first wave construction.

8 Q. Okay. So as far as making that determination
9 of overall whether or not this nuclear project will be
10 cost effective, you won't know that until those first
11 waves nuclear power plants for the AP1000 are completed;
12 is that --

13 A. No. In reality, the first opportunity to
14 reduce uncertainty on the capital costs estimate is
15 going to be when we have an end result from the first
16 phase of construction. That doesn't tell me what I can
17 engage Westinghouse for in a committed EPC contract, all
18 right. But because of the amended Statute, I'm
19 precluded from doing that activity.

20 I can't do cost recover activities, you know,
21 until after the COL is received and the Public Service
22 Commission gives its exclusive authorization for us to
23 do pre-construction activities.

24 So the next best thing is to understand what
25 happened in the first wave, and that's going to be a

1 benchmark, and we've used it all along to say that we
2 have a reasonable expectation that if we go do the same
3 thing, it's going to cost us that much and it's going to
4 take that amount of time.

5 Q. Okay. All right. Let me ask you this, is it
6 true that the cost of a kilowatt hour of the nuclear
7 option would generate more return on investment than
8 other options, such as gas, given the capital cost
9 related to a nuclear option?

10 A. I've never seen any analysis on the return on a
11 kilowatt per hour.

12 Q. Okay. Let me take you to Line 21, on Page 20.
13 You talk about the historically low trend in natural gas
14 price forecasts has placed pressure on the estimate of
15 benefits to be delivered by the project.

16 A. Yes.

17 Q. Okay. Do you have any idea of how long you
18 anticipate these historically low trends in natural gas
19 prices to continue?

20 A. I don't have a personal expertise in gas
21 forecasting.

22 Q. Okay. Let me take you to Page 21, Line 12. In
23 there you talk about "The overnight capital cost
24 estimate range is \$3,940 per kilowatt hour to \$5,729 per
25 kilowatt hour." How did you determine the overnight

1 cost?

2 A. Again, this was an overnight cost that was
3 developed at the beginning of the project. It has been
4 escalated at 2.5 percent per year since that time.

5 Q. Okay. And was the original cost developed
6 based on the overnight cost from the Summer and Vogtle
7 projects?

8 A. No. That information wasn't available at that
9 point in time. We did an independent study, using the
10 Tennessee Valley Authority, and EPRI, Department of
11 Energy, did a comprehensive study of the cost of
12 production of large nuclear reactors in the United
13 States. That formed the basis of the cost estimate
14 around the nuclear island and the turbine island, and
15 then we did an additional cost estimate specific to the
16 Turkey Point site and the Turkey Point facilities that
17 are identified, including transmission, including
18 reclaimed water pipeline, and all of those activities,
19 and put those together to develop the FPL overnight cost
20 estimate.

21 Q. Okay. Now, you guys have used the 2.5 percent
22 increase per year for your long-term feasibility
23 analysis. In looking at the Summer and Vogtle projects,
24 have those costs gone up more than 2.5 percent per year?
25 Have you taken a look at those costs and have an

1 estimate of how much you think those have risen?

2 A. In general, they've followed inflation, in
3 general, but inflation, given that, you know, 2006 and
4 2007 we had an economic downturn, we had lower
5 inflation, almost non-existent inflation for a few
6 years, you know, the actual -- if you look at the
7 several indices or the Consumer Price Index, those are
8 representative of what has actually been experienced.

9 Q. Have you looked at the cost increase
10 specifically for the Summer and Vogtle projects
11 yourself?

12 A. I have not done an annual -- equivalent annual
13 increase analysis, no.

14 Q. Okay.

15 A. But it's essentially on the two to three
16 percent range.

17 Q. Do you know how much or how Concentric develops
18 its project costs?

19 A. Their process differs whether you're looking at
20 the Turkey Point 6 and 7 project or you're looking at
21 Vogtle and Summer. I think, you know, with the Turkey
22 Point 6 and 7 project, they start with my base overnight
23 cost estimate. They look at our spend curve that we
24 project out for the schedule. They look at our
25 assessment of what the escalation is going to be each

1 year, and that's how they put together, from overnight
2 cost, a total project cost.

3 Q. Okay.

4 A. For the other projects, they don't have that
5 similar capital overnight cost. They develop that by
6 looking at what they expect those total project costs
7 are, and they back calculate what an equivalent
8 overnight cost would be.

9 Q. Okay. Are you privy to the Summer and Vogtle
10 construction contracts?

11 A. No.

12 Q. Let me refer you to Page 23, Lines 10 through
13 18. In there you talk about there's no meaningful
14 update that could be done until the first wave of the
15 projects are complete. I think you may have actually
16 already answered this. I'm going to skip over that one,
17 because I think you said they would be complete in 2019
18 and '20 for Vogtle.

19 Did you have a completion date for Summer?

20 A. I don't recall, but I don't think it's very far
21 away from the Vogtle dates. It follows Vogtle, but
22 maybe just by a year or so.

23 Q. And being generally aware of the construction
24 schedules for Summer and Vogtle, do you know what the
25 difference is between the original schedule and what

1 currently is happening?

2 A. I believe it's about four years total.

3 Q. Okay.

4 A. But that would be subject to check.

5 Q. Okay. Do you believe that they'll be able to
6 meet their current schedules, given the history of
7 slippage in the past?

8 A. I think there's certainly items that challenge
9 it. You know, our site visits indicate that there's
10 good progress being made in some areas. Some of the
11 major modules are being set before their scheduled time,
12 but there are also other factors, like piping and
13 instrumentation and equipment, that's supposed to be in
14 those modules, that aren't in those modules. So it's a
15 mix.

16 And that's really why we're interested in
17 keeping an eye on things and figure out how it really
18 works.

19 Q. Okay. Do you have any idea, I mean, any
20 guesstimate of how much off of the current schedule they
21 might end up being?

22 A. Being that they just renegotiated an EPC
23 contract and everybody raised their hand and swore to
24 those dates, I'm pretty confident that they wouldn't
25 have done that if they didn't feel they could meet those

1 dates.

2 Q. Okay. If there's no meaningful opportunity to
3 revise your cost estimates until after 2020, would that
4 mean that Turkey Point 6 and 7 could not operate until
5 2030 or beyond that?

6 A. That's a reasonable estimate.

7 Q. Okay. Do you expect to be able to receive
8 fixed price contracts for Turkey Point 6 and 7?

9 A. No.

10 Q. Okay. What type of contracts would you expect
11 to receive?

12 A. I would expect it will be a mix of fixed price,
13 firm price, variable price. Things like labor, man
14 hours, those would be more variable than fixed, because
15 they're less known at the time of signing a contract.
16 Whereas the design and the fabrication costs for the key
17 components that make up the reactor and turbine, those
18 should be pretty fixed.

19 And then the materials cost, again, can be
20 firm. Meaning, we have indices and an ability to
21 project costs on those types of commodities.

22 Q. Okay. And what contractors would you expect
23 bids from?

24 A. I'm sorry?

25 What contractors would you be expecting to bid

1 on the construction for this project?

2 A. Again, it could be many of them. Under the
3 current model that's being executed at Vogtle and
4 Summer, it's a contract that's managed wholly by
5 Westinghouse Electric Corporation, and they hire a
6 contractor to do the construction. In this instance,
7 it's Fluor. The prior contract was a consortium, where
8 you had Chicago Bridge and Iron, and prior to that,
9 Shaw, as a member of a consortium, and I'm not sure that
10 that was optimal, in that they've changed their process.
11 It sounds like it wasn't.

12 So the most likely is, we would replicate
13 what's out there. If we were able to identify
14 opportunities to move off certain aspects of the
15 project, the transmission lines and the reclaimed water
16 and the water treatment plant associated with that, we
17 may subdivide those out, away from the total project --

18 Q. Okay.

19 A. -- and manage those separately.

20 Q. Okay. So, in other words, the nuclear project
21 and its immediate construction would be Westinghouse --

22 A. Again, I'm not --

23 Q. -- or something similar to that?

24 A. It would be reasonable to assume that that
25 would be our best opportunity to get value for our

1 customers.

2 Q. Likely.

3 Okay. Let me refer you to Page 36 of your
4 testimony, Line 21, all of the way at the end.

5 You talk about, "The principal cause of this
6 decrease is a decrease in contingency, the relocation of
7 payroll for the procedure writers to Licensing,
8 partially offset by increase in APOG fees anticipated in
9 2016."

10 A. Yes.

11 Q. I guess the question we had was, why would you
12 put procedure writers costs in Licensing?

13 A. Well, if you'll recall, the table that we
14 looked at earlier, the MNP team, the engineers, the
15 licensing engineers, that support the project are part
16 of the licensing cost categories. These procedure
17 writers are essentially doing the same thing. They're
18 taking writing procedures for how we maintain the
19 license once we receive it.

20 So they're engineering staff, with special
21 skills and a special job description, specifically to
22 support that aspect.

23 It was probably improperly put into the
24 engineering and design category, and then we just moved
25 it, and so that's what causes the decrease, is we moved

1 that cost over into --

2 Q. And do you know how much the cost was related
3 to that?

4 A. I do not have that number. I'm trying to look
5 back and see if -- I can see, on Page 54, Line 18, I
6 identified that the additional staff was moved from the
7 Engineering Design Category over to this Licensing
8 Category, but I don't give it an independent value.
9 That's information we can find out. I just don't have
10 it off the top of my head.

11 Q. Okay. And I wanted to clarify one thing from
12 last year. You talked a little bit about the Initial
13 Assessment Studies categories, some that were done in
14 last year's or included.

15 Is FPL seeking a prudence finding on those
16 initial studies in your testimony this year, because my
17 understanding was, those costs were going to be deferred
18 for later cost recovery?

19 So let me make sure, are you looking to get
20 prudence at this time or when you actually go to seek
21 recovery of those costs?

22 A. So for the 2015 costs?

23 Q. Correct. I think you included --

24 A. We're certainly not seeking prudence for 2016.

25 Q. No, for the costs that were incurred last year.

1 And I think last year you said that the costs were going
2 to be deferred, and I just wanted to clarify the
deferred costs. I just want to make sure you're not
4 seeking a prudency review.

5 A. I'm not sure. I would think that we would be.

6 Q. Okay.

7 A. But that may be Jennifer Grant-Keene who would
8 do that.

9 Q. Did you include any testimony regarding the
10 prudency of those studies in your testimony, that you
11 can recall?

12 A. I discussed the initial assessments, the nature
13 of them, the application of them.

14 Can you do a word search there on your
15 computer?

16 MS. CANO: Patty, do you mind if I point to
17 the section?

18 MS. CHRISTENSEN: No, please do.

19 MS. CANO: Okay. In your March testimony,
20 Page 11.

21 THE WITNESS: Thank you. Page 11, Lines 3
22 through 15 provides the information related to
23 the Initial Assessments conducted in '15.

24 BY MS. CHRISTENSEN:

25 Q. Okay. All right. I guess I'm going to have

1 some questions for Ms. Grant tomorrow on the recovery.

2 Let me ask you this, you talk about going
3 forward with the B and C studies, because I also saw
4 that somewhere in there you said you were going to hold
5 off on the D studies. How long are the B and C studies
6 good for?

7 A. Well, they're technical studies on logistical
8 issues, so they're not time bound. Cost estimates that
9 are subject to market fluctuation, that, you know, how
10 fast can you conduct each individual logistical
11 activity, and that's going to be valid now or later.

12 Q. At some point, would those studies become
13 stale, though? I mean, let's assume, for a
14 hypothetical, FPL determines it's going to pursue the
15 COLA, but for some reason, it decides that it's going to
16 delay implementation of construction for ten years.
17 Would those studies still be valid in ten years, I guess
18 is my question?

19 A. They will be informative. Whether or not new
20 technology or new methodologies develop between now and
21 then, that would be the only thing that would call for
22 them to be updated or revised.

23 Q. Okay.

24 A. But, you know, a lot of this is moving dirt and
25 concrete, so it's not very dynamic in the technology

1 world.

2 MS. CHRISTENSEN: I think I'm almost done,
3 if I'm not done already. If we could take a
4 break.

5 (Short recess taken.)

6 MS. CHRISTENSEN: Back on the record.

7 I reviewed my questions and I think that is
8 it for me.

9 MR. GREEN: Anyone else on the line that
.10 has questions?

11 MS. MAPP: Yes, Kyesha Mapp, attorney with
12 the Commission Staff. I have a couple of
13 questions.

14 CROSS EXAMINATION

15 BY MS. MAPP:

16 Q. Mr. Scroggs, what exactly is your definition of
17 a feasibility analysis?

18 A. We dabble with the feasibility analysis
19 provided by FPL from 2008 to 2015 in the annual filing.
20 The economic analysis that compares the quantitative
21 benefits of the Turkey Point 6 and 7 Project, compared
22 to other alternatives in the line cycle of gas fire
23 generation of the same capacity.

24 Q. Okay. And does your definition include a
25 review of permits and licenses?

1 A. Well, again, my definition of the feasibility
2 analysis is focused on the quantitative analytical work
3 done by our resource and planning group. In the broader
4 sense, there is an ongoing assessment of the overall
5 project feasibility that does include qualitative
6 factors, such as the reasonableness of being able to
7 obtain the permits necessary for construction and
8 operation, yes.

9 Q. Okay. And does it also include an updated CO
10 forecast?

11 A. That would be one input into the quantitative
12 feasibility analysis.

13 Q. And how about an updated environmental
14 forecast?

15 A. Similarly, another input into the quantitative
16 analysis.

17 Q. And a project cost estimate?

18 A. Yes, per the analysis.

19 Q. As well as the project cost effectiveness?

20 A. I'm not sure if I understand the term, cost
21 effectiveness.

22 Q. Okay. When you are involved in a process of
23 creating a feasibility analysis, do you update the
24 information about the cost effectiveness of the project?

25 A. Well, the output of the quantitative

1 feasibility analysis provides the quantitative measure
2 of that nuclear plant project against a competing
3 alternative. So if that's what you mean by cost
4 effectiveness, then, yes.

5 Q. Yes. Thank you.

6 As of March 1st, 2016, it was your
7 understanding that a feasibility analysis would be filed
8 this year, correct?

9 A. Yes. In keeping with our prior approach of
10 earliest practicable achievement in the milestone
11 schedule, yes.

12 Q. Okay. You earlier stated that data collection
13 in support of a feasibility analysis typically starts
14 January of the year that it's going to be filed,
15 correct?

16 A. That's correct. It's generally done -- in our
17 process, because of the timing, it kind of follows the
18 ten-year site planning process.

19 Q. Okay. What data had been collected this year
20 that would have informed the feasibility analysis hadn't
21 been filed?

22 A. Well, that data that would be a part of the
23 ten-year site plan, to include fuel forecasts and
24 emission compliance forecast.

25 Q. Okay. Has any initial draft of the feasibility

1 analysis study been started prior to the decision not to
2 file one this year?

3 A. Not to my knowledge.

4 Q. And what date specifically did you become aware
5 that a feasibility analysis will not be filed this year?

6 A. Well, I was part of the discussion and
7 decision-making related to that. As I said, I believe,
8 earlier, after the March 1 filing was made, we moved on
9 to ultimately beginning to prepare for the April 27
10 filing, and through the course of discussing the content
11 of that filing and the nature of our intent to pause
12 awaiting further capital costs estimates from the first
13 wave project, that that whole decision was made.

14 Q. Do you have any more specificity, besides
15 sometime between March 1st and April 27th?

16 A. No. There wasn't a bright line day in which,
17 poof,.that was the answer.

18 Q. Okay. You stated that you participated in the
19 decision not to file a feasibility analysis. Who else
20 was a part of that conversation?

21 A. I was talking with Steve Sim, who oversees the
22 conduct for that evaluation; other project staff, Bill
23 Maher and others, about what we know about the first
24 wave projects; and then regulatory and legal staff that
25 orchestrate the overall filing.

1 Q. And how many meetings approximately did it take
2 for the conclusion to be made that a feasibility
3 analysis should not be filed?

4 A. Again, there weren't specific meetings. There
5 were a series of calls and discussions that occurred
6 over a four or five-week process.

7 Q. And when did this end?

8 A. Probably finalized within the first two weeks
9 of April.

10 Q. Okay. I know it was touched on earlier, but
11 could you go into a little bit more detail as to what
12 specific circumstances and factors were included in the
13 decision not to file a feasibility analysis?

14 A. The principal factor is that, you know, the
15 feasibility analysis really is about moving forward into
16 the next phase of the project. In our mind, you know,
17 the incremental decision to continue to pursue those
18 incremental costs necessary to obtain the license are
19 pretty straight-forward. The next big decision is, do
20 we move on to pre-construction.

21 We believe that the next opportunity for
22 meaningful new information to inform that decision is
23 upon completion of the first wave of projects, which, as
24 a result of the 2015 re-negotiation of the EPC contract,
25 is now not expected before 2020.

2 Q. Okay. And the first wave of AP1000 units
includes the Vogtle and Summer projects, correct?

3 A. Yes, Vogtle and Summer.

4 Q. And these projects were used -- the lessons
5 learned from this project were used by FPL in previous
6 years when filing a feasibility analysis, correct?

7 A. Some lessons learned have been obtained and
8 form our project schedule, yes.

9 Q. So what has changed between this year and the
10 past year, when a feasibility analysis was filed, when
11 you have incorporated lessons learned, that led you to
12 the conclusion that it's not necessary this year?

13 A. I'm not sure if I understand your question.
14 Can I ask you to rephrase?

15 Q. Okay. Yes.

16 Previous years have included the lessons
17 learned from the Summer and Vogtle projects. You stated
18 that a feasibility analysis was not necessary, because
19 more lessons learned are continuing to occur. Why can't
20 you continue on the path that had been done in past
21 years with the feasibility analysis, including the
22 lessons learned, on an ongoing basis?

23 MS. CANO: I'm going to object to the form
24 of that question. I think there's a slight
25 mischaracterization of his prior testimony.

1 THE WITNESS: I can address it, if you'd
2 like me to.

3 BY MS. MAPP:

4 Q. Yes, please.

5 A. Okay. So when you identify the prior lessons
6 learned have been folded in, certainly they have.
7 There's hundreds of lessons learned being generated
8 every year from this project. We've taken certain ones
9 that we feel affect our project schedule and
10 incorporated them, because we don't expect that to
11 change.

12 The major lessons learned are going to be about
13 cost, and a final schedule that it takes to complete the
14 project, not to get to 50 percent or not to get to 60
15 percent, but to complete the project. Those are going
16 to be the critical, meaningful data points that we
17 believe make it logical at that point in time for the
18 decision to move to pre-construction to support a
19 feasibility analysis.

20 You ask about looking at the past years.
21 Perhaps there was not a reason to be doing feasibility
22 analyses in past years, based on the incremental request
23 for cost recovery just to complete the Licensing phase.
24 That's a determination that we came to this year,
25 particularly in response to the renegotiated EPC

1 contract, the four-year push on the first wave projects,
2 and, you know, just the highlighting of the fact that
3 our cost estimate range is not tied to a specific
4 contract or a specific project experience, and, frankly,
5 has been conservatively escalated over ten years --
6 eight years, excuse me.

7 Q. Okay. So I guess my question is, if these
8 minor changes or minor lessons learned did not affect
9 the decision to file a feasibility analysis in previous
10 years, why has the minorness of the lessons learned
11 affected this year?

12 A. I wouldn't characterize the issues as minor'
13 this year. The big gap is that they renegotiated a
14 contract, pushed the COD dates out four years, and we
15 are four years away from the next good data point on
16 cost for these projects, versus a year ago, where we,
17 you know, believing the schedule that was currently in
18 place in 2015, was a much earlier road to COD for those
19 projects.

20 Q. Okay. Now, referring to your April 27
21 testimony, when, specifically, did you begin preparing
22 that testimony to be filed, prior to filing?

23 A. I would have to look at probably the first
24 draft that didn't include any big details, just changing
25 dates to current year and such, were probably done in

1 mid March, late March time frame.

2 Q. Okay. And as to the determination that a
3 feasibility analysis would not be filed this year, do
4 you have any kind of documentation, a letter or a memo,
5 memorializing the decision not to proceed with filing a
6 feasibility analysis?

7 A. No.

8 Q. Why not?

9 A. Because it was a joint decision with regulatory
10 and legal, and probably that's not how we -- when I use
11 the tool for the project memorandums, those are tools to
12 characterize what was known and understood at the time
13 from the project's perspective and why we made certain
14 project decisions.

15 This is a legal and regulatory decision, as
16 well. It's not something that I would document in a
17 project memorandum.

18 Q. Are there any e-mails?

19 A. Not to my knowledge, but I haven't conducted a
20 search.

21 Q. Okay. I'd like to move on now.

22 If you can please turn, on your April 27
23 testimony, to Page 21, Lines 13 through 14. Please let
24 me know when you're there.

25 A. I'm on Page 21.

1 Q. Okay. Line 13 through 14. You state that the
-2 commercial operation date for Turkey Point Project 6 and
3 7 are 2027 and 2028; is that correct?

4 A. It says that is what is assumed to develop the
5 total project cost estimate.

6 Q. And is that estimate still true today?

7 A. With the assumption of 2027 and 2028.

8 Q. Okay. Now, can you please turn to Page 11,
9 Lines 6 through 8?

10 A. I'm on Page 11.

11 Q. Okay. Here you state that FPL has determined
12 that the appropriate step is to pause prior to taking
13 the next step to initiate post-licensure
14 pre-construction work. When was the decision made to
15 pause?

16 A. At the same time frame that we've been talking
17 about, late March or mid March to mid April.

18 Q. Can you give a little more specificity as to
19 when from mid March to mid April?

20 A. By the 10th of April.

21 Q. The 10th of April?

22 A. By the 10th of April. Again, multiple people
23 were consulted and multiple opinions were shared, and it
24 was a collaborative decision that didn't happen on a
25 single day, like a lightning strike.

1 Q. Okay. Earlier during today's deposition you
2 stated that the end service date would have a year to
3 year push. What exactly do you mean by that?

4 A. The current project schedule assumes that we
5 would begin pre-construction work in 2017. If we begin
6 pre-construction work in 2020, that would be three years
7 farther, and a year to year push would mean CODs would
8 move to the right three years.

9 Q. And with the introduction of a delay of three
10 years in the project, and your previous testimony today
11 that a two-and-a-half percent inflation factor is added
12 year to year, is it accurate to add two-and-a-half
13 percent per year to the project cost estimate range for
14 each year of the delay?

15 A. That would be an extension of the existing
16 estimate. I think what we have said, and the reason
17 that we're talking about a pause and awaiting new
18 information prior to conducting the feasibility
19 analysis, is that we expect that that cost estimate will
20 be much more certain, when it's informed by the results
21 of the first wave construction projects.

22 Q. So do you have a new project cost estimate at
23 this time?

24 A. The project cost estimate provided in my
25 testimony is based on the assumed current project

1 schedule of 2027, 2028.

2 Q. Okay. Given that the commercial operation date
3 and the schedule this year is identical to that of
4 2015, do you believe that the insertion of a pause,
5 after the receipt of the COL, is consistent with keeping
6 the project schedule?

7 A. It absolutely is not able to maintain 2027 and
8 2028 COD date, taking any pause.

9 Q. Are you aware of any analyses that were
10 performed to determine whether the current project
11 schedule can accommodate a pause of three years?

12 A. I believe, when we presented this project
13 schedule back in 2015, that we indicated that there
14 would be little to no margin in the project schedule,
15 which would mean it would not accommodate much delay at
16 all.

17 MS. MAPP: Okay. Thank you. That
18 concludes the questions that Staff has for
19 Witness Scroggs.

20 MS. CANO: Anyone else on the phone with
21 questions for Mr. Scroggs?

22 MR. GREEN: I have some follow-up
23 questions.

24 No one else on the phone is asking any more
25 questions?

1 REDIRECT EXAMINATION

2 BY MR. GREEN:

3 Q. Mr. Scroggs, if I understand your testimony,
4 the reason for the pause is because of the delay in the
5 Vogtle and Summer projects, correct?

6 A. More specifically, it's because of the
7 inability to draw specific conclusions about what the
8 final cost and schedule will be, as learned and
9 demonstrated from this first wave of AP1000 projects.

10 Q. So to clarify, I think what you said was, until
11 the first wave is completed, and that's those units in
12 South Carolina and Georgia, you won't be able to prepare
13 a feasibility analysis; is that correct?

14 A. That's not what I said, but that's where we
15 identify the next opportunity to gain better certainty
16 on the capital costs estimate, and that's also when we
17 would be making the request, through the Statute
18 requirements, to the Public Service Commission, to move
19 from licensing into the considerable expense associated
20 with the pre-construction period.

21 Q. So has FP&L made a decision not to file any
22 feasibility reports in the future until the first wave
23 is complete?

24 A. No.

25 Q. If the Public Service Commission were to deny

1 FP&L's request to waive the feasibility report, how long
2 would it take FP&L to prepare it and file it?

3 A. Maybe three months.

4 Q. Is FP&L operating under a current construction
5 schedule time line for Unit 6 and 7?

6 A. We have a project schedule, yes.

7 Q. Okay. And what program or model have you used
8 for your construction time line?

9 A. Primavera 6.

10 Q. Is the COLA from the NRC on the critical path
11 on that time line?

12 A. For that project, yes. Yes.

13 Q. Have you adjusted the time line this year?

14 A. No.

15 Q. Has FP&L had to pay any delay damages to
16 vendors or contractors due to delays in the construction
17 time line?

18 A. There's been -- no, there's no delays or
19 damages. We have not entered into any contracts that
20 have those. And just to clarify, we're in the licensing
21 phase, we're not in the construction phase.

22 Q. You have retained certain contractors or
23 vendors to assist you in the licensing phase?

24 A. Absolutely.

25 Q. There haven't been any delays associated with

1 them?

2 A. Again, they're almost time and material, so as
3 need arise with the NRC or other agencies ask for
4 information, we scope that out, and we give them an
5 incremental authorization to proceed with that.

6 Q. Do you have any calendar schedules or
7 invitations for meetings to discuss the request to waive
8 the feasibility report?

9 A. No.

10 Q. Do you have anything in writing from the NRC
11 about the estimated 2027 receipt of the COL?

12 A. No.

13 MR. GREEN: I don't have any other
14 questions.

15 MS. CANO: Okay. This is Jessica Cano. I
16 have three follow-up questions.

17 RE CROSS EXAMINATION

18 BY MS. CANO:

19 Q. Mr. Scroggs, Mr. Green directed you to Exhibit
20 SDS-2 to your March testimony --

21 A. Yes.

22 Q. -- and asked you questions about whether those
23 authorizations have been obtained. Do you recall those
24 questions?

25 A. Yes, I do.

1 Q. And your answer to some of them was that they
2 had not been obtained?

3 A. Correct.

4 Q. Did FPL intend for each and every one of these
5 authorizations to have been obtained by this stage of
6 the project?

7 A. No.

8 Q. Mr. Green also directed you to the top of Page
9 8 of your April 27th testimony, where you discussed the
10 concept of transparency.

11 A. Yes.

12 Q. And asked you some questions about the
13 feasibility analysis in that context. Would the
14 provision of a feasibility analysis provide any
15 additional information about the cost FPL expects to
16 incur in 2016 or 2017?

17 A. No.

18 Q. And, lastly, Ms. Christensen asked you whether
19 FPL had discussed the decision to take a project pause
20 in your 2015 testimony. Had FPL made the decision to
21 pause the project in 2015?

22 A. No.

23 MS. CANO: Okay. That is all of my
24 questions.

25 MR. GREEN: All right.

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MS. CANO: We do not waive reading and signing.

(Thereupon, the reading and signing not being duly waived, the deposition was concluded at 3:10 p.m.)

DEPONENT

Sworn to and subscribed before me this day of - - - - - 2016.

NOTARY PUBLIC - -

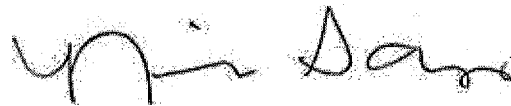
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CERTIFICATE OF OATH

STATE OF FLORIDA
SS
COUNTY OF MIAMI-DADE:

I, NIEVES SANCHEZ, Court Reporter, and a Notary Public for the State of Florida at Large, do hereby certify that STEVEN D. SCROGGS personally appeared before me and was duly sworn.

WITNESS my hand and official seal in the City of Miami, County of Miami-Dade, State of Florida, this 24th day of May, 2016.



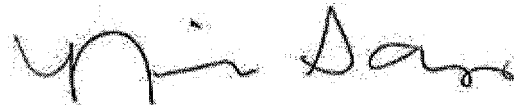
NIEVES SANCHEZ
Notary Commission Number FF230831
My Notary Commission expires August 11, 2019
REPORTER'S DEPOSITION CERTIFICATE

STATE OF FLORIDA
SS
COUNTY OF MIAMI-DADE:

I, NIEVES SANCHEZ, Court Reporter and a Notary Public for the State of Florida at Large, do hereby certify that I was authorized to and did report the deposition of STEVEN D. SCROGGS; that a review of the transcript was requested; and that the transcript is a true and complete record of my stenographic notes.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel, nor am I financially interested in the action.

DATED this 24th day of May, 2016.



NIEVES SANCHEZ

1 BAILEY & SANCHEZ COURT REPORTING, INC.
2 28 West Flagler Street, Suite 555
3 Miami, Florida 33130
4 (305) 358-2829

5
6 May 24, 2016

7 Steven D. Scroggs
8 C/O: Jessica A. Cano, Esq.
9 700 Universe Boulevard
10 Juno Beach, Florida 33408

11 RE: Nuclear Cost Recovery Clause


12 Dear Mr. Scroggs:

13 The transcript of your deposition, taken in the
14 above-styled cause on May 11, 2016, is at my office
15 awaiting your examination and signature. PLEASE
16 TELEPHONE BEFORE COMING IN so that we may arrange a
17 convenient time.

18 Please be advised that unless I hear from you by June
19 24, 2016, I will forward the original of your deposition
20 to the deposing attorney, as though you had read and
21 signed your deposition.

22 IN THE EVENT a copy of the transcript is being sent to
23 the witness by counsel, kindly instruct the witness to
24 make any changes thereto on a separate sheet of paper
25 and refer to the page number and line number which
corresponds to the change desired. DO NOT MAKE THE
CORRECTIONS ON THE TRANSCRIPT. If you have any
questions, please call.

Very truly yours,



23 NIEVES SANCHEZ
24 Court Reporter

25 cc: Counsel of record.