

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

DOCKET NO. 160009-EI

Date: June 30, 2016

**THE SOUTHERN ALLIANCE FOR CLEAN ENERGY'S
PREHEARING STATEMENT**

The Southern Alliance for Clean Energy ("SACE"), by and through its undersigned counsel, and pursuant to Order No. PSC-16-01015-PCO-EI, issued March 11, 2016 as modified by Order No. PSC-16-0140-PCO-EI, issued April 6, 2016, hereby files its Prehearing Statement.

1. Appearances

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Attorney for Southern Alliance for Clean Energy

2. Witnesses

SACE is not sponsoring any witnesses.

3. Statement of Basic Position

The "early cost recovery" law, Section 366.93, F.S., when adopted in 2006 created an alternative cost recovery mechanism for nuclear reactor construction. It also effectively shifted the financial risk of new reactor construction from power company shareholders onto its customers. Section 366.93(3), F.S., for instance, allows a utility to recover all prudent preconstruction costs – which includes carrying costs, such shareholder return on equity, from customers. Section 366.93(6), F.S. allows a utility to abandon a reactor project and collect all its construction costs from its customers. The Commission promulgated R. 25-6.0423, F.A.C. to

implement the early cost recovery law. It wisely required that a power company provide a feasibility analysis before it could obtain a reasonableness determination for future projected nuclear construction costs. It provides specifically that “each year a utility shall submit for Commission review an approval a detailed analysis of the long-term feasibility of the completing the power plant.” R. 25-60423(6)(c)5, F.A.C. FPL has not submitted the required long-term feasibility study in this year’s docket.

There is great uncertainty and risk surrounding the completion of FPL’s proposed Turkey Point 6 & 7 reactors. The project is complex and financially risky with all the financial risk being borne by its customers. The in-service dates for the proposed reactors have already been moved back three times – now FPL will not commit to an in-service date. We are now 8 years from the 2008 need determination granted to FPL to pursue the reactors and the utility is no closer to committing to the build the project than it was in 2008. The most troubling consumer protection perspective is that FPL customers have spent approximately \$282 million dollars on a project the company has never committed to build nor has ever provided a binding a cost estimate.

This year, FPL is requesting that customers foot another \$22 million – although a motion is pending before this commission to defer this year’s FPL issues to the 2017 nuclear cost recovery clause (NCRC) docket. While SACE does not object to the filing of the motion, if the motion is approved, the burden remains on FPL to prove that any monies spent in pursuance of pre-construction activities were reasonable at the time they were made and based on a finding that the project is feasible, and that such costs were prudently incurred.

From a qualitative feasibility perspective, the net cumulative fuel savings benefits of the project, extolled by FPL as the prime benefit for customers, may not be realized by customers until 50 years or more from today – based on testimony in last year’s docket. This practicably

means that many customers will move away or pass away or their business will close before realizing any cumulative fuel savings benefit from the project, if at all – forcing customers to pay today for an alleged benefit that they may never receive in their lifetime

SACE supported the cancellation of the Duke Energy Florida (“DEF”) Levy Nuclear Project (“LNP”) in the 130009 docket. SACE’s position continues to be that costs related to the wind down of both the LNP cancellation and the Crystal River Unit 3 (“CR3”) retirement be closely scrutinized to ensure that the recovery of costs protects the interests of DEF customers.

4. SACE’s Position on the Issues

DEF ISSUES AND POSITIONS

ISSUE 1: Should the Commission find that during 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project?

POSITION: No position.

ISSUE 2: Should the Commission find that during 2015, DEF’s project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project?

POSITION: No position.

ISSUE 3: What jurisdictional amounts should the Commission approve as DEF’s actual 2015 prudently incurred costs for the Crystal River Unit 3 Uprate project?

POSITION: No position.

ISSUE 4: What jurisdictional amounts should the Commission approve as reasonably estimated 2016 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

POSITION: No position.

ISSUE 5: What jurisdictional amounts should the Commission approve as reasonably projected 2017 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

POSITION: No position.

ISSUE 6: What is the total jurisdictional amount to be included in establishing DEF's 2017 Capacity Cost Recovery Clause Factor?

POSITION: No position.

FPL ISSUES AND POSITIONS

ISSUE 7: Should the Commission approve as reasonable what FPL has submitted as its 2016 annual detailed analysis of the long-term feasibility of completing the Turkey Point Units 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C.?

POSITION: No. FPL has not submitted a long-term feasibility analysis of completing the Turkey Point Units 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C.

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

POSITION: The current estimated costs are too low, and the ultimate cost of the proposed Turkey Point Units 6 & 7 will likely significantly exceed current estimates.

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

POSITION: The in-service dates for the proposed reactors have already been moved back three times. The company now provides no in-service date for the reactors in its testimony. It is doubtful the reactors will be built at all.

ISSUE 8: Should the Commission find that FPL's 2015 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

POSITION: No position.

ISSUE 9: What jurisdictional amounts should the Commission approve as FPL's actual 2015 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

POSITION: None. SACE has argued that FPL did not complete and properly analyze realistic feasibility analysis in past NCRC proceedings. Therefore requested cost recovery flowing from such analysis have not been prudently incurred and should be denied.

ISSUE 10: What jurisdictional amounts should the Commission approve as reasonably estimated 2016 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

POSITION: None. FPL did not complete and properly analyze a realistic feasibility analysis in 2015 as the basis for its 2016 expenditures, therefore cost recovery flowing from such an analysis have not been prudently incurred and should be denied.

ISSUE 11: What jurisdictional amounts should the Commission approve as reasonably projected 2017 costs for FPL's Turkey Point Units 6 & 7 project?

POSITION: None. FPL has not submitted a long-term feasibility analysis of completing the Turkey Point Units 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C.

ISSUE 12: What is the total jurisdictional amount to be included in establishing FPL's 2017 Capacity Cost Recovery Clause factor?

POSITION: This is a fallout amount from the substantive issues.

SACE Reserves the right to proffer additional FPL issues

5. Stipulated Issues

There are no stipulated issues at this time.

6. Pending Motions

SACE has no pending motions at this time.

7. Pending Confidentiality Claims or Requests

SACE has no pending confidentiality claims or requests.

8. Objections to Witness Qualifications as an Expert

SACE has no objections to any witness's qualifications as an expert.

9. Compliance with Order Establishing Procedure

SACE has complied with all requirements of the Orders Establishing Procedure entered in this docket.

Dated: June 30, 2016

Respectfully Submitted,

/s/ George Cavros
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic mail this 30th day of June 2016, to the following:

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