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May 1, 2017

**-VIA ELECTRONIC FILING-**

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

**Re: Docket No. 170009-EI; Nuclear Cost Recovery Clause**

Dear Ms. Stauffer:

Please find enclosed for filing in the above referenced docket Florida Power & Light Company's ("FPL's") Petition for Approval of 2018 Nuclear Power Plant Cost Recovery Amount Reflecting Final 2015 and 2016 True-Ups and Approval to Defer Recovery of Costs Beginning in 2017, along with the testimony and exhibits of two witnesses, including FPL's Nuclear Filing Requirements ("NFRs").

This filing is being made via the Florida Public Service Commission's Web Based Electronic Filing portal and consists of three submittals, each including a signed certificate of service. This letter and the petition are being filed as submittal 1 of 3. The remaining documents are being submitted as follows:

- Prefiled Testimony and Exhibits of S. Scroggs, including NFRs (2 of 3); and
- Prefiled Testimony and Exhibits of J. Grant-Keene (3 of 3).

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

Sincerely,

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

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

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Nuclear Cost                    )  
Recovery Clause                        )

Docket No. 170009-EI  
Filed: May 1, 2017

**FLORIDA POWER & LIGHT COMPANY’S PETITION FOR APPROVAL OF  
2018 NUCLEAR POWER PLANT COST RECOVERY AMOUNT  
REFLECTING FINAL 2015 AND 2016 TRUE-UPS  
AND APPROVAL TO DEFER RECOVERY OF COSTS BEGINNING IN 2017**

Florida Power & Light Company (“FPL”), pursuant to Section 366.93, Florida Statutes,<sup>1</sup> and Rule 25-6.0423, Florida Administrative Code, hereby petitions the Florida Public Service Commission (the “Commission”) for (i) approval to include a \$7,305,202 over-recovery in the Capacity Cost Recovery Clause (“CCRC”) during the period January – December 2018; (ii) a determination that it is reasonable and appropriate for FPL to take the final steps necessary to complete its licensing efforts for Turkey Point 6 & 7 (“the Project”); and (iii) approval to defer recovery of costs beginning with those incurred in 2017 and continuing through such time that FPL makes its decision regarding initiation of preconstruction work.

The Turkey Point 6 & 7 Project represents a valuable opportunity to significantly increase fuel diversity, reduce greenhouse gas emissions, and enhance reliability by helping to maintain a balance between generation and load in Southeastern Florida. FPL is nearing the completion of the licensing phase of this important Project, with the expectation that FPL will receive all federal licenses and approvals in 2017 or early 2018, and that FPL can resolve remaining state approvals within this same time frame. The cost to achieve such a significant milestone – the licensing of two new nuclear units – is comparatively modest, and annual costs associated with maintaining those approvals will decline over the next several years. Moreover,

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<sup>1</sup> All Florida statutory references are to the 2016 Florida Statutes.

a license in-hand will represent a 20-year (or longer) option to add this potentially vital resource for customers.

At the same time, FPL recognizes that there is uncertainty inherent in the path forward to the construction of two new nuclear units. As a result, and as discussed in the testimony filed earlier this year by FPL witness Steven Scroggs, FPL will not petition the Commission for approval to begin preconstruction work immediately upon receipt of its Combined Operating License (“COL”) and other approvals.<sup>2</sup> Instead, FPL will limit its activities over the next several years to completing licensing, maintaining compliance with approvals received, keeping those approvals current, and continuing to monitor the first wave new nuclear construction projects. This period has been described as a Project “pause.”

The \$7.3 million over-recovery FPL seeks to return to customers through the CCRC in 2018 reflects the final true-up of licensing costs incurred in 2015 and 2016, as supported by the petition and testimony filed in this docket on March 1, 2017. However, given the near-term plan for a “pause,” FPL is not petitioning for recovery of actual/estimated 2017 or projected 2018 costs at this time. Instead, FPL seeks approval to defer recovery of these costs and future Project costs until such time as a decision is made regarding proceeding with preconstruction work, thus suspending FPL’s annual filing for cost recovery through the Nuclear Cost Recovery (“NCR”) process. In support of this petition, FPL states as follows:

### **INTRODUCTION**

1. FPL is an investor-owned utility with headquarters at 700 Universe Boulevard, Juno Beach, Florida 33408, operating under the jurisdiction of the Commission pursuant to the provisions of Chapter 366, Florida Statutes. FPL is a wholly-owned subsidiary of NextEra

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<sup>2</sup> See Section 366.93(3)(c), Fla. Stat., requiring that a utility petition the Commission for approval before proceeding with preconstruction work beyond those activities necessary to obtain or maintain a license.

Energy, Inc., a registered holding company under the Federal Public Utility Holding Company Act and related regulations. FPL provides generation, transmission, and distribution service to approximately 4.9 million retail customers.

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

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

### **2018 NCR REQUEST**

4. The Florida Legislature adopted Section 366.93, Florida Statutes, in 2006 to promote utility investment in nuclear power plants. Rule 25-6.0423, Florida Administrative

Code (“the Rule”), implements this statute and provides for the annual review of expenditures and annual recovery of eligible costs through the CCRC. The Project qualifies for NCR treatment pursuant to Section 366.93(3), Florida Statutes.<sup>3</sup>

5. On March 1, 2017, FPL petitioned the Commission to approve an over-recovery of \$1,306,211, reflecting the final true-up of 2015 costs, and an over-recovery of \$5,998,991, reflecting the final-true-up of 2016 costs. If approved, these amounts would be returned to customers through the CCRC in 2018. FPL also sought a prudence determination on its 2015 and 2016 project activities and the resulting costs incurred. As discussed in FPL’s March 1, 2017 testimony, FPL’s project activities have focused on obtaining and maintaining the approvals that would be necessary for future construction of Turkey Point 6 & 7. FPL continues to seek Commission approval of these final costs and to reflect the total over-recovery amount of \$7,305,202 in its 2018 CCRC factors.

#### **REQUEST TO DEFER RECOVERY OF COSTS BEGINNING IN 2017**

6. As summarized above, the addition of new nuclear generation has a range of potential benefits for FPL’s customers. Nuclear generation greatly adds to the reliability of a system by increasing fuel diversity, fuel supply reliability and energy security. It also produces power around the clock with zero greenhouse gas emissions. In addition, the location of baseload generation in Miami-Dade County helps to maintain a balance between generation and load in Southeastern Florida.

7. As discussed by FPL witness Scroggs in the testimony that accompanies this petition, FPL is in the final steps of the licensing phase. For example, FPL currently expects to

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<sup>3</sup> By Order No. PSC-08-0237-FOF-EI, issued April 11, 2008, the Commission made an affirmative determination of need for Turkey Point 6 & 7.

receive the COL from the Nuclear Regulatory Commission in late 2017 or early 2018. Completing these final licensing steps is the right thing to do to preserve the potential for a wide range of customer benefits that could be provided by new nuclear generation in the future. In fact, the ability to deliver the potential benefits of the Turkey Point 6 & 7 project to FPL customers at any time over the next 20 years is an opportunity that is available *only if* FPL completes and maintains the licenses and approvals necessary for the Project.

8. While it is clearly appropriate to complete licensing, the appropriate timing of Project next steps is less clear. FPL has determined that upon receipt of the required Project approvals, it will enter a period of reduced project spending in which it maintains compliance with the approvals received and keeps those approvals current. FPL will also continue to monitor the new nuclear construction industry primarily by participating in new nuclear licensing and construction-related industry groups, which will enhance efficiencies in the processing of ongoing License Amendment Requests and allow FPL to gather lessons learned to support future Project decision-making. The decision to “pause” by limiting Project activities and costs in this manner, as opposed to proceeding directly into preconstruction work, reflects FPL’s desire to learn from the first wave of new nuclear construction projects currently underway in Georgia and South Carolina. These activities, estimated to continue through 2021, and estimated costs are discussed by FPL witness Scroggs.

9. Consistent with the overall Project approach discussed above, FPL seeks Commission approval to defer the review and recovery of Project costs beginning with those incurred in 2017 through the time that FPL makes a decision concerning the initiation of preconstruction work. At that time, FPL would petition the Commission to review the costs

incurred in the interim for prudence and recovery. All parties to this proceeding would be entitled to challenge the prudence of costs incurred at that time.

10. From time to time, a utility utilizing the NCR process has sought approval to defer the cost recovery it otherwise would be entitled to seek. *See, e.g., In re: Nuclear cost recovery clause*, Docket No. 150009-EI, Order No. PSC-16-0266-PCO-EI, p. 3 (approving FPL's motion to defer and noting that "neither Section 366.93 F.S., nor Rule 25-6.0423, F.A.C., require a utility to seek recovery of nuclear project costs in any given year"); *see also, In re: Nuclear cost recovery clause*, Docket No. 120009-EI, Order No. PSC-12-0650-FOF-EI, p. 5 (deferring consideration of Duke Energy Florida's CR3 Uprate long-term feasibility analysis and then-current year and projected year costs). These requests are generally consistent with the optional nature of the Nuclear Cost Recovery statute and rule. Section 366.93(3)(a) states that "...a utility may petition the commission for cost recovery as permitted by this section and commission rules." Similarly, Rule 25-6.0423(6) states that a utility "may" petition the Commission for recovery of pre-construction costs.

11. Consistent with its request for deferral, FPL has not included with this filing detailed actual/estimated 2017 Nuclear Filing Requirements ("NFRs") or projected 2018 NFRs, nor has FPL included a feasibility analysis. *See*, Rule 25-6.0423(6)(c)1.b, (6)(c)1.c, and (6)(c)5, Fla. Admin. Code. In fact, during the deferral period all related NCR filings would be suspended.<sup>4</sup> FPL would continue to capitalize its Project costs as incurred and accrue allowance for funds used during construction, and would record a return on the related deferred tax asset each year consistent with the manner in which Turkey Point 6 & 7 project costs have been recorded pursuant to Rule 25-6.0423, Fla. Admin. Code.

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<sup>4</sup> FPL would continue to make the annual filing required by Section 366.93(5), which appears to be independent of the cost recovery process.

12. In the event the Commission were to decline to grant this request for deferred cost recovery, FPL asks that the Commission defer all 2017 NCR docket issues related to 2017 and 2018 project activities and costs to the 2018 NCR docket. The prudence and final true-up of 2015 and 2016 costs should still be approved as filed in this docket.

### **CONCLUSION**

13. FPL respectfully submits that it is appropriate and reasonable to complete licensing efforts to secure the potential to construct a clean and reliable source of baseload power in South Florida. Over the next few years, FPL plans to engage only in those activities necessary to maintain the approvals received and continue to monitor progress on other new nuclear construction projects in the U.S. FPL requests approval to defer the recovery of costs incurred (and future prudence reviews) in connection with these activities until such time as the Company makes a decision regarding petitioning for approval to begin “preconstruction work,” pursuant to Section 366.93(3)(c), Fla. Stat. Consistent with this request being granted, FPL would suspend petitioning for CCRC recovery of Project costs during this period.

WHEREFORE, Florida Power & Light Company respectfully requests that the Commission enter an order (i) approving FPL’s 2018 NCR over-recovery amount of \$7,305,202, reflecting the final true-up of 2015 and 2016 Project costs; (ii) finding that FPL’s decision to complete licensing is appropriate and reasonable; and (iii) approving the deferral of NCR costs



beginning with those incurred in 2017 until such time as FPL makes a decision regarding initiation of preconstruction work.

Respectfully submitted this 1st day of May, 2017.

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By: s/ Jessica A. Cano  
Jessica A. Cano  
Fla. Bar No. 0037372

**CERTIFICATE OF SERVICE  
DOCKET NO. 170009-EI**

I HEREBY CERTIFY that a true and correct copy of FPL's Petition for Approval of 2018 NCR Amount Reflecting Final 2015 and 2016 True-Ups and Approval to Defer Recovery of Costs Beginning in 2017 was served electronically this 1st day of May, 2017, to the following:

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