

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Nuclear cost recovery clause.

DOCKET NO. 110009-EI

DATED: July 25, 2011

COMMISSION  
CLERK

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order Nos. PSC-11-0179-PCO-EI, and PSC-11-0245-PCO-EI, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

<u>Witness</u>	<u>Subject</u>
Joint Testimony of Lynn Fisher and David Rich	PSC Staff's Project Management Audits of FPL
Kathy L. Welch	PSC Staff's Financial Audits of Florida Power & Light Company (FPL)
Joint Testimony of William Coston and Kevin Carpenter	PSC Staff's Project Management Audits of PEF
Jeffery A. Small	PSC Staff's Financial Audits of Progress Energy Florida, Inc. (PEF)

b. All Known Exhibits

Staff intends to offer the following exhibits associated with the joint testimony of Lynn Fisher and David Rich:

<u>Exhibit</u>	<u>Title</u>
FR-1	2010 Review of Florida Power & Light's Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects.
FR-2	2009 Review of Florida Power & Light's Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects.

Staff intends to offer the following exhibits associated with the testimony of Kathy L. Welch:

<u>Exhibit</u>	<u>Title</u>
KLW-1	History of Testimony Provided by Kathy L. Welch

DOCUMENT NUMBER-DATE

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- KLW-2      Audit Report for 2010 costs for the Turkey Point 6 & 7 nuclear power plants.
- KLW-3      History of Testimony Provided by Kathy L. Welch
- KLW-4      Audit Report on the 2010 power uprate costs for the for the Turkey Point and St. Lucie nuclear power plants.

Staff intends to offer the following exhibit associated with the joint testimony of William Coston and Kevin Carpenter:

<u>Exhibit</u>	<u>Title</u>
CC-1	Review of Progress Energy Florida's Project Management Internal Controls for Nuclear Plant Uprate and Construction Projects.

Staff intends to offer the following exhibits associated with the testimony of Jeffery A. Small:

<u>Exhibit</u>	<u>Title</u>
JAS-1	Audit Report to address the pre-construction and construction costs as of December 31, 2010 for Levy County Units 1 & 2.
JAS-2	Audit Report for 2010 power uprate costs for the Crystal River Unit 3 nuclear power plant.

c.      Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

d.      Staff's Position on the Issues

“\*” denotes parties dispute inclusion of the issue.

**ISSUE A:**      Should the Commission defer its decision regarding the long-term feasibility of completing the Crystal River Unit 3 (CR3) Extended Power Uprate (EPU) project and the reasonableness of PEF's 2011 and 2012 ongoing construction expenditures, including associated carrying charges?

**POSITION:**      No position at this time.

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**ISSUE 1:** Should any FPL 2010 Nuclear Cost Recovery Clause rate-case type expenses be disallowed from recovery?

**POSITION:** No position at this time.

**ISSUE 2:** (*Legal*): Do FPL's activities through 2010 related to Turkey Point Units 6 & 7 qualify as "siting, design, licensing, and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.?

**POSITION:** No position at this time.

**ISSUE 3:** Should the Commission approve what FPL has submitted as its 2010 and 2011 annual detailed analyses of the long-term feasibility of completing the Turkey Point 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 3A:** Was FPL's 2010 decision to continue pursuing a Combined Operating License from the Nuclear Regulatory Commission for Turkey Point Units 6 & 7 reasonable? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**\*ISSUE 4:** What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project and is that reasonable?

**POSITION:** No position at this time.

**\*ISSUE 5:** What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility and is that reasonable?

**POSITION:** No position at this time.

**ISSUE 6:** Should the Commission find that for years 2009 and 2010 FPL's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

**POSITION:** No position at this time.

**ISSUE 7:** What system and jurisdictional amounts should the Commission approve as FPL's final 2009 and 2010 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

**POSITION:** No position at this time.

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**ISSUE 8:** What system and jurisdictional amounts should the Commission approve as reasonably estimated 2011 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

**POSITION:** No position at this time.

**ISSUE 9:** What system and jurisdictional amounts should the Commission approve as reasonably projected 2012 costs for FPL's Turkey Point Units 6 & 7 project?

**POSITION:** No position at this time.

**ISSUE 10:** Should the Commission approve what FPL has submitted as its 2010 and 2011 annual detailed analyses of the long-term feasibility of completing the Extended Power Uprate project, as provided for in Rule 25-6.0423, F.A.C? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**\*ISSUE 10A:** Should the Commission accept the quantitative methodology that FPL employed to assess the long-term feasibility of the EPU project?

**POSITION:** No position at this time.

**\*ISSUE 10B:** Should the Commission require FPL to perform separate long-term feasibility analyses for the Turkey Point and St. Lucie uprate activities?

**POSITION:** No position at this time.

**ISSUE 11:** Should the Commission find that for the years 2009 and 2010 FPL's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Extended Power Uprate project?

**POSITION:** No position at this time.

**ISSUE 12:** What system and jurisdictional amounts should the Commission approve as FPL's final 2009 and 2010 prudently incurred costs and final true-up amounts for the Extended Power Uprate project?

**POSITION:** No position at this time.

**ISSUE 13:** What system and jurisdictional amounts should the Commission approve as reasonably estimated 2011 costs and estimated true-up amounts for FPL's Extended Power Uprate project?

**POSITION:** No position at this time.

**ISSUE 14:** What system and jurisdictional amounts should the Commission approve as reasonably projected 2012 costs for FPL's Extended Power Uprate project?

**POSITION:** No position at this time.

**ISSUE 15A:** Did FPL willfully withhold information concerning the estimated capital costs of its EPU uprate projects and its related long-term study of the feasibility of the EPU uprates that is required by rule 25-6.0423, F.A.C., and that the Commission needed to make an informed decision at the time of the September 2009 hearing in Docket No. 090009-EI?

**POSITION:** No position at this time.

**ISSUE 15B:** If the answer is yes, does the Commission possess statutory and regulatory authority with which to address FPL's withholding of information?

**POSITION:** No position at this time.

**ISSUE 15C:** In light of the determinations in Issues 15A and 15B, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**\*ISSUE 16:** Was it prudent for FPL to undertake the EPU projects at Turkey Point and St. Lucie on a "fast track" basis?

**POSITION:** No position at this time.

**\*ISSUE 17:** Was it prudent for FPL to undertake the EPU projects at Turkey Point and St. Lucie in the absence of a break-even calculation?

**POSITION:** No position at this time.

**\*ISSUE 18:** If the Commission finds FPL was imprudent in Issues 16 or 17, what action can and should the Commission take?

**POSITION:** No position at this time.

**ISSUE 19:** What is the total jurisdictional amount to be included in establishing FPL's 2012 Capacity Cost Recovery Clause factor?

**POSITION:** No position at this time.

**ISSUE 20:** Should the Commission approve what PEF has submitted as its 2011 annual detailed analysis of the long-term feasibility of completing the Levy Units 1 & 2 project, as provided for in Rule 25-6.0423, F.A.C? If not, what action, if any, should the Commission take?

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**POSITION:** No position at this time.

**\*ISSUE 21:** What is the total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Levy Units 1 & 2 nuclear project and is this reasonable?

**POSITION:** No position at this time.

**\*ISSUE 22:** What is the estimated planned commercial operation date of the planned Levy Units 1 & 2 nuclear facility and is this reasonable?

**POSITION:** No position at this time.

**ISSUE 23:** Do PEF's activities to date related to Levy Units 1 & 2 qualify as "siting, design, licensing, and construction" of a nuclear power plant as contemplated by Section 366.93, F.S.?

**POSITION:** No position at this time.

**ISSUE 24:** Should the Commission find that for the year 2010, PEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 25:** What system and jurisdictional amounts should the Commission approve as PEF's final 2010 prudently incurred costs and final true-up amounts for the Levy Units 1 & 2 project?

**POSITION:** No position at this time.

**\*ISSUE 26:** Should the Commission approve for recovery in 2012 any estimated 2011 and 2012 costs necessary for receipt of the Combined License (COL) for Levy Units 1 & 2? If not, what action can and should the Commission take with respect to these costs?

**POSITION:** No position at this time.

**ISSUE 27:** What system and jurisdictional amounts should the Commission approve as reasonable actual/estimated 2011 costs and estimated true-up amounts for PEF's Levy Units 1 & 2 project?

**POSITION:** No position at this time.

**ISSUE 28:** What system and jurisdictional amounts should the Commission approve as reasonably projected 2012 costs for PEF's Levy Units 1 & 2 project?

**POSITION:** No position at this time.

**ISSUE 29:** Should the Commission approve what PEF has submitted as its 2011 annual detailed analysis of the long-term feasibility of completing the Crystal River Unit 3 Uprate project, as provided for in Rule 25-6.0423, F.A.C? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**\*ISSUE 30:** Should the Commission approve as prudent any costs incurred between October 2, 2009, and December 31, 2010, for the Crystal River Unit 3 Uprate project?

**POSITION:** No position at this time.

**ISSUE 31:** For the years 2009 and 2010, should the Commission find PEF reasonably and prudently managed its Crystal River Unit 3 Uprate license amendment request? If not, what dollar impact did these activities have on 2009 and 2010 incurred costs?

**POSITION:** No position at this time.

**ISSUE 32:** Should the Commission find that for 2010, PEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project? If not, what action, if any, should the Commission take?

**POSITION:** No position at this time.

**ISSUE 33:** What system and jurisdictional amounts should the Commission approve as PEF's 2009 and 2010 prudently incurred costs for the Crystal River Unit 3 Uprate project?

**POSITION:** No position at this time.

**ISSUE 34:** What system and jurisdictional amounts should the Commission approve as reasonable actual/estimated 2011 costs and estimated true-up amounts for PEF's Crystal River Unit 3 Uprate project?

**POSITION:** No position at this time.

**ISSUE 35:** What system and jurisdictional amounts should the Commission approve as reasonably projected 2012 costs for PEF's Crystal River Unit 3 Uprate project?

**POSITION:** No position at this time.

**ISSUE 36:** What amount from the deferred balance of the Rate Management Plan approved in Order No. PSC-09-0783-FOF-EI should the Commission approve for recovery in 2012?

**POSITION:** No position at this time.

**ISSUE 37:** What is the total jurisdictional amount to be included in establishing PEF's 2012 Capacity Cost Recovery Clause factor?

**POSITION:** No position at this time.

e. Stipulated Issues

None at this time.

f. Pending Motions

Staff has no pending motions.

g. Pending Confidentiality Claims or Requests

Staff has no pending confidentiality claims or requests.

h. Objections to Witness Qualifications as an Expert

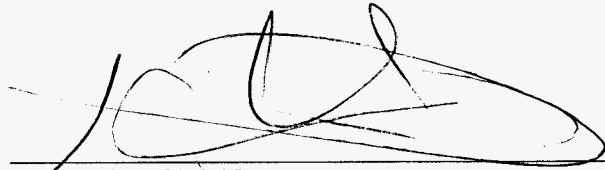
None.

i. Compliance with Order Nos. PSC-11-0179-PCO-EI and PSC-11-0245-PCO-EI

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.



Respectfully submitted this 25th day of July, 2011.

A handwritten signature in black ink, appearing to read 'KEINO YOUNG', written over a horizontal line.

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DATED: July 25, 2011

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of COMMISSION STAFF'S PREHEARING STATEMENT has been filed with Office of Commission Clerk and one copy has been furnished to the following by electronic and U.S. Mail, on this 25th day of July, 2011:

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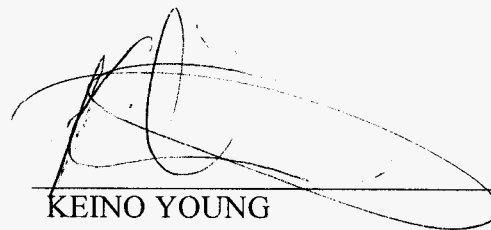
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