



Florida Power & Light Company, P. O. Box 14000, Juno Beach, FL 33408-0420  
Law Department

Bryan S. Anderson  
Managing Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408-0420  
(561) 304-5253  
(561) 691-7135 (Facsimile)

March 2, 2009

**-VIA HAND DELIVERY -**

Ms. Ann Cole, Director  
Division of the Commission Clerk and Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

RECEIVED-FPSC  
09 MAR -2 PM 4:05  
COMMISSION  
CLERK

**Re: Docket No. 090009-EI**

Dear Ms. Cole:

I am enclosing for filing in the above docket the original and seven (7) copies of Florida Power & Light Company's Petition for Approval of Nuclear Power Plant Cost Recovery True-Up for the Periods Ending December 2006, 2007 and 2008 with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows XP, and the word processing software in which the documents appear is Word 2003.

Also enclosed for filing are the original and fifteen (15) copies of the prefiled testimony and documents of Florida Power & Light Company witnesses S. Scroggs, R. Kundalkar, W. Powers and J. Reed, Concentric Energy Advisors.

COM 5 If there are any questions regarding this transmittal, please contact me at 561-304-5253.

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ADM \_\_\_\_\_

CLK Ci Reporter

Sincerely,

Bryan S. Anderson  
Fla. Authorized House Counsel No. 219511

Enclosure

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

DOCUMENT NUMBER-DATE

01668 MAR -2 09

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Nuclear Power Plant                    )  
Cost Recovery Clause                            )

Docket No. 090009-EI  
Filed: March 2, 2009

**PETITION FOR APPROVAL OF NUCLEAR POWER PLANT COST RECOVERY  
TRUE-UP FOR THE PERIODS ENDING DECEMBER 2006, 2007 AND 2008**

Florida Power & Light Company ("FPL"), pursuant to section 366.93, Florida Statutes, and Rule 25-6.0423, Florida Administrative Code, hereby petitions the Florida Public Service Commission ("the Commission") for approval of its Nuclear Power Plant Cost Recovery ("NPPCR") true-up overrecovery amount of \$24,948,620 and for a determination that FPL prudently incurred its actual NPPCR expenditures. In support of this Petition, FPL states as follows:

1. By Order No. PSC-08-0021-FOF-EI, issued January 2, 2008, the Commission made an affirmative determination of need for FPL's Extended Power Uprate ("EPU" or "Uprate") project. By Order No. PSC-08-0237-FOF-EI, issued April 11, 2008, the Commission made an affirmative determination of need for FPL's Turkey Point 6 & 7 new nuclear project. Together, these projects are anticipated to add 2,614 megawatts of emission-free baseload generation to FPL's system. Each project is currently progressing on schedule and within budget.

2. The Commission approved FPL's first NPPCR amounts related to its Uprate project and the Turkey Point 6 & 7 project by Order No. PSC-08-0749-FOF-EI, issued November 12, 2008. Those NPPCR amounts were included in FPL's capacity cost recovery clause ("CCRC") factors for the period beginning January 2009, and were based in part on actual/estimated 2008 cost data. As described below and in the testimony being filed herewith,

DOCUMENT NUMBER-DATE

01668 MAR-28

FPSC-COMMISSION CLERK

the true-up of FPL's actual NPPCR expenditures for its EPU and Turkey Point 6 & 7 projects results in an overrecovery of \$24,948,620 through the CCRC factors during 2009, due primarily to timing differences between planned and actual expenditures. FPL is seeking approval of this amount and a prudence determination with respect to the underlying actual 2008 Uprate project construction expenditures and recoverable operations and maintenance ("O&M") expenses, and actual 2006, 2007, and 2008 Turkey Point 6 & 7 site selection and preconstruction expenditures, as provided for by Rule 25-6.0423, Florida Administrative Code ("the Rule").

3. The prepared testimony and exhibits of FPL witnesses Winnie Powers, Rajiv Kundalkar, Steven Scroggs, and John Reed of Concentric Energy Advisors are being filed together with this Petition and are incorporated herein by reference. Exhibit RSK-1 to the testimony of FPL witness Kundalkar and Exhibit SDS-1 to the testimony of FPL witness Scroggs, both of which are co-sponsored by FPL witness Powers, consist of Appendix 1 containing schedules T-1 through T-10 of the Nuclear Filing Requirements ("NFRs"). These NFR schedules were developed by the Commission Staff working with FPL, the Office of Public Counsel, Progress Energy Florida and others.<sup>1</sup> The "T Schedules" are the NFRs that are intended to support final true-up filings such as the one that is the subject of this Petition.

### **UPRATE PROJECT**

4. The uprate of FPL's existing St. Lucie and Turkey Point nuclear units is progressing to deliver the substantial benefits of additional nuclear generating capacity to

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<sup>1</sup> The NFRs consist of T, AE, P and TOR Schedules. The T Schedules are to be filed each March and provide the true-up for the prior year. In May, there are three sets of schedules to be filed: the AE Schedules provide the actual/estimated cost information for the current year, the P Schedules provide the projected expenditures for the subsequent year and the TOR schedules provide a summary of the actual and projected costs for the duration of the project.

customers. Several key activities occurred in 2008, including engineering evaluations and analyses in preparation for the submittal of the License Amendment Request to the Nuclear Regulatory Commission; manufacturing work for two large main generator rotors; vendor selection and the execution of contracts for long lead procurement; vendor selection and the execution of the Engineering, Procurement, and Construction contract; and the finalization of project plans and continuation of project staffing. FPL incurred a total of approximately \$100 million in construction costs (\$99,754,304 total, \$95,097,049 net jurisdictional) and approximately \$269,000 in recoverable O&M expenses (\$269,183 total, \$256,091 net jurisdictional) in 2008. Only those costs necessary for the implementation of the uprates – not those associated with other capital or maintenance activities – are included in FPL’s Uprate construction cost expenditures. In this manner, FPL’s Uprate expenditures are “separate and apart” from other nuclear plant expenditures.

5. FPL witness Kundalkar’s testimony discusses FPL’s 2008 Uprate expenditures, while FPL witness Powers presents the calculation of the carrying charges recoverable pursuant to the Rule and related accounting controls. Because the project is in the construction phase, only carrying charges are recoverable. The principal amounts are not recovered until base rate adjustments occur as the uprated units are placed into service. As demonstrated by each of those witnesses, and supported by the testimony of FPL witness Reed, the Uprate expenditures were incurred at the direction of properly qualified and well-informed FPL management, subject to comprehensive cost and accounting controls, and based on decisions that result from robust project planning and project management processes.

## TURKEY POINT 6 & 7 PROJECT

6. FPL incurred site selection costs for the Turkey Point 6 & 7 project in 2006 and 2007, as well as preconstruction costs in 2007 and 2008, and associated carrying charges. This is FPL's first occasion to make a true-up filing for the Turkey Point 6 & 7 project pursuant to the Rule. Subsection (5) of the Rule provides that a utility may petition for recovery of costs only after a final order granting a determination of need has been issued. As noted above, the final order for the Turkey Point 6 & 7 project was issued on April 11, 2008. Because the Rule calls for final true-up filings to be made by March 1, FPL is only now in a position to utilize this subsection of the Rule with respect to the Turkey Point 6 & 7 project.

7. The parties to Docket No. 080009-EI agreed that the timing of the need determination order prevented FPL from filing for recovery of 2006 and 2007 site selection costs and 2007 preconstruction costs by March, as contemplated for previous year true-ups under the Rule. Accordingly, the Commission permitted FPL to include the Turkey Point 6 & 7 site selection and preconstruction costs in the calculation of the 2009 nuclear cost recovery amount and deferred a determination on prudence until this year's proceeding. *See* Order No. PSC-08-0749-FOF-EI. As a result, FPL is presenting a true-up of its 2006-2008 site selection costs and carrying charges and its 2007 and 2008 preconstruction costs and carrying charges this year.

8. To date, FPL has achieved all Turkey Point 6 & 7 milestones on time and under budget. FPL has selected a site and a technology design and has obtained all requested approvals at the state and local levels. Most of FPL's project activities and expenses at this stage have been related to the development of the detailed studies and analyses required to facilitate federal, state, and local reviews of the proposed project, while other expenditures have allowed FPL to take the initial engineering and commercial steps needed in the development of an execution plan

for plant deployment. Through 2008, FPL has incurred approximately \$6 million in site selection expenditures (\$6,118,105 total, \$6,092,571 jurisdictional) and approximately \$50 million in preconstruction expenditures (\$49,748,898 total, \$49,572,546 jurisdictional) for Turkey Point 6 & 7.

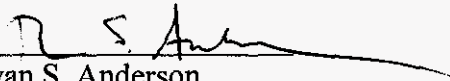
9. FPL witness Scroggs's testimony discusses FPL's 2006-2008 site selection and preconstruction expenditures incurred for the project, while FPL witness Powers presents the site selection costs, preconstruction costs and related carrying charges recoverable pursuant to the Rule and related accounting controls. As demonstrated by each of those witnesses, and supported by the testimony of FPL witness Reed, the Turkey Point 6 & 7 expenditures were incurred at the direction of properly qualified and well-informed FPL management, subject to comprehensive cost and accounting controls, and based on decisions that result from robust project planning and project management processes.

### **CONCLUSION**

WHEREFORE, Florida Power & Light Company respectfully requests that the Commission (i) determine that FPL's 2008 Uprate project construction costs, associated carrying charges, and recoverable O&M expenses were prudently incurred; (ii) determine that FPL's 2006 and 2007 Turkey Point 6 & 7 site selection costs and associated carrying charges through 2008 were prudently incurred; (iii) determine that FPL's 2007 and 2008 Turkey Point 6 & 7 preconstruction costs and associated carrying charges were prudently incurred; and (iv) approve

an NPPCR true-up amount of \$24,948,620, net jurisdictional, and authorize the inclusion of this amount in the calculation of the CCRC factors for the period beginning January 2010.

Respectfully submitted,

By:   
Bryan S. Anderson  
Fla. Authorized House Counsel No. 219511  
Attorney for Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, Florida 33408-0420  
Telephone: (561) 304-5253  
Facsimile: (561) 691-7135

**CERTIFICATE OF SERVICE  
DOCKET NO. 090009-EI**

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Petition for Nuclear Power Plant Cost Recovery True-Up was served by hand delivery\* or U.S. Mail this 2nd day of March, 2009 to the following:

Jennifer Brubaker, Esq.\*  
Lisa Bennett, Esq.  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

J. Michael Walls, Esq.  
Dianne M. Triplett, Esq.  
Carlton Fields Law Firm  
P.O. Box 3239  
Tampa, Florida 33601-3239

John W. McWhirter, Jr., Esq.  
McWhirter Reeves  
Attorneys for FIPUG  
400 North Tampa Street, Suite 2450  
Tampa, Florida 33602

James W. Brew, Esq.  
Brickfield, Burchette, Ritts & Stone, P.C.  
1025 Thomas Jefferson Street, NW,  
Eighth Floor, West Tower  
Washington, DC 20007-5201

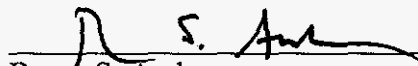
J. R. Kelly, Esq.  
Charles Rehwinkel, Esq.  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399

R. Alexander Glenn, Esq.  
John T. Burnett, Esq.  
Progress Energy Service  
Company, LLC  
P.O. Box 14042  
St. Petersburg, Florida 33733-4042

Michael B. Twomey, Esq.  
Attorney for AARP  
Post Office Box 5256  
Tallahassee, Florida 32314-5256

Mr. Paul Lewis, Jr.  
106 East College Ave., Suite 800  
Tallahassee, FL 32301-7740

By:



Bryan S. Anderson  
Authorized House Counsel No. 219511