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July 8, 2011

VIA OVERNIGHT DELIVERY

Ms. Ann Cole
Division of the Commission Clerk and
Administrative Services
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

RECEIVED-PPSC
11 JUL 11 PM 3:15
COMMISSION
CLERK

Re: Docket No. 110009-EI; Nuclear Power Plant Cost Recovery Clause

Dear Ms. Cole:

On July 1, 2011, FPL filed its Request for Confidential Classification of Internal Controls Audit Workpapers, along with Exhibits A through D. Six pages within Exhibit B (pages 45, 149, 239, 243, 261 and 318) had formatting errors which gave the appearance of additional redactions. Enclosed for filing are 2 copies of the corrected Exhibit B pages.

Please contact me if you or your Staff has any questions regarding this filing.

Sincerely,

Jessica A. Cano

Enclosures

cc: Parties of Record (w/out enc.)

11 JUL 11 PM 10:37

RECEIVED... DOCUMENT NUMBER-DATE

04749 JUL 11 =

FPSC-COMMISSION CLERK

(with contingency removed) was [redacted] Add increases of [redacted] (engineering, material, implementation), [redacted] (overruns), [redacted] (scope increases), and [redacted] (escalation); minus [redacted] (underruns) and [redacted] (scope deletions), arrive at an [redacted] forecast against the then-current [redacted] budget.

- 000096-000099 OPC's 1st POD No. 6 - CONFIDENTIAL - 4 pg (Port St. Lucie) Condition Report No 2008-37753. The report has been closed. Originated by Richard Sciscante who notified "PSL Senior Leadership at PSL MRC on 11/6/2008". However, the CR indicates an "Origination Date" of 12/10/2008. The CR noted that there were currently six (6) PSL Condition Reports active and that there should be a Change Mgmt Plan (CMP) to tie them all together, per NAP-200; Change Management. It was determined that a CMP for the project existed and that the project was being implemented under an approved process (NAP-401). No further action was deemed appropriate. The record was closed.
- 000100-000100 ORC's 1st ROD No. 7 - CONFIDENTIAL - 1 pg. "PSL EPU Project - Total" - a spreadsheet of actual and projected expenditures for PSL, January 2008 through December 2012. Total is nearly [redacted]
- 000103-000132 OPC's 1st POD No. 9 - CONFIDENTIAL - 30 pg. Extended Power Upgrades, Executive Steering Committee Update, St. Lucie & Turkey Point, dated May 2009. Pg. 6 identifies that Bechtel proposed staffing is greater than originally proposed; a review was in progress. Part of pushback effort?
- 000133-000190 OPC's 1st POD No. 10 - CONFIDENTIAL - Two documents. Document #1 - 32 pg. Turkey Point Nuclear Plant, EPU Scope Review, June 2009. Document #2 - 26 pg. St. Lucie Nuclear Plant Modification Scope Review, June 16, 2009.
- 000191-000219 OPC's 1st POD No. 11 - CONFIDENTIAL - 29 pg. Extended Power Upgrades, Executive Steering Committee Meeting, Saint-Lucie & Turkey Point, June 23, 2009; staffing estimates over-indicative bids. FPL has plan to eliminate redundancies. To be completed by June 30.
- 000220-000220 OPC's 1st POD No. 17 - CONFIDENTIAL - 1 pg Annual Cash Flow, PSL EPU Project (2009) as of August 2009. The chart lists prior year actuals, 2009 to day, 2010 (under review), and 2011 projections (under review), future year projections (under review) and a total for each category (Engineering, Material, Implementation, FP&L, Contingency, and a total). Actual expenditures are trending below the actual Budget.
- 000221-000279 OPC's 1st POD No. 20 - CONFIDENTIAL - 59 pg. Extended Power Upgrades, Executive Steering Committee, St. Lucie & Turkey Point, by Steve Keuwer, Implementation Owner - South, dtd September 9, 2009. LAR challenges. Cost certainly must be established with Bechtel - on track to complete by 12/09. The way ahead is (1) achieve cost certainly with Bechtel, (2) third party review by Highbridge, and (3) LAR reevaluation/staffing.
- 000281-000288 OPC's 1st POD No. 31 - CONFIDENTIAL 3 pg. [redacted] letter and FPL (Ross) correspondence to Connerie (Reed) requesting a review.
- 000424-000475 OPC's 1st ROD No. 12 - CONFIDENTIAL - 52 pg. (DRAFT) Extended Power Upgrade, Project Update, Saint Lucie, July 25, 2009. Same brief received from FPL previously - this appears to be the one presented to the ESC on

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FPSC-COMMISSION CLERK
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**Performance Analysis Section
2011 Work Plan
FPL's Turkey Pt. and St. Lucie Uprates**

<p>4. Review and evaluate contractor KPI and contract performance compliance during the year 5. Review all contract change orders issued by the company and requested by the contractor 6. Trend change orders and work authorizations and identify any associated project risks 7. Summarize contract change orders made in perspective to total project changes and costs</p>	<p>Document current contractor oversight and performance responsibilities of support services, such as purchasing and procurement, after the contractor completes work on the project.</p> <p>Document current QA/Audit responsibilities for contractor oversight and performance while on the project.</p> <p>Obtain and review company procedures for verifying contractor work performed and amounts payable.</p> <p>Review and document contract structure and provisions to protect the company from substandard contractor performance.</p> <p>Determine whether the company includes risk sharing within contracts, and how effective risk sharing has been to help manage contractor costs and overruns on the project.</p> <p>Determine how the company evaluates contractor costs before/after the project work is completed.</p>	<p>site to ensure safety-related and other work quality is completed to specs;</p>	
	<p>2. Determine whether company performance incentives for meeting or exceeding contract provisions have changed since the last review.</p> <p>Determine whether the company policy for completing vendor performance evaluations after major projects has changed since the last review and document any changes.</p> <p>Determine how the company has changed its contract structure and provisions since the last review to further prevent contractor overruns and substandard performance.</p>	<p>Performance Incentives are the same except that Target pricing is implemented at PSL; FPL plans to implement target pricing for PTN in 2011; Target pricing provides a monetary incentive for the EPC contractor to complete each outage on schedule or before;</p>	
	<p>3. Document current QA/Audit responsibilities for contractor oversight and performance while on the project.</p> <p>Review FPL contractor audit plan and rationale for audits.</p> <p>Determine when future audits are scheduled/planned but not currently scheduled.</p> <p>Obtain and review any Quality Assurance contractor evaluations completed since the last review.</p>	<p>The Project Implementation Plan (PIP) outlines the FPL and Bechtel responsibilities for EPU QA. Activities must be performed in accordance with the Bechtel QA Program that complies with requirements found in 10</p>	

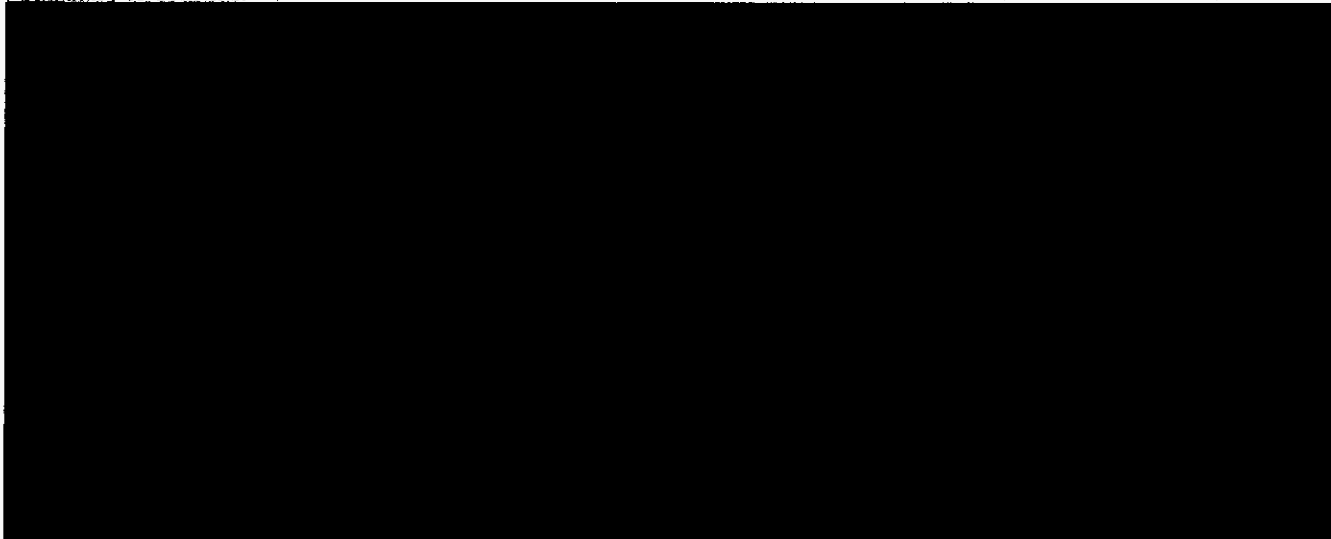
<p>Document #: NEW DR-3.6 Date Requested: Date Received: Comments: (i.e., Confidential)</p> <p>CONFIDENTIAL</p>	<p>Follow-up Required:</p> <p>Document Title and Purpose of Review: For Bechtel Power Corporation, please provide the invoices and supporting documentation, change orders, and any justifications required by FPL contract and/or control procedures pertaining to:</p> <ol style="list-style-type: none"> March 2010 May 2010 August 2010 October 2010 <p>Summary of Contents: FPL provided the invoices and supporting documentation processed during the requested months. Change orders. #s 20 and 21 apply to item a, above (March 2010); #s 22, 23, 24, and 25 apply to May 2010; #26 applies to August 2010; #27 applies to October 2010.</p> <p>Total value of four months observed [REDACTED] of the total contract [REDACTED]</p> <p>Total pushback or disallowance was [REDACTED]. The majority of that total [REDACTED] was split between [REDACTED] for 2010 billing rates not finalized and [REDACTED] from warranty work that should not have been billed to FPL. The remaining [REDACTED] was made up of [REDACTED] of erroneous work charges from the vendor and [REDACTED] disallowed for a meal eaten by a non-vendor.</p> <p>Policies and procedures appear to have been followed. Appropriate level signatories were on the FPL Invoice Checklist / Approval Form.</p> <p>The seven Change Orders were all administrative in nature, constituting \$0.00 in changes to the original contract.</p> <p>Conclusions:</p> <p>Data Request(s) Generated:</p> <p>No. _____ Description: No. _____ Description:</p> <p>Follow-up Required:</p>
<p>Document #: NEW DR-3.7 Date Requested: Date Received: Comments: (i.e., Confidential)</p> <p>CONFIDENTIAL</p>	<p>Document Title and Purpose of Review: For Golder Associates, Inc., please provide the invoices and supporting documentation, change orders, and any justifications required by FPL contract and/or control procedures pertaining to:</p> <ol style="list-style-type: none"> February 2010 April 2010 July 2010 December 2010 <p>Summary of Contents: For Post-SCA submittal support. Total of the monthly invoices reviewed [REDACTED] of the total contract.</p> <ul style="list-style-type: none"> • February - [REDACTED] • April - [REDACTED] • July - [REDACTED] • December - [REDACTED] <p>July invoices were adjusted [REDACTED] for non-reimbursable items:</p> <ul style="list-style-type: none"> • [REDACTED] AmEx charge for Scholtsky's Deli. No list of attendees could be provided or a business connection shown. • [REDACTED] Deli meal. No list of attendees could be provided. • [REDACTED] for a meal with the explanation "Dinner Greg Powell, Kevin Powell, and Amber Wangle. This is payback for staying with my

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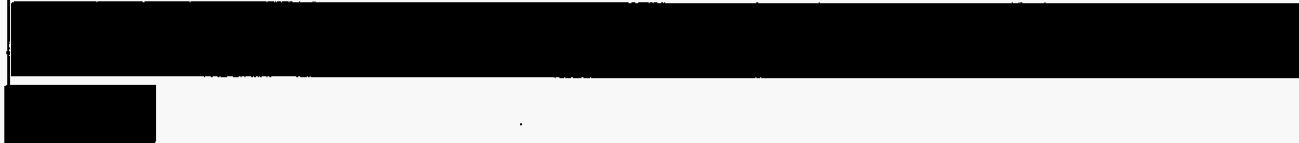
- 3. Provide the amount of time the ex-employee must refrain from such employment
- 4. Summarize what competitors, contractors, vendors are included under the prohibition.

- o. Is FPL aware that the former Project Director/Communication and Coordination currently works for a vendor, HDR?
- p. Is FPL aware whether the former Project Director/Communication and Coordination is involved in any way with contract negotiations between FPL and HRD?
- q. Was the former PTN 6&7 Project Director/Communication and Coordination involved in any way with negotiating the original HDR contract (Contract No. #4500425707)?
- r. Was the former PTN 6&7 Project Director/Communication and Coordination involved in any way negotiating CO#5 (\$115K, 12/17/10) to that contract with HDR?
- s. What current FPL safeguards preclude former employees from influencing existing contracts, change orders, or in negotiating new contracts?

Summary of Contents:



c. N/A. There are no proposals that require staffing discussed herein.



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CONFIDENTIAL

DR-1.3c Bechtel HU Trends
DR-1.3c HU Cost Calculation
Reconciliation
ICDR-1.3 EPU Cover

and the estimated impacts on project costs and scheduling d) Please describe all mitigation strategies developed or considered for each problem or challenge, indicate which strategy the company is deploying, and provide the reasoning for choosing that strategy.

Summary of Contents: a) Generally, changes made to project planning for the St. Lucie and Turkey Point uprates due to potential project risks or other project management concerns are documented in the Risk Registers (examples include potential generator stator core hot spots and delays associated with the LAR submittals to the NRC). Please see EPU DR-1.6b4 for copies of Risk Registers.

PSL: FPL deferred the NRC Generic Letter 2008-01 Chemical and Volume Control System modifications from the spring 2011 outage to the spring 2012 outage to preclude any potential impacts to the spring 2011 outage critical path. Changes made to outage durations have been based on refined scoping efforts. FPL is currently evaluating a mid-cycle EPU outage for PSL Unit 1 for final EPU Project implementation. This may be necessary if the NRC does not complete the review and approval of the PSL Unit 1 LAR prior to the completion of the PSL1 fall 2011 outage.

PTN: FPL deferred the PTN Unit 3 isophase bus duct replacement from the fall 2010 outage to spring 2012 outage to avoid potential impact to the fall 2010 outage critical path.

b) Generally, project changes, challenges, and potential project delays impacting project planning are documented in the Risk Registers (examples include potential generator stator core hot spots and delays associated with the LAR submittals to the NRC). Please see EPU DR-1.6b4 for copies of Risk Registers. Project delays or work stoppages are documented in routine project reports which include daily, weekly, and monthly reports.

PSL: FPL is currently evaluating a mid-cycle EPU outage for PSL Unit 1 for final EPU Project implementation. This may be necessary if the NRC does not complete the review and approval of the PSL Unit 1 LAR prior to the completion of the PSL1 fall 2011 outage.

PTN: [REDACTED]

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c) Generally, corrective actions undertaken, the timeframes involved, and the estimated impacts on project costs and schedule are documented in the Risk Registers and associated Risk Mitigation Plans. See EPU DR 1.6b4 for copies of the Risk Registers and associated Risk Mitigation Plans.

PSL: There have been no corrective actions undertaken, since April 2010. FPL continues to consider a potential PSL Unit 1 mid-cycle outage to complete final EPU implementation requirements if the NRC review and approval of the PSL Unit 1 LAR is not completed before the completion of the fall 2011 outage.

[REDACTED] The attached documents identify the associated corrective actions and estimated project impacts.

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d) Generally, mitigation strategies are developed and tracked in the Risk Mitigation Plans. See EPU DR 1.6b4 for copies of the Risk Registers which include the Risk Mitigation Plans. Also see FPL's response to DR-1.3c.

DR-1.3c [REDACTED]

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DR-1.3c [REDACTED]

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	No. _____ Description: No. _____ Description: Follow-up Required:
Document #: DR-3.11 Date Requested: Date Received: Comments: (i.e., Confidential)	<p>Document Title and Purpose of Review: For <u>Westinghouse</u>, please provide the invoices and supporting documentation, change orders, and any justifications required by FPL contract and/or control procedures pertaining to the following months:</p> <p>a. January 2010 <u>20110420132123240.pdf</u> - [REDACTED] <u>20110420132301372.pdf</u> - [REDACTED]</p> <p>[REDACTED]</p> <p>b. April 2010 <u>20110420133832365.pdf</u> (3 pgs) - [REDACTED] <u>20110420133855926.pdf</u> (3 pgs) - [REDACTED] <u>20110420133907501.pdf</u> (3 pgs) - [REDACTED]</p> <p><u>20110420134058043.pdf</u> (94 pgs) - [REDACTED] 4/23/10 memo from FPL to Westinghouse re: stating formula errors overstated [REDACTED]; FPL suggests to void invoice 90170003 and issue new invoice (no formal letter issued); 3/4/10 memo from FPL to Westinghouse re: formula error understating by [REDACTED]</p> <p><u>20110420134259176.pdf</u> <u>20110420134517784.pdf</u></p> <p>c. July 2010 e. September 2010 f. November 2010</p> <p>Summary of Contents:</p> <p>Conclusions:</p> <p>Data Request(s) Generated: No. _____ Description: No. _____ Description:</p> <p>Follow-up Required:</p>
Document #: DR-3.12 Date Requested: Date Received: Comments: (i.e., Confidential)	<p>Document Title and Purpose of Review: For <u>Areva</u>, please provide the invoices and supporting documentation, change orders, and any justifications required by FPL contract and/or control procedures pertaining to the following months:</p> <p>a. April 2010 b. May 2010</p>

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