

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause.

DOCKET NO. 120009-EI

DATED: August 6, 2012

COMMISSION
CLERK

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COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-12-0078-PCO-EI, filed February 20, 2012, 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 William Coston and Jerry Hallenstein	PSC Staff's Project Management Audits of PEF
Jeffery A. Small	PSC Staff's Financial Audits of Progress Energy Florida, Inc. (PEF)
Joint Testimony of David Rich and Lynn Fisher	PSC Staff's Project Management Audits of FPL
Bety Maitre	PSC Staff's Financial Audits of Florida Power & Light Company (FPL)
Yen N. Ngo	PSC Staff's Financial Audits of Florida Power & Light Company (FPL)

b. All Known Exhibits

Staff intends to offer the following exhibits associated with the joint testimony of William Coston and Jerry Hallenstein:

<u>Exhibit</u>	<u>Title</u>
CH-1	Review of Progress Energy Florida, Inc.'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:

DOCUMENT NUMBER DATE
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<u>Exhibit</u>	<u>Title</u>
JAS-1	Progress Energy Florida, Inc., Nuclear Cost Recovery Clause, Levy Nuclear Plant Units 1 & 2 as of December 31, 2011.

<u>Exhibit</u>	<u>Title</u>
JAS-2	Progress Energy Florida, Inc., Nuclear Cost Recovery Clause, Crystal River Unit 3 Uprate as of December 31, 2011.

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

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

Staff intends to offer the following exhibits associated with the testimony and supplemental testimony of Bety Maitre:

<u>Exhibit</u>	<u>Title</u>
BM-1	Florida Power and Light Company Nuclear Cost Recovery Clause, Nuclear Extended Power Uprate, Twelve Months Ended December 31, 2011.
BM-2	Florida Power and Light Company Nuclear Cost Recovery Clause, Nuclear Extended Power Uprate, Twelve Months Ended December 31, 2011, revised July 12, 2012

Staff intends to offer the following exhibits associated with the testimony of Yen N. Ngo:

<u>Exhibit</u>	<u>Title</u>
YNN-1	Florida Power and Light Company Nuclear Cost Recovery Clause, Turkey Point Plant Units 6 & 7, December 31, 2011.

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

ISSUE 1: Does Section 366.93, Florida Statutes, authorize the Commission to disallow recovery of all, or a portion of, the carrying costs prescribed by Section 366.93(2)(b), Florida Statutes?

POSITION: No position at this time.

ISSUE 2: Does the Commission have the authority to disallow recovery of any AFUDC equity on the Crystal River Unit 3 Uprate project in 2012 and 2013 due to the delay caused by the lack of implementation of a final decision to repair or retire Crystal River Unit 3? If yes, should the Commission exercise this authority and what amount should it disallow, if any?

POSITION: Staff believes this issue is subsumed in Issues 1, 3, 16, 17 and 18. Staff asserts that this is a legal issue that affects both FPL and PEF. As such, the issue of whether or not this Commission has any authority to disallow any AFUDC equity should be addressed as a separate generic issue independent of the Crystal River Uprate project. Staff requests that the Prehearing Officer exclude this issue.

ISSUE 3: Does the Commission have the authority to defer all determinations of prudence and reasonableness for the Crystal River Unit 3 Uprate project (and, thus, defer cost recovery in 2013) until a final decision to repair or retire has been implemented? If yes, should the Commission exercise this authority?

POSITION: Staff believes this issue is subsumed in Issues 1, 2, 12, 13, 14, 15, 16, 17 and 18. Staff requests that the Prehearing Officer exclude the issue from the Prehearing Order.

ISSUE 4: Do PEF's activities since January 2011 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 5: Should the Commission approve what PEF has submitted as its 2012 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?

POSITION: No position at this time.

ISSUE 6: What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Levy Units 1 & 2 nuclear project?

POSITION: No position at this time.

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ISSUE 7: What is the current estimated planned commercial operation date of the planned Levy Units 1 & 2 nuclear facility?

POSITION: No position at this time.

ISSUE 8: Should the Commission find that, for 2011, 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 9: What system and jurisdictional amounts should the Commission approve as PEF's final 2011 prudently incurred costs and final true-up amounts for the Levy Units 1 & 2 project?

POSITION: No position at this time.

ISSUE 10: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2012 costs and estimated true-up amounts for PEF's Levy Units 1 & 2 project?

POSITION: No position at this time.

ISSUE 11: What system and jurisdictional amounts should the Commission approve as reasonably projected 2013 costs for PEF's Levy Units 1 & 2 project?

POSITION: No position at this time.

ISSUE 12: Should the Commission approve what PEF has submitted as its 2012 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 13: Should the Commission find that, for 2011, 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 14: Were all of the actual Crystal River Unit 3 Uprate project expenditures prudently incurred or expended in 2011 in the absence of a final decision to repair or retire Crystal River Unit 3 in 2011?

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POSITION: Staff believes this issue is subsumed in Issues 13 and 15. Staff requests that the Prehearing Officer exclude the issue from the Prehearing Order.

ISSUE 15: What system and jurisdictional amounts should the Commission approve as PEF's 2011 prudently incurred costs and final true-up amounts for the Crystal River Unit 3 Uprate project?

POSITION: No position at this time.

ISSUE 16: Is it reasonable for PEF to incur or expend all of the estimated and projected Crystal River Unit 3 Uprate project expenditures in 2012 and 2013 in the absence of a final decision to repair or retire CR3?

POSITION: No position at this time.

ISSUE 17: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2012 costs and estimated true-up amounts for PEF's Crystal River Unit 3 Uprate project?

POSITION: No position at this time.

ISSUE 18: What system and jurisdictional amounts should the Commission approve as reasonably projected 2013 costs for PEF's Crystal River Unit 3 Uprate project?

POSITION: No position at this time.

ISSUE 19: What is the total jurisdictional amount to be included in establishing PEF's 2013 Capacity Cost Recovery Clause factor?

POSITION: No position at this time.

ISSUE 20: Do FPL's activities since January 2011 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 21: Should the Commission approve what FPL has submitted as its 2012 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.? If not, what action, if any, should the Commission take?

POSITION: No position at this time.

ISSUE 22: 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: No position at this time.

ISSUE 23: What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?

POSITION: No position at this time.

ISSUE 24: Should the Commission find that FPL's 2011 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 25: What system and jurisdictional amounts should the Commission approve as FPL's final 2011 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

POSITION: No position at this time.

ISSUE 26: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2012 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

POSITION: No position at this time.

ISSUE 27: What system and jurisdictional amounts should the Commission approve as reasonably projected 2013 costs for FPL's Turkey Point Units 6 & 7 project?

POSITION: No position at this time.

ISSUE 28: Should the Commission approve what FPL has submitted as its 2012 annual detailed analysis of the long-term feasibility of completing FPL's 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 28A: Based on the evidence, under current circumstances, should the Commission evaluate the economic feasibility of the Turkey Point and St. Lucie Extended Power Uprate activities separately?

POSITION: Staff believes this issue is subsumed in Issue 28. Staff requests that the Prehearing Officer exclude the issue from the Prehearing Order.

ISSUE 29: Should the Commission find that FPL's 2011 project management, contracting, accounting and cost oversight controls were reasonable and prudent for FPL's Extended Power Uprate project?

POSITION: No position at this time.

ISSUE 29A: Should the Commission find that FPL managed the extended power uprate activities at Turkey Point in a reasonable and prudent manner? If not, what action should the Commission take?

POSITION: Staff believes this issue is subsumed in Issue 29. Staff requests that the Prehearing Officer exclude the issue from the Prehearing Order.

ISSUE 30: What system and jurisdictional amounts should the Commission approve as FPL's final 2011 prudently incurred costs and final true-up amounts for FPL's Extended Power Uprate project?

POSITION: No position at this time.

ISSUE 31: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2012 costs and estimated true-up amounts for FPL's Extended Power Uprate project?

POSITION: No position at this time.

ISSUE 32: What system and jurisdictional amounts should the Commission approve as reasonably projected 2013 costs for FPL's Extended Power Uprate project?

POSITION: No position at this time.

ISSUE 33: What is the total jurisdictional amount to be included in establishing FPL's 2013 Capacity Cost Recovery Clause factor?

POSITION: No position at this time.

e. **Stipulated Issues**

There are no stipulated issues 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.

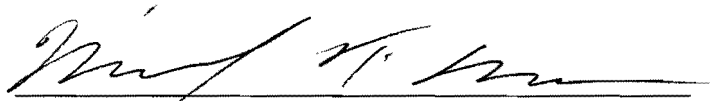
h. **Objections to Witness Qualifications as an Expert**

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

i. Compliance with Order No. PSC-12-0078-PCO-EI

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

Respectfully submitted this 6th day of August, 2012.



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DATED: August 6, 2012

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original of 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 6th day of August, 2012:

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