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May 1, 2013

**-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

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 COMMISSION  
 CLERK

**Re: Docket No. 130009-EI**

Dear Ms. Cole:

Please find enclosed for filing in the above referenced docket the original and seven (7) copies of Florida Power & Light Company's Petition for Approval of Nuclear Power Plant Cost Recovery Amount for the Year 2014, with a compact disc containing the electronic version of the same. The operating system is Windows 7, and the word processing software in which the document appears is Word 2010.

Also enclosed for filing are the original and fifteen (15) copies of the prefiled testimony and exhibits of Florida Power & Light Company witnesses S. Scroggs, T. Jones, W. Powers, and S. Sim.

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

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S. Scroggs - DN 02396-13  
 T. Jones - DN 02397-13  
 W. Powers - DN 02398-13  
 S. Sim - DN 02399-13

Sincerely,

Bryan S. Anderson  
 Fla. Authorized House Counsel No. 219511  
 Admitted in IL, Not Admitted in FL

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

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Nuclear Cost                    )  
Recovery Clause                        )

Docket No. 130009-EI  
Filed: May 1, 2013

**FLORIDA POWER & LIGHT COMPANY'S  
PETITION FOR APPROVAL OF NUCLEAR POWER PLANT  
COST RECOVERY AMOUNT FOR THE YEAR 2014**

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 approval to recover a Nuclear Power Plant Cost Recovery ("NPPCR") amount of \$28,280,172 through the Capacity Cost Recovery Clause ("CCRC") during the period January – December 2014. This equates to a typical residential customer monthly bill impact of \$0.30 per 1,000 kilowatt-hours (kWh). This is approximately 82% lower (or \$1.35 less) per month than FPL's 2013 NPPCR amount.

FPL's requested NPPCR amount includes costs for its Extended Power Uprate ("EPU") project, the implementation of which is complete. The project met its goal of providing about 400 MWe of additional nuclear power for FPL's customers in 2012, and is exceeding that goal by providing a total of at least 512 MWe of emission-free, fuel diverse generation in 2013. Thousands of people worked to bring this project to its successful completion, and only project close-out activities remain. FPL's EPU costs included in its NPPCR amount consist of (i) carrying charges on construction costs (not the construction costs themselves), (ii) recoverable operations and maintenance ("O&M") expenses, and (iii) partial year base rate revenue requirements for components that begin serving customers in 2013. Approximately \$11 million of FPL's request is for the EPU project.

<sup>1</sup> All Florida statutory references are to the 2012 Florida Statutes.

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02395 MAY-1 2013  
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Also included in FPL's NPPCR amount are pre-construction costs and carrying charges for the continued development of Turkey Point 6 & 7 – two new nuclear generating units planned at FPL's existing Turkey Point power plant site. The Turkey Point 6 & 7 costs FPL is requesting to recover are being spent to pay vendors and personnel working to obtain the federal, state, and local licenses and permits necessary for FPL to be able to construct and operate the new nuclear units. Approximately \$17.4 million of FPL's request is for the Turkey Point 6 & 7 project.

Substantial customer benefits from the addition of Turkey Point 6 & 7 to FPL's system are anticipated. For example, in the first full year of operation of both units, customers are projected to save \$804 million in fuel costs in just one future fuel cost and environmental compliance cost scenario analyzed. To the extent natural gas prices increase over the next several decades, these customer cost savings will be even greater. The addition of Turkey Point 6 & 7 will also diversify FPL's fuel and generation mix – reducing reliance on natural gas and foreign oil, and increasing the overall reliability of FPL's system – while reducing carbon dioxide emissions by a projected 265 million tons over the lives of the two units.

FPL asks that the Commission enter a finding that FPL's 2013 actual/estimated costs for the EPU project and Turkey Point 6 & 7 and 2014 projected costs for Turkey Point 6 & 7 are reasonable. FPL also requests that the Commission approve the economic feasibility analysis provided by FPL for Turkey Point 6 & 7. Once again, this analysis shows that completion of the Turkey Point 6 & 7 project is solidly cost-effective for customers. These results – which fully account for current natural gas price forecasts – demonstrate just how valuable nuclear generation additions are for FPL's customers as key components of FPL's overall generation portfolio.

## INTRODUCTION

1. FPL is a corporation with headquarters at 700 Universe Boulevard, Juno Beach, Florida 33408. FPL is an investor-owned utility operating under the jurisdiction of this Commission pursuant to the provisions of Chapter 366, Florida Statutes. FPL is a wholly-owned subsidiary of NextEra 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 more than 4.5 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, subparagraph (c) and (f) and portions of subparagraphs (e) and (g) of subsection (2) of such rule are not applicable to this Petition. In compliance with subparagraph (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 Requirement ("NFR") schedules filed herewith, may be disputed by others planning to participate in this proceeding.

## **BACKGROUND AND OVERVIEW**

4. Section 366.93, Florida Statutes, was adopted by the Legislature 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. Florida’s policy of encouraging investment in new nuclear generation for the many benefits it provides has worked: the additional nuclear generation FPL has already added to its system – at least 512 MWe serving customers in 2013 – was made possible by the available cost recovery mechanism.

5. Both the EPU project and Turkey Point 6 & 7 project qualify for NPPCR treatment pursuant to Section 366.93, Florida Statutes. By Order No. PSC-08-0021-FOF-EI, issued January 7, 2008, the Commission made an affirmative determination of need for FPL’s EPU Project. 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. These projects were approved in large part because of the significant customer benefits they were – and still are – projected to provide. For example, assuming a current “medium” fuel cost projection and the “Environmental II” scenario, as explained in FPL’s testimony and exhibits, the EPU project:

- Provides estimated fuel cost savings for FPL’s customers of more than \$100 million (nominal) in the first full year of operation;
- Provides estimated fuel cost savings for FPL’s customers over the life of the project of approximately \$3.4 billion (nominal);
- Increases FPL’s nuclear generating capacity by about 17%;
- Reduces FPL’s reliance on natural gas by more than 4% beginning in the first full year of operation;

- Adds to Florida's energy security because it does not depend on fuel delivery through Florida's only two natural gas pipelines;
- Reduces annual fossil fuel usage by the equivalent of almost 7 million barrels of foreign oil or 43 million mmBTU of natural gas;
- Reduces CO<sub>2</sub> emissions by an estimated 33 million tons over the life of the units; and
- Enhances grid stability and electric service reliability by making more electricity close to where more electricity is used – in Southeast Florida.

Similarly, assuming the same “medium” fuel cost, “Environmental II” scenario, FPL expects that Turkey Point 6 & 7 will:

- Provide estimated fuel cost savings for FPL's customers of approximately \$804 million (nominal) in the first full year of operation;
- Provide estimated fuel cost savings for FPL's customers over the life of the project of approximately \$78 billion (nominal);
- Diversify FPL's fuel sources by decreasing reliance on natural gas by approximately 18% beginning in the first full year of operation;
- Reduce annual fossil fuel usage by the equivalent of 28 million barrels of oil or 177 million mmBTU of natural gas; and
- Reduce CO<sub>2</sub> emissions by an estimated 265 million tons over the life of the project, which is the equivalent of operating FPL's entire generating system with zero CO<sub>2</sub> emissions for over 6 years.

The ultimate fuel cost savings and other benefits of each project will depend upon the actual fuel prices and other variables that exist in the future over the lives of the completed projects. For

example, to the extent natural gas prices in the future are higher than those forecast, customer fuel cost savings would also be higher.

6. The NPPCR amount sought for recovery through the CCRC of \$28,280,172 is made up of: (i) the difference between FPL's 2012 actual costs and its 2012 actual/estimated costs provided last year; (ii) the difference between FPL's 2013 actual/estimated costs and its 2013 projected costs provided last year; and (iii) FPL's 2014 projected costs, including a return on over/under recoveries from prior years. Approval of the true-up of FPL's 2012 actual costs was requested in the petition filed on March 1, 2013, and explained and supported in the direct testimony, exhibits, and NFRs filed therewith. FPL's 2013 actual/estimated and 2014 projected costs are the subject of this petition and supported by the accompanying testimony, exhibits, and NFRs filed herewith.

7. The testimony and exhibits of FPL Witnesses Winnie Powers, Terry Jones, and Steven Scroggs, filed with this petition and incorporated herein by reference, explain the computation of the total NPPCR amount for recovery during 2014, describe FPL's 2013 actual/estimated and 2014 projected costs, and demonstrate that FPL's 2013 and 2014 costs are reasonable. Exhibit TOJ-13 to the testimony of FPL Witness Jones and Exhibit SDS-8 to the testimony of FPL Witness Scroggs, both of which are co-sponsored by FPL Witness Powers, contain FPL's actual/estimated ("AE") schedules and projected ("P") schedules, as well as the True Up to Original ("TOR") Schedules that make up FPL's NFRs. The form of these NFR schedules was developed by the Commission Staff working with FPL, the Office of Public

Counsel, Progress Energy Florida and others.<sup>2</sup> The AE schedules and the P schedules support the 2013 actual/estimated and 2014 projected costs, respectively.

8. The testimony and exhibits of FPL Witness Sim provide the annual long-term feasibility analysis for Turkey Point 6 & 7 required by Rule 25-6.0423(5)(c)5, Florida Administrative Code, and demonstrates the continued economic feasibility of completing the Turkey Point 6 & 7 project. Using updated inputs for capital costs, fuel costs, and environmental compliance costs, as well as an updated load forecast and other updated system planning assumptions, the Turkey Point 6 & 7 project continues to be solidly cost-effective when compared to the addition of the most economic non-nuclear base load generation option – a highly fuel-efficient combined cycle generating unit. FPL has also included in its filing additional information addressing specific, qualitative project feasibility topics. FPL Witness Sim also quantifies the many benefits that the EPU project is estimated to provide over the uprated lives of FPL's existing nuclear units, now that implementation of that project is complete.

## **EPU PROJECT**

### **2013 Actual/Estimated Costs**

9. The final EPU outage at Turkey Point Unit 4 was successfully completed in April 2013, and all that remains is project close-out. The close-out activities include final adjustments to systems and components, updating engineering design documents, removal of temporary structures used by the EPU project, restoration of permanent structures modified for EPU project

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<sup>2</sup> The NFRs consist of T, AE, P and TOR Schedules. 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.



use, and vendor demobilization, just to name a few. FPL is projecting no EPU project costs in 2014, as the project and all project close-out activities will be complete in 2013.<sup>3</sup>

10. FPL has incurred or expects to incur during 2013 approximately \$170,108,464 in construction costs (\$166,537,880 jurisdictional, net of participant credits) and \$9,790,528 in O&M costs including interest (\$9,611,913 jurisdictional, net of participant credits including interest) for the EPU project. All of FPL's EPU costs are separate and apart from other nuclear plant expenditures, would not be incurred but for the project, and are reasonable. The carrying charges on the 2013 construction costs are estimated to total \$20,344,226. Pursuant to the Rule, FPL requests recovery of the true-up of its 2013 carrying charges and O&M costs in the 2014 NPPCR amount.

11. FPL will also be placing items associated with the Uprate Project into service in 2013. The estimated amount of \$765,539,144 (\$751,675,324 jurisdictional, net of participants) in associated costs will be transferred to plant in service at various times throughout the year as systems are placed into service, resulting in base rate revenue requirements of \$62,032,072 through the end of 2013. Additionally, there are carrying charges of (\$424,525) on the over/under recovery of previously projected 2013 base rate revenue requirements. Consistent with the applicable statute, Rule, and the Commission's Order No. PSC-08-0749-FOF-EI in Docket No. 080009-EI, carrying charges on construction costs related to the plant being placed in service have been included in FPL's NPPCR amount up to the in-service date, followed by the related base rate revenue requirements through the end of the year. As required by subsection 7(a) of Rule 25-6.0423, FPL will file a separate petition for Commission approval of a base rate adjustment for the plant in service.

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<sup>3</sup> NFRs supporting a return on prior period over/under recoveries in 2014 are included with this filing. FPL is projecting \$683,849 for a return on carrying charges and (\$1,049) for a return on O&M costs.

## TURKEY POINT 6 & 7

### 2013 Actual/Estimated Costs and 2014 Projected Costs

12. FPL is continuing to apply a thoughtful, step-wise approach to the development of the Turkey Point 6 & 7 new nuclear generation units. No construction costs are being incurred for the Turkey Point 6 & 7 project in 2013, and no construction costs are being pre-recovered through the nuclear cost recovery process. The primary focus at this stage of the project has been, and remains, obtaining the necessary federal, state and local approvals for construction and operation of Turkey Point 6 & 7. By continuing to seek the necessary licenses, permits and approvals, FPL is maintaining progress toward delivering the benefits of new nuclear generation to its customers.

13. FPL has incurred or expects to incur \$29,277,715 in pre-construction costs (\$28,748,963 jurisdictional), \$4,908,335 in carrying charges, and \$180,883 in site selection carrying charges for Turkey Point 6 & 7 in 2013. The pre-construction costs are primarily related to licensing and permitting activities. The site selection costs consist only of a return on the deferred tax asset/liability. All of these costs are related to or resulting from the project and are reasonable. Pursuant to subsection (5)(a) of the Rule, FPL requests recovery of the true-up of its jurisdictional costs in its 2014 NPPCR amount.

14. During 2014, FPL will incur expenses related to the continued support of the licenses, permits, and other approvals necessary to maintain the opportunity to add new nuclear generation from Turkey Point 6 & 7 to FPL's system. FPL projects that it will incur \$17,136,102 in pre-construction costs (\$16,826,626 jurisdictional), \$7,143,609 in carrying charges, and \$180,883 in site selection carrying charges for Turkey Point 6 & 7 in 2014. All of the costs are

related to or resulting from the project and are reasonable. Pursuant to subsection (5)(a) of the Rule, FPL requests recovery of these jurisdictional costs in its 2014 NPPCR amount.

### **Long Term Feasibility Analysis**

15. Rule 25-6.0423(5)(c)5, Fla. Admin. Code, requires that utilities “submit for Commission review and approval a detailed analysis of the long-term feasibility of completing the power plant.” The Commission stated in Order No. PSC-09-0783-FOF-EI at page 14 (referring to Order No. PSC-08-0237-FOF-EI), that FPL was required to include updated fuel forecasts, environmental forecasts, break-even costs, and capital cost estimates, and that FPL should account for “sunk costs” in its feasibility analysis. FPL has complied with these requirements. Using updated assumptions and inputs, completion of the Turkey Point 6 & 7 project continues to be solidly cost-effective for FPL’s customers, as described in detail by FPL Witness Sim.

16. As described by Dr. Sim, Turkey Point 6 & 7 continues to be a cost-effective addition for FPL’s customers, taking into account all updated assumptions. FPL’s analysis of Turkey Point 6 & 7 was performed by calculating a “breakeven capital cost” – the capital cost amount FPL could spend on new nuclear and break even with what it would spend for a combined cycle resource addition on a Cumulative Present Value of Revenue Requirements basis – and comparing it to its current project non-binding cost estimate range. The breakeven capital costs are higher than FPL’s non-binding cost estimate range (i.e., the results are favorable) in five out of seven fuel and environmental compliance cost scenarios analyzed. In the remaining two scenarios, the breakeven capital costs are within the non-binding cost estimate range. Accordingly, Turkey Point 6 & 7 continues to be an economically sound choice for FPL’s

customers. Additionally, as explained by Mr. Scroggs, the Turkey Point 6 & 7 project remains feasible with respect to other, non-economic considerations.

### CONCLUSION

17. FPL's 2013 actual/estimated costs for the EPU project and for Turkey Point 6 & 7 and its 2014 projected costs for Turkey Point 6 & 7 consist of reasonable amounts that are expected to be expended for the projects during those years. FPL's planned expenditures are subject to a rigorous planning and budgeting process, and key decisions affecting those expenditures receive the benefit of informed, thorough and multi-disciplined assessment as well as executive management review, all as described and shown in FPL's testimony and exhibits, including NFRs. The EPU project is already providing significant benefits to customers. Completion of Turkey Point 6 & 7 continues to be cost-effective for FPL's customers after accounting for a number of updated assumptions, as demonstrated by FPL's 2013 feasibility analysis. For all the foregoing reasons, as discussed in the testimony of FPL's witnesses, FPL's 2013 actual/estimated and 2014 projected costs are reasonable, and its feasibility analysis should be approved.

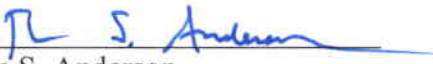
WHEREFORE, Florida Power & Light Company respectfully requests that the Commission enter an order (i) approving recovery of an NPPCR jurisdictional amount of \$28,280,172 through the CCRC during the period January – December 2014, reflecting the 2012 final true-up and 2013 actual/estimated true-up of carrying charges on construction costs, O&M costs, and base rate revenue requirements for the EPU Project, as well as the 2012 final true-up, 2013 actual/estimated true-up, and 2014 projected site selection costs, pre-construction costs, and associated carrying charges for Turkey Point 6 & 7; (ii) determining that FPL's 2013 actual/estimated costs for the EPU project and Turkey Point 6 & 7 project are reasonable; (iii)

determining that FPL's 2014 projected costs for the Turkey Point 6 & 7 project are reasonable;  
and (iv) approving FPL's Turkey Point 6 & 7 feasibility analysis.

Respectfully submitted this 1<sup>st</sup> day of May, 2013.

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**CERTIFICATE OF SERVICE  
DOCKET NO. 130009-EI**

I HEREBY CERTIFY that a true and correct copy of FPL's Petition for Approval of Nuclear Power Plant Cost Recovery Amount for the Year 2014 and accompanying testimony and exhibits (including an electronic copy of non-confidential exhibits created in Excel format) was served via hand delivery\* or overnight UPS delivery this 1st day of May, 2013 to the following:

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