

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

**DOCKET NO. 130009-EI
FLORIDA POWER & LIGHT COMPANY**

MAY 1, 2013

**IN RE: NUCLEAR POWER PLANT COST RECOVERY
FOR THE YEAR ENDING
DECEMBER 2014**

TESTIMONY & EXHIBITS OF:

WINNIE POWERS

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PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
DIRECT TESTIMONY OF WINNIE POWERS
DOCKET NO. 130009-EI

May 1, 2013

Q. Please state your name and business address.

A. My name is Winnie Powers. My business address is 700 Universe Boulevard, Juno Beach, FL 33408.

Q. By whom are you employed and what is your position?

A. I am employed by Florida Power & Light Company (FPL or the Company) as New Nuclear Accounting Project Manager.

Q. Have you previously filed testimony in this docket?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present the calculation of the \$28,280,172 revenue requirements that FPL is requesting to recover through the Capacity Cost Recovery Clause (CCRC) in 2014. These revenue requirements are summarized in my Exhibit WP-5 and shown in the Nuclear Filing Requirement Schedules (NFRs) FPL is now filing in this docket. Included in these revenue requirements is FPL's final true-up for the 2012 T Schedules filed on March 1, 2013, in this docket. In addition, I provide an overview of the components of the revenue requirements included in FPL's filing and

1 demonstrate that the filing complies with the Florida Public Service
2 Commission (FPSC or Commission) Rule No. 25-6.0423, Nuclear or
3 Integrated Gasification Combined Cycle Power Plant Cost Recovery (Nuclear
4 Cost Recovery Rule or NCR Rule). I also explain how carrying charges are
5 provided for under the Nuclear Cost Recovery Rule, describe the base rate
6 revenue requirements included for recovery in the NFRs and discuss the
7 accounting controls FPL relies upon to ensure only appropriate costs are
8 charged to the projects.

9 **Q. Please summarize your testimony.**

10 A. FPL is requesting to recover \$28,280,172 in revenue requirements in 2014.

11 These revenue requirements are based on:

12 (1) The final true-up of 2012 costs of (\$1,718,507);

13 (2) The actual/estimated true-up of 2013 costs of \$5,164,762; and

14 (3) The projection of 2014 costs of \$24,833,917.

15 FPL's 2013 Actual/Estimated (AE) and 2014 Projected (P) Schedules comply
16 with the Nuclear Cost Recovery Rule and reflect information subject to the
17 robust and comprehensive corporate and overlapping business unit controls
18 for incurring and validating costs and recording transactions associated with
19 FPL's Turkey Point 6 & 7 (TP 6 & 7 or New Nuclear) and Extended Power
20 Uprate (EPU or Uprate) Projects.

21 **Q. Are you sponsoring or co-sponsoring any Exhibits in this case?**

22 A. Yes. I am sponsoring the following exhibits:

- 1 • Exhibit WP-5, 2014 Revenue Requirements, details the Revenue
2 Requirements requested to be recovered in 2014. These amounts include
3 the results of the 2012 True-Up (T) NFRs filed in this docket on March 1,
4 2013, the 2013 AE NFRs, and the 2014 P NFRs FPL is now filing. The
5 NFRs detail the components of cost by project, by year and by category
6 of costs being recovered. For TP 6 & 7 this includes Site Selection and
7 Pre-construction costs, and carrying costs on unrecovered balances and
8 on the deferred tax asset/liability. For the EPU, this includes carrying
9 costs on construction costs and on the deferred tax asset/liability,
10 recoverable operation and maintenance costs (O&M) including interest,
11 and base rate revenue requirements, including carrying charges, for the
12 year plant is placed into service.
- 13 • Exhibit WP-6, 2013 Base Rate Revenue Requirements, details the
14 revenue requirements for the Uprate Project plant modifications expected
15 to be placed into service during 2013 (as updated for actual/estimated
16 information).
- 17 • I additionally sponsor or co-sponsor some of the NFRs included in
18 Exhibits sponsored by FPL Witnesses Scroggs and Jones as described
19 below.
- 20 • Exhibit SDS-7, Turkey Point 6 & 7 Site Selection and Pre-construction
21 NFRs, consists of 2013 AE Schedules, 2014 P Schedules, and 2014 True-
22 up to Original (TOR) Schedules. The NFRs contain a table of contents

1 listing the schedules sponsored and co-sponsored by FPL Witness Scroggs
2 and me, respectively.

3
4 Exhibit TOJ-13, EPU NFR Schedules, consists of 2013 AE Schedules, 2014 P
5 Schedules, and 2014 TOR Schedules. The NFRs contain a table of contents
6 listing the schedules that are sponsored and co-sponsored by FPL Witness
7 Jones and me, respectively.

8

9 **NUCLEAR FILING REQUIREMENT SCHEDULES**

10

11 **Q. Please describe the NFRs you are filing in this Docket.**

12 A. FPL is filing its 2013 AE, 2014 P, and 2014 TOR Schedules in this docket
13 consistent with the requirements of the NCR Rule to provide an overview of
14 the financial and construction aspects of its nuclear power plant projects,
15 outline the categories of costs represented, and provide the calculation of
16 detailed project revenue requirements. FPL previously filed its 2012
17 T Schedules on March 1, 2013 in this docket. My testimony refers to Exhibits
18 that include the 2013 AE Schedules, 2014 P Schedules, and the 2014 TOR
19 Schedules. The 2014 TOR Schedules provide an updated summary of the
20 project costs.

21 **Q. Please generally describe the types of costs that FPL is seeking recovery**
22 **of in this docket.**

1 A. With respect to TP 6 & 7, FPL is seeking recovery of costs necessary to pay
2 vendors and personnel working now to obtain the licenses and permits needed
3 for the project, as described by FPL Witness Scroggs. These costs are Pre-
4 construction costs.

5

6 Because the EPU Project is in the construction phase, FPL is recovering
7 carrying charges on its investment, O&M, and partial-year revenue
8 requirements for those portions of the project that are placed into service –
9 FPL does not recover its capital investment dollar-for-dollar as
10 expended. FPL will recover its capital investment through base rates over the
11 decades that the uprated units are serving customers. As described by FPL
12 Witness Jones, the EPU implementation work is complete and the EPU
13 Project is in the close-out phase. As such, there are no projected 2014 EPU
14 Construction or O&M costs.

15 **Q. Does the Nuclear Cost Recovery Rule describe the annual filing**
16 **requirements that a utility must make in support of its current year**
17 **expenditures for Commission review and approval?**

18 A. Yes. The Nuclear Cost Recovery Rule states:

19 “ 1. Each year, a utility shall submit, for Commission review and approval, as
20 part of its Capacity Cost Recovery Clause filings: ...

21 b. True-Up and Projections for Current Year. By May 1, a utility
22 shall submit for Commission review and approval its Actual/Estimated true-
23 up of Projected pre-construction expenditures based on a comparison of

1 current year Actual/Estimated expenditures and the previously-filed estimated
2 expenditures for such current year and a description of the pre-construction
3 work projected to be performed during such year; or, once construction
4 begins, its Actual/Estimated true-up of Projected carrying costs on
5 construction expenditures based on a comparison of current year
6 Actual/Estimated carrying costs on construction expenditures and the
7 previously filed estimated carrying costs on construction expenditures for
8 such current year and a description of the construction work projected to be
9 performed during such year.”

10 **Q. Is FPL complying with these requirements with respect to its 2013**
11 **Actual/Estimated TP 6 & 7 and Uprate Project costs?**

12 A. Yes. FPL has included for TP 6 & 7 the 2013 AE Schedules in Exhibit SDS-7
13 for Site Selection and Pre-construction costs. FPL has included for the Uprate
14 Project the 2013 AE Schedules in Exhibit TOJ-13. These schedules include
15 two months of actual costs and ten months of estimated costs. In their
16 testimonies, FPL Witness Scroggs for the TP 6 & 7 Project and FPL Witness
17 Jones for the Uprate Project provide the reasons why these actual/estimated
18 costs and resulting true-ups are reasonable.

19 **Q. Does the Nuclear Cost Recovery Rule describe the annual filing**
20 **requirements that a utility must make for the projected year**
21 **expenditures for Commission review and approval?**

22 A. Yes. The Nuclear Cost Recovery Rule states:

23 “ 1. Each year, a utility shall submit, for Commission review and approval, as

1 part of its Capacity Cost Recovery Clause filings: ...

2 c. Projected Costs for Subsequent Years. By May 1, a utility shall
3 submit, for Commission review and approval, its Projected pre-construction
4 expenditures for the subsequent year and a description of the pre-construction
5 work projected to be performed during such year; or, once construction
6 begins, its Projected construction expenditures for the subsequent year and a
7 description of the construction work projected to be performed during such
8 year.”

9 **Q. Is FPL complying with these requirements with respect to its 2014**
10 **Projected TP 6 & 7 Project and Uprate Project costs?**

11 A. Yes. FPL has included for TP 6 & 7 the 2014 P Schedules in Exhibit SDS-7
12 for Site Selection and Pre-construction costs. FPL has included for the Uprate
13 Project certain 2014 P Schedules to show the refund/collection of the carrying
14 charges or interest on the final True-up of 2012 costs and the actual/estimated
15 True-up of 2013 costs. My Exhibit WP-5, details the true up of 2012 actuals
16 (as filed on March 1, 2013 in this docket), and the 2013 actual/estimated and
17 2014 projected revenue requirements FPL is filing now and requesting to
18 recover in 2014.

19 **Q. Why is FPL only including certain 2014 P Schedules for the EPU Project**
20 **in its filing?**

21 A. The Uprate Project will be completed in 2013 and no additional construction
22 or O&M costs are projected for 2014. However, FPL will refund or collect
23 any over/under recoveries resulting from its 2012 and 2013 true-ups in 2014.

1 Therefore, FPL is filing 2014 P Schedules to show the refund/recovery, along
2 with related carrying charges or interest expense on any over/under recoveries
3 of carrying charges, base rate revenue requirements or O&M expenses as a
4 result of the 2012 final true-up and 2013 partial true-up filed in this docket.

5 **Q. How is FPL providing an update to the original TP 6 & 7 Project and**
6 **Uprate Project costs, respectively?**

7 A. FPL has included for TP 6 & 7 the 2014 TOR Schedules in Exhibit SDS-7 for
8 Site Selection and Pre-construction costs. FPL has included for the Uprate
9 Project the 2014 TOR Schedules in Exhibit TOJ-13. The TOR Schedules
10 follow the format of the T, AE, and P Schedules but also detail the actual to
11 date project costs and projected total retail revenue requirements for the
12 duration of the project based on the best available information prior to the
13 filing.

- 14 • Schedule TOR-1 - Reflects the jurisdictional amounts used to calculate the
15 final true-up, actual/estimated true-up, projection, deferrals, and requested
16 recovery amounts for each project included in the Nuclear Cost Recovery
17 Clause (NCRC).
- 18 • Schedule TOR-2 - Reports the budgeted and actual costs as compared to
19 the estimated in-service costs of the proposed power plant as provided in
20 the petition for need determination or revised estimate if necessary.
- 21 • Schedule TOR-3 - Provides a summary of the actual amounts through 2012
22 and projected total amounts for the project.

- 1 • Schedule TOR-4 - Provides the annual construction O&M expenditures by
2 function as reported for all historical years through 2012, for the current
3 year, and for the projected year.
- 4 • Schedule TOR-6 - Provides the actual expenditures through 2012 and
5 projected annual expenditures by major tasks performed within Site
6 Selection, Pre-construction, and Construction for the project.
- 7 • Schedule TOR-6A - Provides a description of the major tasks performed
8 within the Site Selection, Pre-construction, and Construction category for
9 the year filed.
- 10 • Schedule TOR-7 - Reflects initial project milestones in terms of costs,
11 budget levels, initiation dates, and completion dates as well as all revised
12 milestones and reasons for each revision.

13 **Q. What are the sunk costs that FPL is accounting for in the feasibility**
14 **analysis?**

15 A. As discussed in FPL Witness Dr. Sim’s testimony, for TP 6 & 7, FPL is
16 excluding in the feasibility analysis a total of approximately \$192 million of
17 sunk costs as of December 31, 2012.

18 **Q. Please explain the components of the revenue requirements that FPL is**
19 **requesting to include for recovery effective January 1, 2014.**

20 A. The total amount FPL is requesting to recover in 2014 is \$28,280,172. This
21 amount reflects the true-up of 2012 actual costs as filed on March 1, 2013 of
22 (\$1,718,507), the true-up to 2013 actual/estimated costs of \$5,164,762, and

1 the recovery of 2014 projected costs of \$24,833,917 as shown on Exhibit
2 WP-5.

3

4

TURKEY POINT 6 & 7

5

Actual/Estimated Revenue Requirements - 2013

6

7 **Q. What is the revenue requirement amount that FPL is requesting to reflect**
8 **in the true-up of its 2013 TP 6 & 7 Costs?**

9 A. FPL is requesting (\$1,155,974) in revenue requirements, representing an
10 under recovery of Pre-construction costs of \$62,726, and an over recovery of
11 carrying charges of (\$1,218,700) as shown on Exhibit WP-5. This amount
12 will be reflected in the CCRC charge paid by customers when the CCRC is
13 reset in 2014. There is no true-up of 2013 Site Selection costs since there is
14 only the recovery of carrying costs remaining on the deferred tax asset for Site
15 Selection and no true-up is required, as presented on FPL Witness Scroggs's
16 Exhibit SDS-7, Schedule AE-3A.

17 **Q. What are FPL's 2013 actual/estimated TP 6 & 7 Pre-construction**
18 **expenditures compared to costs previously projected and any resulting**
19 **(over)/under recoveries of costs?**

20 A. FPL's actual/estimated TP 6 & 7 Pre-construction expenditures for the period
21 January through December 2013 are \$29,277,715 (\$28,748,963 on a
22 jurisdictional basis) as presented in FPL Witness Scroggs's testimony and
23 provided on SDS-7, Schedule AE-6. FPL's previous projected 2013 Pre-

1 construction expenditures were \$28,686,236 on a jurisdictional basis. The
2 result is an under recovery of Pre-construction revenue requirements of
3 \$62,726.

4 **Q. What are FPL's 2013 actual/estimated TP 6 & 7 Pre-construction**
5 **carrying charges compared to carrying charges previously projected and**
6 **any resulting (over)/under recoveries of costs?**

7 A. FPL's 2013 actual/estimated TP 6 & 7 Pre-construction carrying charges are
8 \$4,908,335. FPL's previous projected carrying charges were \$6,127,036,
9 resulting in an over recovery of revenue requirements of (\$1,218,700). The
10 calculations of the carrying charges can be found in Exhibit SDS-7, Schedules
11 AE-2 and AE-3A.

12

13 **Projected Revenue Requirements - 2014**

14

15 **Q. What revenue requirement amount is FPL requesting for its 2014**
16 **projected TP 6 & 7 Costs?**

17 A. FPL is requesting recovery of \$24,151,118 in revenue requirements related to
18 its projected 2014 TP 6 & 7 Site Selection and Pre-construction costs. These
19 revenue requirements consist of projected TP 6 & 7 Pre-construction
20 expenditures of \$17,136,102 (\$16,826,626 on a jurisdictional basis) as
21 presented in FPL Witness Scroggs's testimony and provided in Exhibit
22 SDS-7, Schedule P-6 and projected carrying charges of \$7,143,609 as shown
23 in Exhibit SDS-7, Schedule P-2 and P-3A. Also included are projected TP

1 6 & 7 Site Selection carrying costs on the deferred tax asset of \$180,883 as
2 shown on Exhibit SDS-7.

3 **Q. What is the total amount FPL is requesting to recover in its 2014 NCRC**
4 **Capacity Cost Recovery factor for TP 6 & 7 Pre-construction costs?**

5 **A.** FPL is requesting to include \$17,392,343 of revenue requirements in 2014 for
6 TP 6 & 7 Pre-construction costs.

7

8 This amount consists of the true-up of 2012 actual TP 6 & 7 Pre-construction
9 costs and carrying costs of (\$5,602,800), described in my March 1, 2013
10 testimony, the true-up of 2013 actual/estimated TP 6 & 7 Pre-construction
11 costs and carrying costs of (\$1,155,974), the 2014 projected TP 6 & 7 Site
12 Selection carrying costs of \$180,883 and 2014 Pre-construction costs and
13 carrying costs of \$23,970,235, as shown on Exhibit WP-5.

14

15 For the reasons stated in FPL Witness Scroggs's testimony, FPL respectfully
16 requests that the Commission approve the 2013 Actual/Estimated, and 2014
17 Projected Pre-construction costs and the Pre-construction and Site Selection
18 carrying charges as reasonable, and approve the resulting revenue
19 requirements described in my testimony for recovery in FPL's 2014 CCRC
20 charge.

21

22

23

1 **UPRATE PROJECT**

2 **Actual/Estimated Revenue Requirements - 2013**

3
4 **Q. What are FPL's 2013 actual/estimated Uprate Project expenditures**
5 **compared to costs previously projected?**

6 A. FPL's actual/estimated Uprate generation and transmission expenditures for
7 the period January through December 2013 are \$170,108,464, total company.
8 As presented in FPL Witness Jones's testimony and shown on Exhibit TOJ-
9 13, Schedule AE-6 deducts the portion of this total for which the St. Lucie
10 Unit 2 participants are responsible and then applies the retail jurisdictional
11 factor to the remainder. This results in jurisdictional, net of participants
12 Uprate generation and transmission expenditures of \$166,953,395.

13
14 For actuals, further adjustments are made to present the expenditures on a
15 cash basis (i.e., excluding accruals and pension and welfare benefit credits) for
16 the calculation of carrying charges. These adjustments are necessary in order
17 to comply with the Commission's current practice regarding Allowance for
18 Funds Used During Construction (AFUDC) accruals. Since the estimated
19 costs are on a cash basis, it is not necessary to project any non-cash accruals
20 for the remainder of the year. After making these additional adjustments for
21 calculating carrying charges, the actual/estimated 2013 jurisdictional, net of
22 participants Uprate Project expenditures are \$166,537,880, as shown on AE-6
23 in Exhibit TOJ-13. FPL's previous projected 2013 Uprate Project

1 expenditures were \$163,996,072 (\$161,047,828, jurisdictional, net of
2 participants).

3 **Q. What is the revenue requirement amount that FPL is requesting to reflect**
4 **the true-up of its 2013 actual/estimated Uprate Project costs?**

5 A. FPL's requested true-up of its 2013 revenue requirements for the Uprate
6 Project is \$6,320,736.

7 **Q. What are FPL's 2013 actual/estimated Uprate Project carrying charges,**
8 **recoverable O&M, and base rate revenue requirements for plant placed**
9 **into service in 2013 compared to costs previously projected and any**
10 **resulting (over)/under recoveries of costs?**

11 A. FPL's 2013 actual/estimated Uprate Project carrying charges, recoverable
12 O&M, and base rate revenue requirements for plant placed into service in
13 2013 are \$91,570,685. FPL's previously projected revenue requirements were
14 \$85,249,950, resulting in an under recovery of \$6,320,736. The details of
15 these jurisdictional costs (carrying charges, recoverable O&M and base rate
16 revenue requirements) are summarized on Exhibit WP-5.

17 **Q. What are the components of the true-up of \$6,320,736 of 2013 revenue**
18 **requirements?**

19 A. The \$6,320,736 consists of the true-up of carrying charges of \$4,910,348,
20 recoverable O&M including interest of \$4,534,043 and base rate revenue
21 requirements including carrying charges of (\$3,123,656) as shown on Exhibit
22 WP-5.

1 **Q. Where can the calculation of FPL's Uprate Project 2013 actual/estimated**
2 **carrying charges be found?**

3 A. The calculation of the Uprate Project 2013 actual/estimated carrying charges
4 of \$20,344,226 can be found in Exhibit TOJ-13, Schedules AE-3 and AE-3A.
5 FPL's previous projected 2013 Uprate carrying charges were \$15,433,878 as
6 filed in Docket No. 120009-EI. As a result of the actual/estimated true-up of
7 2013 carrying charges in this filing, there is an under recovery of \$4,910,348
8 in 2013.

9 **Q. What are FPL's Uprate Project 2013 actual/estimated recoverable O&M**
10 **costs and where can these costs be found?**

11 A. FPL's Uprate Project 2013 actual/estimated recoverable O&M costs
12 including interest are \$9,790,528 (\$9,611,913 jurisdictional, net of
13 participants) and can be found in Exhibit TOJ-13, Schedule AE-4. FPL
14 previously projected 2013 recoverable O&M costs including interest of
15 \$5,170,770 (\$5,077,869, jurisdictional, net of participants) as filed in Docket
16 No. 120009-EI. As explained in Schedule AE-4, over/under recoveries of
17 recoverable O&M incur interest at the AA Financial 30-day rate posted on the
18 Federal Reserve website. As a result of the actual/estimated true-up of 2013
19 Uprate Project recoverable O&M including interest, there is an under recovery
20 of \$4,534,043, jurisdictional, net of participants in 2013.

21 **Q. What are the base rate revenue requirements for plant being placed into**
22 **service in 2013 for the Uprate Project and where can the calculations be**
23 **found?**

1 A. The Uprate Project actual/estimated base rate revenue requirements including
2 carrying charges for plant being placed into service in 2013 are \$61,614,546
3 as shown in Exhibit TOJ-13, Appendix C. FPL previously projected base rate
4 revenue requirements including carrying charges in the amount of
5 \$64,738,202.

6
7 The 2013 actual/estimated base rate revenue requirement calculations along
8 with over/under recoveries are shown on Appendices B and C in Exhibit
9 TOJ-13. In 2013, FPL's actual/estimate transfers to plant in service total is
10 \$765,539,144 (\$751,675,324, jurisdictional, net of participants), as shown on
11 TOJ-13, Appendix B. The 2013 projected base rate revenue requirements
12 were based on transfers to plant in service filed in Docket No. 120009-EI of
13 \$719,494,626 (\$706,559,889, jurisdictional, net of participants, net of
14 adjustments). The plant placed in service and expected to be placed into
15 service in 2013 is presented by FPL Witness Jones.

16
17 As described in Order No. PSC-08-0749-FOF-EI in Docket No. 080009-EI,
18 FPL "shall be allowed to recover through the NCRC associated revenue
19 requirements for a phase or portion of a system placed into commercial
20 service during a projected recovery period. The revenue requirement shall be
21 removed from the NCRC at the end of the period. Any difference in
22 recoverable costs due to timing (projected versus actual placement in service)
23 shall be reconciled through the true-up provision." Until the plant is placed

1 into service, FPL will continue to recover the carrying charges on the
2 construction costs. Effective in the month each transfer to plant in-service is
3 made, FPL will transfer the related costs from Construction Work in Progress
4 to plant in-service and the carrying charges will cease. For the portion of the
5 month the plant is in service and in subsequent months, inclusion of the 2013
6 base rate revenue requirements related to the plant being placed into service is
7 included for recovery through the NCRC. Included in the base rate revenue
8 requirement is any non-incremental labor related to the Uprate Project. FPL's
9 2013 actual/estimated transfers to plant in service, including non-incremental
10 labor, is shown in Exhibit WP-6. An explanation of non-incremental labor
11 was provided in my March 1, 2013 testimony in this docket.

12

13 **Projected Revenue Requirements - 2014**

14

15 **Q. What are FPL's Projected Uprate Project construction expenditures,**
16 **recoverable O&M, and base rate revenue requirements for plant placed**
17 **into service in 2014, for the period January through December 2014?**

18 A. FPL is completing the Uprate Project in 2013. Therefore there are no Uprate
19 Project construction costs, recoverable O&M, or base rate revenue
20 requirements for plant placed into service in 2014 projected for 2014.

21 **Q. What are FPL's 2014 Projected Uprate Project costs?**

22 A. FPL's 2014 projected Uprate Project costs are \$682,800, as shown on Exhibit
23 WP-5. As previously discussed, certain P Schedules are being filed to

1 refund/recover prior year true-ups along with carrying charges or interest on
2 those true-ups for 2014.

3 **Q. Please describe the P Schedules you are sponsoring in 2014 for the Uprate**
4 **Project.**

5 A. FPL is filing the P-1, P-3 and P-4 Schedules in 2014 to show the impacts of
6 refunding/collecting its 2012 final true-up and 2013 actual/estimated true-up
7 in 2014.

8 **Q. Please describe what each of these P-Schedules includes.**

9 A. The P-1 Schedule summarizes what FPL will refund/recover from Schedules
10 P-3 and P-4 in 2014 and shows an under recovery of \$682,800. Schedule P-3
11 consists of the calculation of the Uprate Project 2014 projected carrying
12 charges on under recoveries of \$683,849 as shown on Exhibit TOJ-13.
13 Schedule P-4 shows the Uprate Project 2014 projected interest of (\$1,049) on
14 O&M over recoveries in 2012 and 2013 and is shown in Exhibit TOJ-13. As
15 explained in Schedule P-4, over/under recoveries of recoverable O&M incur
16 interest at the AA Financial 30-day rate posted on the Federal Reserve Board
17 website.

18 **Q. What is the amount FPL is requesting to recover through the Capacity**
19 **Clause Recovery factor for the Uprate Project in 2014?**

20 A. In 2014, FPL is requesting to recover \$10,887,829 for the Uprate Project.
21 This amount consists of carrying charges and interest on the true-up of 2012
22 actual Uprate Project revenue requirements of \$3,884,294 described in my
23 March 1, 2013 testimony, the true-up of 2013 actual/estimated Uprate Project

1 revenue requirements of \$6,320,736, and 2014 projected Uprate revenue
2 requirements on under recoveries of costs of \$682,800.

3
4 For the reasons stated in FPL Witness Jones's testimony, FPL respectfully
5 requests that the Commission approve FPL's 2013 actual/estimated
6 expenditures and the resulting revenue requirements as well as the 2014
7 revenue requirements as reasonable, and approve the resulting revenue
8 requirements described in my testimony for recovery in FPL's 2014 CCRC
9 charge.

10

11

ACCOUNTING CONTROLS

12

13 **Q. Please describe the accounting controls that provide you reasonable**
14 **assurance that the costs included in the filing are correct.**

15 A. As described more fully in my March 1, 2013 testimony, FPL has a robust
16 system of corporate accounting controls. The Company relies on its
17 comprehensive corporate and overlapping business unit controls for recording
18 and reporting transactions associated with any of its capital projects including
19 the TP 6 & 7 Project and Uprate Project. Highlights of the Company's
20 comprehensive and overlapping controls which continued to be utilized in
21 2013 include:

22

- FPL's accounting policies and procedures;

- 1 • Financial systems and related controls including FPL's general ledger
- 2 and construction asset tracking system;
- 3 • FPL's annual budgeting and planning process;
- 4 • Reporting and monitoring of plan costs to actual costs incurred; and
- 5 • Business unit specific controls and processes.

6 **Q. Are these controls documented, assessed, audited and/or tested on an**
7 **ongoing basis?**

8 A. Yes. The FPL corporate accounting policies and procedures are documented
9 and published on the Company's internal website (Employee Web). Included
10 on the Company's internal website are the corporate procedures regarding
11 cash disbursements, accounts payable, contract administration, and financial
12 closing schedules, which provide the business units guidance as to the
13 processing and recording of transactions. The business units can then build
14 their more specific procedures around these corporate procedures. FPL's
15 internal audit department annually audits the TP 6 & 7 and Uprate Projects.
16 The FPSC staff also is continuing its audits. Additionally, by virtue of the
17 NFRs themselves, a high level of transparency allows all parties to review and
18 determine the prudence and reasonableness of our filing.

19 **Q. How does FPL ensure only incremental payroll is charged to the**
20 **projects?**

21 A. The Company has issued specific guidelines for charging labor costs to the
22 project work orders. These guidelines emphasize the need for particular care
23 in charging only incremental labor to the project work orders included for

1 nuclear cost recovery and ensure consistent application of the Company's
2 capitalization policy. These guidelines describe the process for the exclusion
3 of non-incremental labor from NCRC recovery while providing full
4 capitalization of all appropriate labor costs through the implementation of
5 separate project capital work orders that will be included in future base rate
6 recoveries.

7 **Q. Did anything change in the method incremental labor is established from**
8 **2012 to 2013?**

9 A. Yes. As a result of FPL's rate case in Docket No. 120015-EI, the Company
10 will reset the basis upon which incremental employee labor is established as
11 clause recoverable. Employees dedicated to the project and charging 100% of
12 their time to the NCRC projects during 2013 will be considered incremental
13 for the entire year 2013 and as a result, incremental for 2014. Employees
14 charging a percentage of their time to capital in the NCRC in 2013 will be
15 designated incremental for that percentage of their labor costs in 2013 and
16 2014.

17

18

SUMMARY

19

20 **Q. What is the total revenue requirement FPL is requesting the Commission**
21 **approve for the 2014 Capacity Cost Recovery Clause factor?**

22 A. FPL is requesting that the Commission approve recovery of \$28,280,172 in
23 revenue requirements through the 2014 Capacity Cost Recovery factor. This

1 amount consists of a true-up of (\$1,718,507) in revenue requirements as
2 calculated in the 2012 T Schedules filed on March 1, 2013, a true-up of
3 \$5,164,762 in revenue requirements as calculated in the 2013 AE Schedules,
4 and \$24,833,917 in revenue requirements as calculated in the 2014 P
5 Schedules.

6

7 FPL is also requesting the Commission to determine that FPL's 2013
8 actual/estimated and 2014 projected costs and the resulting revenue
9 requirements are reasonable as supported by my Exhibit WP-5 and the
10 testimonies and exhibits filed by other FPL witnesses in this docket.

11 **Q. Does this conclude your testimony?**

12 **A. Yes.**

Florida Power & Light Company
2013 Revenue Requirements (To be Collected in 2014) (In Jurisdictional \$'s net of participants)
WP-5

	(1)	(2)	(3)=(2)-(1)	(4)	(5)	(6)=(5)-(4)	(7)=(2)+(5)	(8)=(3)+(6)	(9)	(10)=(8)+(9)
	Dkt. # 120009 2012 Actual/ Estimated	Dkt. # 130009 2012 True-Up	2012 (Over)/ Under Recovery	Dkt. # 120009 2013 Projected Costs	Dkt. # 130009 2013 Actual/ Estimated	2013 (Over)/ Under Recovery	Current True-up & Actual/Estimated for 2013	Total 2012/2013 (Over)/Under Recovery	Dkt. # 130009 2014 Projected Costs	Net Costs to be Recovered/ (Refunded) in 2014
Turkey Point 6 & 7 Site Selection										
1										
2	Site Selection Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3										
4	Carrying Costs (b)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Carrying Costs on DTA/DTL (d)	\$180,883	\$180,883	\$0	\$180,883	\$180,883	\$361,766	\$0	\$180,883	\$180,883
6	Total Carrying Costs	\$180,883	\$180,883	\$0	\$180,883	\$180,883	\$361,766	\$0	\$180,883	\$180,883
7										
8	Recovery of Costs & Carrying Costs	\$180,883	\$180,883	\$0	\$180,883	\$180,883	\$361,766	\$0	\$180,883	\$180,883
9										
10										
11	Turkey Point 6 & 7 Preconstruction									
12										
13	Pre-Construction Costs	\$34,279,877	\$29,034,114	(\$5,245,763)	\$28,686,236	\$28,748,963	\$62,726	\$57,783,077	(\$5,183,036)	\$16,826,626
14										
15	Carrying Costs (b)	(\$2,423,506)	(\$2,666,490)	(\$242,983)	(\$769,804)	(\$1,653,100)	(\$883,296)	(\$4,319,589)	(\$355,439)	(\$1,481,718)
16	Carrying Costs on DTA/DTL (d)	\$5,520,506	\$5,406,452	(\$114,054)	\$6,896,839	\$6,561,435	(\$335,404)	\$11,967,887	\$7,499,048	\$7,049,589
17	Total Carrying Costs	\$3,097,000	\$2,739,962	(\$357,038)	\$6,127,036	\$4,908,335	(\$1,218,700)	\$7,648,298	(\$1,575,738)	\$5,567,871
18										
19	Recovery of Costs & Carrying Costs	\$37,376,876	\$31,774,076	(\$5,602,800)	\$34,813,272	\$33,657,298	(\$1,155,974)	\$65,431,374	(\$6,758,774)	\$23,970,235
20										
21										
22	Total Turkey Point 6 & 7	\$37,557,759	\$31,954,959	(\$5,602,800)	\$34,994,155	\$33,838,181	(\$1,155,974)	\$65,793,140	(\$6,758,774)	\$24,151,118
23	Uprate									
24										
25	Construction Costs (a)	\$1,017,306,408	\$1,298,309,799	\$0	\$161,047,828	\$166,953,395	\$0	\$0	\$0	\$0
26										
27	Carrying Costs (b)	\$106,065,448	\$112,000,508	\$5,935,060	\$15,449,079	\$20,365,414	\$4,916,336	\$132,365,922	\$10,851,396	\$683,849
28	Carrying Costs on DTA/DTL (d)	(\$1,155,721)	(\$1,388,839)	(\$233,218)	(\$15,200)	(\$21,188)	(\$5,988)	(\$1,410,127)	(\$239,205)	\$0
29	Total Carrying Costs	\$104,909,726	\$110,611,569	\$5,701,842	\$15,433,878	\$20,344,226	\$4,910,348	\$130,955,795	\$10,612,190	\$683,849
30	Recoverable O&M including Interest (c)	\$14,546,749	\$7,214,153	(\$7,332,596)	\$5,077,869	\$9,611,913	\$4,534,043	\$16,826,066	(\$2,799,553)	(\$1,049)
31	Total Non-Base Rate Related Costs	\$119,456,475	\$117,825,722	(\$1,630,754)	\$20,511,747	\$29,956,139	\$9,444,392	\$147,781,861	\$682,800	\$682,800
32										
33	Base Rate Revenue Requirement	\$79,552,085	\$85,107,276	\$5,555,191	\$64,738,202	\$62,039,072	(\$2,699,131)	\$147,146,348	\$2,856,060	\$0
34	Carrying Costs (Over)/Under Recovery	(\$475,866)	(\$517,010)	(\$40,144)	\$0	(\$424,525)	(\$424,525)	(\$941,535)	(\$464,669)	\$0
35		\$79,075,219	\$84,590,266	\$5,515,047	\$64,738,202	\$61,614,546	(\$3,123,656)	\$146,204,812	\$2,391,392	\$0
36										
37	Recovery of Costs, Carrying Costs, and Base Rate	\$198,531,694	\$202,415,988	\$3,884,294	\$85,249,950	\$91,570,685	\$6,320,736	\$293,986,673	\$10,205,029	\$682,800
38	Revenue Requirements									\$10,887,829
39										
40										
41	Total Recovery	\$236,089,453	\$234,370,947	(\$1,718,507)	\$120,244,105	\$125,408,867	\$5,164,762	\$359,779,813	\$3,446,255	\$24,833,917
42										
43	*Totals may not add due to rounding									
44										
45	(a) Total Construction Costs for uprates is the current period jurisdictional additions net of participants including transmission.									
46	(b) The period to date CWIP Balance base on which carrying costs are calculated can be found on the T/AE/P-3 for Uprates. The CWIP Balance base on which carrying costs are calculated can be found on the T/AE/P-2 Line 4 for Site Selection and Pre-Construction.									
47	(c) Interest at the AA Financial 30-day rate posted on the Federal Reserve website is included in recoverable O&M costs on Line 30.									
48	(d) Uprate Carrying costs on DTA/DTL are calculated on T3, T3A/AE3, AE3A/ P3, P3A. Pre-Construction and Site Selection Carrying costs are calculated in T2, T3A/AE2, AE3A/P2, P3A.									

Uprate Project
2013 Base Rate Revenue Requirements
Exhibit WP-6

2013				2013 Base Rate Revenue Requirements												2013	
Detail	In-Service Date	Total Company Incremental Plant In-Service	Total Company Incremental & Non-Incremental Plant In-Service	Plant In-Service - Includes Non-Incremental Costs (Jurisdictional, Net of Participants)	Actual January	Actual February	Projected March	Projected April	Projected May	Projected June	Projected July	Projected August	Projected September	Projected October	Projected November	Projected December	Total
Transmission - Turkey Point Digital Fault Recorder Monitoring	201301	\$55,034	\$55,034	\$49,240	\$395	\$789	\$786	\$782	\$779	\$776	\$773	\$770	\$766	\$763	\$760	\$757	\$8,896
Transmission - Turkey Point Lightning Protection	201301	\$31,071	\$31,071	\$27,800	\$138	\$276	\$276	\$275	\$275	\$274	\$274	\$273	\$273	\$273	\$272	\$272	\$3,152
Transmission - Turkey Point String Bus Spacers	201301	\$319,056	\$319,056	\$285,468	\$1,420	\$2,837	\$2,832	\$2,828	\$2,823	\$2,818	\$2,813	\$2,808	\$2,804	\$2,799	\$2,794	\$2,789	\$32,364
January Total		\$405,162	\$405,162	\$362,508	\$1,953	\$3,902	\$3,894	\$3,885	\$3,877	\$3,868	\$3,860	\$3,851	\$3,843	\$3,835	\$3,826	\$3,818	\$44,412
Nuclear - St. Lucie Simulator Mod Phase 3	201303	\$190,319	\$190,319	\$172,963			\$826	\$1,651	\$1,649	\$1,647	\$1,645	\$1,643	\$1,641	\$1,638	\$1,636	\$1,634	\$15,610
March Total		\$190,319	\$190,319	\$172,963	\$0	\$0	\$826	\$1,661	\$1,649	\$1,647	\$1,646	\$1,643	\$1,641	\$1,638	\$1,636	\$1,634	\$16,610
Nuclear - Turkey Point Extended Power Uprate Unit 4 Cycle 27	201304	\$713,492,449	\$713,645,941	\$700,757,574				\$3,485,258	\$6,965,161	\$6,954,448	\$6,943,735	\$6,933,022	\$6,922,309	\$6,911,596	\$6,900,883	\$6,890,170	\$58,906,581
Nuclear - Turkey Point Unit 4 Cycle 27 Turbine Valve	201304	\$7,996,274	\$7,996,274	\$7,851,962				\$39,453	\$78,843	\$78,716	\$78,590	\$78,463	\$78,337	\$78,210	\$78,084	\$77,957	\$666,654
Nuclear - St. Lucie Fabric Building B Restoration	201304	\$50,000	\$50,000	\$45,440				\$217	\$434	\$433	\$433	\$432	\$432	\$431	\$430	\$430	\$3,672
Nuclear - St. Lucie Fabric Building F Restoration	201304	\$50,000	\$50,000	\$45,440				\$217	\$434	\$433	\$433	\$432	\$432	\$431	\$430	\$430	\$3,672
April Total		\$721,588,723	\$721,742,215	\$708,700,317	\$0	\$0	\$0	\$3,525,146	\$7,044,871	\$7,034,030	\$7,023,190	\$7,012,349	\$7,001,609	\$6,990,668	\$6,979,826	\$6,968,987	\$59,580,578
Nuclear - St. Lucie Unit 1 Spent Fuel Handling Machine	201306	\$870,021	\$870,021	\$854,308						\$4,151	\$8,296	\$8,284	\$8,273	\$8,261	\$8,250	\$8,239	\$53,754
Nuclear - St. Lucie Unit 2 Spent Fuel Handling Machine	201306	\$874,196	\$874,196	\$730,544						\$3,549	\$7,094	\$7,084	\$7,074	\$7,065	\$7,055	\$7,045	\$45,967
June Total		\$1,744,217	\$1,744,217	\$1,584,852	\$0	\$0	\$0	\$0	\$0	\$7,700	\$15,390	\$16,368	\$16,347	\$16,326	\$16,306	\$16,284	\$99,721
Nuclear - Turkey Point Spare Turbine Valve Removed from Unit 4-27	201309	\$98,500	\$98,500	\$96,721									\$486	\$971	\$970	\$968	\$3,395
September Total		\$98,500	\$98,500	\$96,721	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$486	\$971	\$970	\$968	\$3,395
Subtotal		\$724,026,921	\$724,180,413	\$710,917,362	\$1,953	\$3,902	\$4,720	\$3,530,682	\$7,050,397	\$7,047,246	\$7,044,085	\$7,033,212	\$7,022,826	\$7,012,439	\$7,001,565	\$6,990,691	\$59,743,716
Post In Service Costs		\$41,512,223	\$41,512,223	\$40,757,962	\$0	\$81	\$394	\$620	\$83,692	\$218,531	\$287,334	\$332,691	\$365,539	\$387,447	\$396,287	\$400,195	2,472,609
Total Including Post In Service Costs		\$765,539,144	\$765,692,636	\$751,675,324	\$1,953	\$3,983	\$5,114	\$3,531,302	\$7,134,088	\$7,265,776	\$7,331,419	\$7,365,903	\$7,388,365	\$7,399,885	\$7,397,851	\$7,390,886	\$62,216,525
Contractor Charge Adjustment for FPL's 2012 Base Rate Increase Request (Being collected in base rates in 2013)					(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$14,680)	(\$176,160)
Contractor Charge Adjustment for FPL's 2010 Base Rate Increase Request (Being collected in base rates in 2013) (d)					(\$108)	(\$108)	(\$108)	(\$108)	(\$108)	(\$108)	(\$108)	(\$108)	(\$108)	(\$108)	(\$108)	(\$108)	(\$1,294)
Total Base Rate Revenue Requirements Including Post In Service Costs and Contractor Charge Adjustments					(\$12,835)	(\$10,805)	(\$9,674)	\$3,516,514	\$7,119,301	\$7,250,989	\$7,316,631	\$7,351,115	\$7,373,577	\$7,385,097	\$7,383,064	\$7,376,098	\$62,039,072

* Totals may not add due to rounding

Notes:

- Base rate revenue requirements to be recovered through the NCRC are those related to plant being placed into commercial service during 2013.
- Revenue requirement calculations for Post In-Service Plant are based on the assumption that the plant is placed into service on the 15th of the month.
- Participants' share for St. Lucie Unit 2 (PSL 2) is Orlando Utilities Commission (OUC) of 6.0895% and Florida Municipal Power Agency (FMPA) of 8.806%.
- See AE-3 footnote (k) for 2011 and 2012 contractor charge adjustment to FPL's 2010 Base Rate Increase Request. The Contractor Charge Adjustment did not impact FPL's 2011 Base Rate Increase Request as no adjustments applied to plant placed into service in 2011.
- For purposes of calculating carrying charges in NFR schedule AE-3 and Appendix A, actual participant credits are deducted. (As is the practice for calculating AFUDC). In calculating the base rate revenue requirements, the full participation credit is deducted from incremental and non-incremental internal orders.
- Non-incremental costs are due to the fact that labor was included in base rates. While FPL is not requesting recovery of carrying charges on this amount through the NCRC, these capital costs are included in FPL's base rate revenue requirement calculation.
- For January Plant In-Service and for projections carrying charges and depreciation expense are calculated based on a half month convention.

