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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION 2 In the Matter of: 3 DOCKET NO. 140009-EI 4 NUCLEAR COST RECOVERY CLAUSE. 5 6 7 8 PROCEEDINGS: PREHEARING CONFERENCE 9 COMMISSIONERS PARTICIPATING: COMMISSIONER JULIE I. BROWN 10 PREHEARING OFFICER 11 Wednesday, July 9, 2014 DATE: 12 TIME: Commenced at 1:00 p.m. 13 Concluded at 1:42 p.m. 14 PLACE: Betty Easley Conference Center Room 148 4075 Esplanade Way 15 Tallahassee, Florida 16 REPORTED BY: LINDA BOLES, CRR, RPR 17 Official FPSC Reporter (850) 413-6734 18 19 20 21 22 23 24 25

APPEARANCES:

BRYAN S. ANDERSON, KENNETH RUBIN, and JESSICA CANO, ESQUIRES, Florida Power & Light Company, 700 Universe Boulevard, Juno Beach, Florida 33408, appearing on behalf of Florida Power & Light Company.

J. MICHAEL WALLS and BLAISE N. GAMBA,
ESQUIRES, Carlton Fields Jorden Burt, P.A., Post Office
Box 3239, Tampa, Florida 33601-3239, appearing on behalf
of Duke Energy Florida, Inc.

J.R. KELLY, PUBLIC COUNSEL, and CHARLES
REHWINKEL, JOSEPH McGLOTHLIN, and ERIK L. SAYLER,
ESQUIRES, Office of Public Counsel, c/o The Florida
Legislature, 111 West Madison Street, Room 812,
Tallahassee, Florida 32393-1400, appearing on behalf of
the Citizens of the State of Florida.

JON C. MOYLE, JR., and KAREN A. PUTNAL, ESQUIRES, c/o Moyle Law Firm, 118 North Gadsden Street, Tallahassee, Florida 32301, appearing on behalf of Florida Industrial Power Users Group.

JAMES W. BREW, ESQUIRE, c/o Brickfield,
Burchette, Ritts & Stone, P.C., 1025 Thomas Jefferson
Street, NW, Eighth Floor, West Tower, Washington, DC
20007-5201, appearing on behalf of PCS Phosphate White Springs.

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APPEARANCES (Continued):

ENNIS LEON JACOBS, JR., ESQUIRE, Williams & Jacobs, Suite 104, 2510 Miccosukee Road, Tallahassee, Florida 32308, and GEORGE CAVROS, ESQUIRE, 120 East Oakland Park Boulevard, Suite 105, Fort Lauderdale, Florida 33334, appearing on behalf of the Southern Alliance for Clean Energy.

ROBERT SCHEFFEL WRIGHT and JOHN T. LaVIA, III, ESQUIRES, Gardner Law Firm, 1300 Thomaswood Drive, Tallahassee, Florida 32308, appearing on behalf of the Florida Retail Federation.

KEINO YOUNG and CAROLINE KLANCKE, ESQUIRES,

FPSC General Counsel's Office, 2540 Shumard Oak

Boulevard, Tallahassee, Florida 32399-0850, appearing on

behalf of the Florida Public Service Commission Staff.

MARY ANNE HELTON, DEPUTY GENERAL COUNSEL,

Florida Public Service Commission, 2540 Shumard Oak

Boulevard, Tallahassee, Florida 32399-0850, Advisor to

the Florida Public Service Commission.

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PROCEEDINGS

COMMISSIONER BROWN: Good afternoon. Good afternoon. Today is July 9th, 2014. The time is 1:00. This will commence the Nuclear Cost Recovery Clause, Docket Number 140009-EI. I'd like to call this prehearing to order.

Keino, Mr. Young, please read the notice.

MR. YOUNG: By notice issued June 6th, 2014, this time and place was set for a Prehearing Conference in Docket Number 140009-EI, the Nuclear Cost Recovery Clause. The purpose of this Prehearing Conference is set out in the notice.

COMMISSIONER BROWN: Thank you.

I will take appearances starting with my left.

MR. ANDERSON: Good afternoon, Commissioner
Brown. My name is Bryan Anderson. I'm appearing with
Jessica Cano and also our colleague Ken Rubin on behalf
of Florida Power & Light Company.

COMMISSIONER BROWN: Thank you.

MS. GAMBA: Good afternoon. Blaise Gamba with Carlton Fields Jorden Burt for Duke Energy Florida.

MR. REHWINKEL: Good afternoon. Charles
Rehwinkel, Erik Sayler, Joe McGlothlin, and J. R. Kelly
for the Office of Public Counsel. And Mr. McGlothlin
had a family emergency and would be here otherwise.

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COMMISSIONER BROWN: Thank you.

MR. MOYLE: Good afternoon. Jon Moyle with the Moyle Law Firm appearing on behalf of the Florida Industrial Power Users Group, FIPUG. And I'd also like to enter an appearance for Karen Putnal with our firm.

COMMISSIONER BROWN: Okay.

MR. BREW: Good afternoon, Commissioner. I'm

James Brew with the firm of Brickfield, Burchette, Ritts

& Stone for White Springs Agricultural Chemicals/PCS

Phosphate.

MR. JACOBS: Good afternoon, Commissioner. I am Ennis Leon Jacobs appearing on behalf of Southern Alliance for Clean Energy. And if I may, I'd like to enter an appearance for George Cavros as well.

COMMISSIONER BROWN: Thank you.

Staff.

MR. YOUNG: Keino Young and Caroline Klancke on behalf of Commission staff.

MS. HELTON: And Mary Anne Helton, advisor to the Commission.

COMMISSIONER BROWN: Thank you very much. Greetings all.

Staff, let's move through this. Are there any preliminary matters that we need to address at this juncture?

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And I will, I will wait for Mr. Wright, who I 1 2 see appearing, and I'd like to take his appearance as soon as he settles down. Not to rush you. 3 MR. WRIGHT: Thank you, Commissioner. Robert 4 Scheffel Wright and John T. Lavia appearing on behalf of 5 the Florida Retail Federation. 6 7 COMMISSIONER BROWN: Thank you. Mr. Young, are there any preliminary matters 8 that we need to take up at this time? 9 MR. YOUNG: Yes, ma'am. Staff is aware of one 10 preliminary matter for your consideration. 11 The parties have agreed upon the order of 12 13 witnesses, which staff recommends that you approve. order is that DEF's case will be presented in its 14 15 entirety followed by FPL's case. COMMISSIONER BROWN: Okay. That sounds 16 17 reasonable. I'll agree to that. 18 Are there any other preliminary matters we need to address? 19 MR. YOUNG: Staff is not aware of any 2.0 21 preliminary matters at this, other preliminary matters 22 at this time. 23 COMMISSIONER BROWN: All right. Well, we're

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like to do it somewhat swiftly. We only have 17 issues.

going to proceed through the Draft Prehearing Order.

And if there are any corrections or changes to be made, 1 please speak up. I'll look to you all. 2 3 Getting to the first section, I, case background, any changes? 4 Section II, conduct of proceedings. Changes? 5 Seeing none, Section III, jurisdiction. 6 7 Seeing none, Section IV, procedure for handling confidential information. 8 9 Seeing none, and Section V, prefiled testimony and exhibits, witnesses. 10 I would like to remind the parties that there 11 12 will not be any duplicative, repetitious, or friendly cross-examination allowed during the hearing. 13 Section VI is the order of witnesses. Staff. 14 MR. YOUNG: Due to the number of witnesses in 15 this docket, staff recommends that each witness be given 16 17 three minutes to summarize his or her testimony. 18 COMMISSIONER BROWN: Very good. I think that's fair. 19 Are there any witnesses that can be stipulated 2.0 21 by the parties? 22 MR. YOUNG: Presently there are no witnesses 23 that can be stipulated. Staff would like to remind the 24 parties that if they agree to stipulate a particular 25 witness, please let staff know as soon as possible so we

can begin the process of confirming with each

Commissioner whether they have questions for that particular witness.

COMMISSIONER BROWN: Okay. Thank you very much.

Going to Section VII, basic positions. If there are any edits or changes that a party would like to make regarding your basic position, please provide it to staff by no later than close of business on Friday, this Friday. Any changes?

Okay. Going to Section VIII, issues and positions. I will note we will be going issue by issue since there are only 17, and I notice that several of the parties have identified no position or taken no position at this time on some of these issues. As stated in the OEP, each party must take a position on each issue at the end of this prehearing; otherwise, it will -- you will be deemed to have taken no position.

That being said, we will walk through issue by issue starting with Issue 1. I will look to staff first. Staff, any changes?

MR. YOUNG: Yes, ma'am. On Issue 1, based upon review of the Prehearing Order, FIPUG has taken no position or -- excuse me -- FIPUG has taken no position at this time. Pursuant, as you stated, to the OEP, the

parties must take a position or their position becomes no position. Staff notes that FIPUG -- staff requests that FIPUG be given until Friday, July 11th, 2014, to provide staff with a position. If they fail to provide staff with a position, their position will become no position.

Also, staff notes that based upon review of the Prehearing Order, the only party that has taken a position at this time is the company, the utility, and this may be ripe for a possible stipulation.

COMMISSIONER BROWN: I agree, just to let you all know.

Issue 2.

MR. REHWINKEL: Madam Chairman.

COMMISSIONER BROWN: Yes.

MR. REHWINKEL: Where we take no position we do not contest the issue in this case. But when we talk about ripe for stipulation, we would not stand in front of any stipulation that the staff would present to you -- I don't know if we call them Type 2 or Type B or whatever they are -- but that's our goal in taking that position there is we are standing aside.

COMMISSIONER BROWN: Well, that's good. Thank you.

Okay. Go, ahead Mr. Young.

1	MR. YOUNG: Madam Chair, if we could go back
2	to Issue 1
3	COMMISSIONER BROWN: Sure.
4	MR. YOUNG: in terms of clarifying for
5	Mr. Moyle whether he what's his position.
6	COMMISSIONER BROWN: Mr. Moyle.
7	MR. MOYLE: No. I'm comfortable with
8	Mr. Young indicated that, you know, we have until
9	Friday, I think. I'm not sure if he said noon or 5:00.
10	COMMISSIONER BROWN: Close of business.
11	MR. MOYLE: Close of business, so.
12	COMMISSIONER BROWN: Okay.
13	MR. MOYLE: 11 for no, I'm kidding.
14	Thanks.
15	COMMISSIONER BROWN: Okay. All right. Moving
16	to Issue 2.
17	MR. YOUNG: Issue 2, PCS Phosphate needs to
18	take a position.
19	COMMISSIONER BROWN: Any changes?
20	MR. BREW: Madam Chairman, PCS will adopt the
21	position of OPC.
22	COMMISSIONER BROWN: Okay. Noted.
23	Any other changes?
24	Okay. Moving to Issue 2A.
25	MR. YOUNG: Issue 2A, FIPUG needs to take a

1	position.
2	COMMISSIONER BROWN: Mr. Moyle. Same?
3	MR. MOYLE: We'll just same, same thing.
4	And I assume if we do not get in touch affirmatively
5	with staff, then, you know
6	COMMISSIONER BROWN: It'll be no position.
7	MR. MOYLE: it'll be no position. Right.
8	COMMISSIONER BROWN: And as Mr. Young
9	indicated, that would be ripe for a stipulation.
10	MR. MOYLE: Right.
11	MR. YOUNG: Yes.
12	MR. MOYLE: With, with the caveat that
13	Mr. Rehwinkel you know, we're not affirmatively
14	stipulating, we're just not taking a position.
15	COMMISSIONER BROWN: Like a Type 2.
16	MR. MOYLE: Right.
17	COMMISSIONER BROWN: Issue 3, Mr. Young.
18	MR. YOUNG: Issue 3, PCS Phosphate needs to
19	take a position.
20	MR. BREW: We'll get back to staff before the
21	end of the week.
22	COMMISSIONER BROWN: Okay. Thank you.
23	Any other changes?
24	Okay. Issue 4. Is there another Issue 4.
25	MR. YOUNG: It seems that all the parties have

1	taken a position.
2	COMMISSIONER BROWN: Okay. Any changes?
3	Moving to Issue 5.
4	MR. YOUNG: FIPUG needs to take a position.
5	I'm sorry. I'm sorry.
6	COMMISSIONER BROWN: SACE. No. Any changes?
7	MR. YOUNG: All the parties have taken a
8	position. Excuse me.
9	COMMISSIONER BROWN: Any changes? No.
10	Issue 6.
11	MR. YOUNG: Issue 6, FIPUG needs to take a
12	position. I'm sorry.
13	COMMISSIONER BROWN: Same caveat, Mr. Moyle?
14	MR. MOYLE: Right.
15	COMMISSIONER BROWN: Okay.
16	MR. MOYLE: Thank you.
17	COMMISSIONER BROWN: Issue 7.
18	MR. YOUNG: And, Madam Chairman, just to, just
19	to note that the only party that has taken a position,
20	that's taken a position is the utility, and this may be
21	ripe for a potential stipulation.
22	COMMISSIONER BROWN: I agree.
23	Issue 7.
24	MR. YOUNG: Again, FIPUG needs to take a
25	position.

MR. MOYLE: Ditto. 1 2 COMMISSIONER BROWN: Okay. Same, same --3 MR. YOUNG: Yes, ma'am. **COMMISSIONER BROWN:** Issue 8. 4 MR. YOUNG: Issue 8, SACE -- FIPUG needs to 5 take a position. 6 7 **COMMISSIONER BROWN:** Same? MR. MOYLE: Same. 8 9 COMMISSIONER BROWN: Okay. And ripe for a 10 stipulation. 11 MR. YOUNG: Possibly ripe for a potential 12 stipulation. **COMMISSIONER BROWN:** Okay. Issue 9. 13 14 MR. YOUNG: Issue 9, we have two changes -one, FIPUG -- SACE has taken a position that I think we 15 need to be, to get more clarification on. And the 16 17 second one is that OPC wants to add a clause to that 18 position. 19 COMMISSIONER BROWN: Okay. Let's go to SACE first. 20 21 MR. JACOBS: Thank you, Madam Chairman. At 22 this point we are leaning towards a position that will 23 probably closely reflect Public Counsel, but I would 24 like to reserve to get back to staff end of the, by the 25 end of the day.

COMMISSIONER BROWN: Certainly. You have 1 2 until Friday. MR. JACOBS: Thanks. 3 COMMISSIONER BROWN: Okay. Mr. Rehwinkel. 4 5 MR. REHWINKEL: Yes. Thank you. And I have shared this with all the parties except Mr. Wright and 6 7 with the staff. What we would amend our position to say would 8 9 be at the conclusion of the second sentence that ends with the RRSSA parenthetical --10 11 COMMISSIONER BROWN: Uh-huh. 12 MR. REHWINKEL: -- is to add a clause that 13 would be, comma, subject to the ultimate resolution of 14 Issue 4. COMMISSIONER BROWN: Okay. I have it. 15 everybody else have it? Is everyone else clear? 16 17 MR. REHWINKEL: And I just, to be clear, I've read it into the record, I've shared it with the 18 19 parties, but I will send a confirming email to the 20 parties stating that by the end of the day. 21 COMMISSIONER BROWN: Great. Thank you. Any 22 other changes? 23 Moving to Issue 10. 24 MR. YOUNG: All the parties have taken a

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position.

COMMISSIONER BROWN: Okay. Now we'll move to Issue 10A, and I know there's a dispute as to the wording. Staff.

MR. YOUNG: Yes, Madam Chair. There is dispute as to the wording of Issue 10A and 10B. Staff, staff notes that as to the wording in the FPL portion of the docket. Staff recommends that you hear from the parties before starting with FIPUG. It's FIPUG's issue.

COMMISSIONER BROWN: Mr. Moyle's issue. I
will --

MR. MOYLE: It is.

COMMISSIONER BROWN: Okay. If you could succinctly address why these issues and the particular language should be included in the final order, please let me know now.

MR. MOYLE: I'll be happy to, and thanks for giving FIPUG the opportunity to bring this to your attention for consideration today.

I think it's helpful to start with the notion that we are here to have disputed issues of fact decided by this tribunal. I mean, we've gone through -- in issues where people don't have a position, it's stipulated. But those are factual issues largely. And if there's nobody disputing them, they become stipulated factual issues. But we're in a factual finding setting

that is governed by Chapter 120 of the Florida

Administrative Procedures Act, and that statute sets

forth the law with respect to determining disputed

issues of fact.

FIPUG has, as its right, has raised two disputed issues of fact, and to save time, if you will, I'll just handle both of them in one argument.

COMMISSIONER BROWN: Please.

MR. MOYLE: One of them relates to when is the plant going to come online and serve customers, and the other is how much is, is it going to cost? And FIPUG has raised these issues in past proceedings and they have been accepted by this Commission and the parties.

And I would argue they are very important issues because, you know, these, these proceedings get a lot of attention, there's a lot of money involved, and the two questions about when will the plant be available to serve the people who are paying for it now and how much is it ultimately going to cost, we would argue, are very important questions that this Commission should consider.

Historically the question has been "When is it going to come online and how much is it going to cost?"

And that's been before you. The addition of, of the question as to "Are these estimates or projections

reasonable?" is the -- largely from FIPUG's

perspective -- the issue that we have a dispute about

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now.

And FIPUG would argue that, that the reasonableness determination should be part of what is, is considered just because it doesn't make much sense if it's simply a, you know, a situation where you fill in a number. I mean, I've used a hypothetical to say what if, what if a company came in and said the nuclear project is going to cost a thousand dollars and is going to be available in six months? Well, almost on its face people would say, well, that can't happen. But if you don't have the ability to look at the facts with the lens of reasonableness, you know, arguably just setting forth a number and the date is all that has to be done. And we don't think that is a sound public policy position; we don't think it's supported by the law, given what, you know, 120 entails; and also given some, we would argue, guidance by the Florida Supreme Court.

And in our position statement we have cited the case of International Minerals and Chemical Corporation vs. Mayo, which we think is, is important because it looks and acknowledges that the Commission is in a fact-finding role. It talks about a rate case. This is a rate case. Your decisions will impact

rates -- not in the form of base rates but in the form

of rates that are paid through the nuclear clause. So

we think that authority is persuasive. And it does talk

about to make express, explicit factual findings.

COMMISSIONER BROWN: Mr. Moyle, if I could get you to focus your argument more on inclusion of the, the reasonableness language.

MR. MOYLE: Okay. Well, well, as, as I was suggesting, it's -- it shouldn't -- it should be the role of this tribunal to, when it's reviewing the issue, do so with, with a touch point of reasonableness.

Because otherwise, as I said, if they said, hey, it's going to cost, you know, \$500 billion and not be available until 2100, if you don't have a reasonableness component, then all you would be doing is saying, well, they filled in the blank. That's okay.

So, you know, I would argue and FIPUG would argue that reasonableness is part of the job of the Commission when determining facts, and it's highly appropriate to, to consider, you know, the reasonableness part of the, of the discussion. So --

COMMISSIONER BROWN: And you don't, and you don't believe that the reasonableness part can be argued and subsumed in the issues as laid out and has been previously laid out in the past three nuclear clause

proceedings?

MR. MOYLE: You know, I think this gets into the whole debate about, well, are these issues subsumed. And I think it's always helpful -- you've made the comment "There are only 17 issues in this case." I don't know if you were counting FIPUG's two issues or not in that, but there's not a ton of issues. You could have a rate case, a base rate case proceeding where you had one issue: Is the base rate case filing reasonable and should it be approved? But that's not how, how it's done. The issues are broken out into return on equity, a whole host of issues. And FIPUG is not coming in and saying, here, we want 25 issues. We're saying we think two issues are important: When is the plant going to be online, and how much is it going to cost, and are their projections reasonable?

So we think we're, we're moderate in our approach. And we think that the Supreme Court language is instructive with respect to -- you know, what the Court said in the case I cited is, and I'll quote, the requirements of explicit fact-findings make for more careful consideration by the Commission, helps assure that this Court does not usurp the PSC's fact-finding prerogatives, and otherwise facilitates review of the Commission orders, orders by this Court. The more

detailed the PSC's findings of fact are, the more readily these important purposes are served. I think that's instructive, I think it's important, and I think that would argue the language of the Supreme Court not to take an approach where it's all subsumed into a larger issue, which I guess would be, you know, is this feasible or not. There are key components to feasibility -- two of which are how much is it going to cost and when is it going to be online -- that we think warrants separate consideration, as has been done in years past, been issues, with this year the addition of are those projections reasonable?

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COMMISSIONER BROWN: Thank you.

MR. MOYLE: So I hope -- I'm happy to answer any questions. I hope that that clearly communicated FIPUG's position on this issue.

COMMISSIONER BROWN: It did. Thank you.

MR. MOYLE: Thank you.

COMMISSIONER BROWN: FPL.

MS. CANO: Good afternoon. Thank you.

As a general matter, it's FPL's position that these issues should be stricken in their entirety because they're not grounded in the Nuclear Cost Recovery statute or rule. But that being said, FPL would not object to including them in the same manner

they've been included in prior years, which would simply entail striking "and is that cost reasonable and are those commercial operation dates reasonable?" And FPL has offered that up to FIPUG prior to today.

We, of course, recognize that under Section

120 of the Florida Statutes and the Supreme Court case

cited by FIPUG that this Commission has a fact-finding

role to play. But the concern here is that Section

366.93 is, is, is governing, and I can cite to a Florida

Supreme Court case that directs us to follow the more

specific statute over a general statute when two

statutes apply.

The specific question with respect to the reasonableness parts of the issues asks whether the total cost estimate is reasonable and in-service dates are reasonable. Now that reasonableness of the total cost estimate is a finding specifically laid out in Section 366.93 once we petition to enter the preconstruction phase of the project. We're just not there yet.

The statute also specifically asks the

Commission to make such a finding when the Commission

petitions to begin construction. Again, we're not there

yet. And so by framing the issues in this manner, FIPUG

is really trying to pull forward a statutory finding

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that isn't ripe for determination yet. And it's for that reason that we are -- that we would object to those reasonableness portions of FIPUG's proposed issues.

COMMISSIONER BROWN: Thank you.

I'm going to turn to staff for their recommendation.

MR. YOUNG: Madam Chairman, staff recommends that you strike the "and is that reasonable" portion of both issues. The reason being is this: As Mr. Moyle pointed out, detailed findings of fact in the feasibility analysis is how much it's going to cost and the timeline for the cost. Both of those issues or both of those findings are detailed in the feasibility analysis, which is Issue Number 10. So, thus, based on that and based on staff historically doing a detailed analysis of the feasibility of these projects, staff recommends that the "and is that reasonable" portion of both issues are not needed.

COMMISSIONER BROWN: And thank you, Mr. Young. That's where I'm leaning as well.

So I will allow Issue 10A and 10B to be included with the deletion of "and is that estimated cost reasonable" for 10A, have that stricken, and 10B "is that estimated commercial operation date reasonable," so as to be consistent with what the

Commission has previously done.

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Okay. Let's move on to --

MR. REHWINKEL: Madam Chairman, you've run a very swift and efficient process so far, and I hope not to bollix it up too much. I just would ask your indulgence to back up to -- I didn't review my notes and there's two very small changes that I would like to make.

COMMISSIONER BROWN: Oh, this is a good time. Go ahead.

MR. REHWINKEL: Okay. On page 12 -- and I've touched base with the company and staff about this -- on page 12 in our basic position, in the first full paragraph that begins with "Specifically," on the third line there, the five needs to be changed to a four. it should say "TGF-4."

COMMISSIONER BROWN: Okay.

MR. REHWINKEL: And the corresponding adjustment to that is on page 23 in our -- in the position on the second line, and then about three-fourths of the way down there, those two fives need to be changed to a four.

COMMISSIONER BROWN: Uh-huh. Okay.

MR. REHWINKEL: And I will put that in the email as well.

COMMISSIONER BROWN: I was just going to ask 1 2 that. Thank you. 3 MR. REHWINKEL: Thank you. COMMISSIONER BROWN: Okay. Let's go to Issue 4 5 11 now. Mr. Young. MR. YOUNG: Issue 11, FIPUG and FRF needs to 6 7 take a position. **COMMISSIONER BROWN:** Mr. Moyle, same? 8 9 MR. MOYLE: We will take a position by 5:00 on Friday. And on the other, other issue that we just 10 11 argued --12 COMMISSIONER BROWN: Uh-huh. MR. MOYLE: -- thanks for giving us the 13 14 opportunity to argue that and, and make our, our points and presentations. So thank you. 15 COMMISSIONER BROWN: Thank you. 16 17 Mr. Wright. Mr. Wright. 18 MR. WRIGHT: Thank you, Commissioner. We will 19 get our positions to, to the staff before the deadline you set, most likely quite a bit sooner than that. 20 21 Thank you. 22 COMMISSIONER BROWN: Thank you. 23 Mr. Young, were you trying to speak? 24 MR. YOUNG: Yes, ma'am. Based on the review 25 of the Prehearing Order the utility thus far is the only

party that's taken a position that would be ripe for a 1 2 potential stipulation. Also, can we back up, Madam Chair? 3 COMMISSIONER BROWN: Yes. 4 MR. YOUNG: For Issues 10A and 10B --5 COMMISSIONER BROWN: Sure. 6 7 MR. YOUNG: -- FRF needs to take a position. COMMISSIONER BROWN: Mr. Wright. 8 9 MR. WRIGHT: The same. 10 COMMISSIONER BROWN: By Friday. MR. WRIGHT: We'll get with staff by Friday. 11 12 **COMMISSIONER BROWN:** Friday. MR. WRIGHT: Most likely sooner. Thank you. 13 14 COMMISSIONER BROWN: Okay. That's acceptable. 15 Yes. MR. YOUNG: I'm sorry. And based on your 16 17 ruling for 10A and 10B, one note for the record, if 18 Mr. Moyle is going to change his position or is he going 19 to no position? 20 **COMMISSIONER BROWN:** Mr. Moyle? 21 MR. YOUNG: And FPL. 22 MR. MOYLE: I think we use this as an 23 opportunity to set forth in writing legal arguments. 2.4 I think I will, to save space and paper, just be 25 revising it to, to the first part of the position which

sets forth sort of the substantive position on the 1 issue, not the legal argument that we just entertained. 2 3 COMMISSIONER BROWN: Okay. And you have until Friday, as you know, close of business. 4 5 Yes, OPC. MR. REHWINKEL: Just for the record to 6 7 confirm, since the issue has changed since we filed our prehearing statement, we stick with no position just for 8 9 the record. 10 COMMISSIONER BROWN: Okay. Thank you. Any other changes, still on 10A and 10B? 11 12 MS. CANO: FPL will be submitting a revised 13 position consistent with the time frame provided by 14 staff. 15 **COMMISSIONER BROWN:** Certainly. Okay. have moved on from 10A, 10B, and Issue 11, so we are now 16 17 on Issue 12. 18 Mr. Young. 19 MR. YOUNG: FRF and FIPUG needs to take a 20 position. 21 **COMMISSIONER BROWN:** Okay. Same? 22 MR. WRIGHT: Commissioner, same deal. But I 23 will say that on Issues 11 through 17 we will not stand 24 in the way of a Type 2 stipulation. 25 COMMISSIONER BROWN: Thank you.

Τ	mr. wright: Thank you.
2	COMMISSIONER BROWN: Okay. Mr. Moyle.
3	MR. MOYLE: Same, same as these other issues.
4	COMMISSIONER BROWN: Okay. Thank you.
5	MR. MOYLE: And if it helps, Madam Chairman,
6	on the 10A and 10B, only the first paragraph of FIPUG's
7	position is responsive to the substance of the issues,
8	so all of the other stuff related to the legal argument
9	can be
10	COMMISSIONER BROWN: Oh, we've already moved
11	on from 10A. You can do that in writing by Friday.
12	MR. MOYLE: Okay.
13	COMMISSIONER BROWN: Okay. Issue 13.
14	MR. YOUNG: Similarly, FRF and FIPUG needs to
15	take a position, and I think FIPUG stated that I
16	mean, FRF stated
17	COMMISSIONER BROWN: And we're we've
18	already yeah. So we're going to go to Issue 14.
19	MR. YOUNG: Issue 14, FIPUG and FRF need to
20	state a position.
21	COMMISSIONER BROWN: Uh-huh. I think it's the
22	same thing. Am I correct? Yeah. Nodding correct.
23	Issue 15.
24	MR. YOUNG: Issue 15, all the parties have
25	taken a position except FRF.

COMMISSIONER BROWN: Yes, FPL.

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MR. ANDERSON: Yeah. We'd like to be heard on

MR. YOUNG: And FIPUG.

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Issue 15 --

Chair.

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5 MR. ANDERSON: -- at your o

MR. ANDERSON: -- at your convenience, Madam

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COMMISSIONER BROWN: Yes, now is appropriate.

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MR. ANDERSON: Thank you very much.

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Issue 15 is the usual prudence issue for the

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Extended Power Uprate project that focuses on 2013

project management, contracting, accounting, cost

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controls, et cetera. We're concerned with some language

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that SACE has in its position statement here, which was

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just submitted on the 2nd or 3rd.

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Please look with me at the first two sentences, which we have no problem with. SACE says it is SACE's understanding this relates to the 2013 -- it basically states the correct scope.

In the second sentence they say, "Based on this understanding, SACE takes no position on this issue." Now we have no problem with that; that's exactly right. However, it goes on for another couple of extended paragraphs with all kinds of language about some Nuclear Regulatory Commission litigation that SACE is pursuing. And however you'd like to pursue it, we

view those as strictly NRC jurisdictional and really no part of this proceeding, and we ask that those portions of the statement be dropped and that there be a limitation on an examination at hearing. And we're happy to talk about that more now, but I think I've made our position very clear. And specifically SACE's own language states they have an NRC complaint pending on exactly these types of allegations. It was also raised in their attempt to stop the restart of Lucie Unit 2, which was denied by the Nuclear Regulatory Commission on 11 April 1.

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COMMISSIONER BROWN: Mr. Young, before I get to you, I'm going to go to SACE. Are you finished, Mr. Anderson?

MR. ANDERSON: I want to be listening to how you want to proceed, because we're happy to take this up at this time or we could file a written motion. But we think it's very clearly outside of the Commission's jurisdiction. We're hoping we could just be done today.

COMMISSIONER BROWN: Mr. Young, unless you disagree, I think it's ripe for discussion at this time.

> MR. YOUNG: That's fine with me.

COMMISSIONER BROWN: Okay. SACE, Mr. Jacobs.

MR. JACOBS: Thank you, Madam Chairman.

We would first focus on the wording of the

language, which is, is an effort to find whether or not the project management, contracting, accounting, and cost oversight control is reasonable and prudent. We believe the language that, that's been cited goes to a basic and full understanding of the overall management and project controls, so therefore we believe it has relevance.

We can, we can have a conversation about whether or not it needs to be put into our position at this time, or we can cover it in, in the course, in due course of the proceeding. But we do believe that it has relevance to the overall management and controls of the company.

COMMISSIONER BROWN: But, but it does state that SACE takes no position on the issue, and then all of that verbiage doesn't even apply to the issue before us.

MR. JACOBS: Yes.

COMMISSIONER BROWN: So, I mean, SACE is taking no position on the issue.

 $\ensuremath{\mathsf{MR}}$. JACOBS: Ultimately we are taking a position on the issue, and that --

COMMISSIONER BROWN: It looks like dicta that may be more appropriate for a brief or some other --

MR. JACOBS: What I'd, what I'd like to do,

Madam Chair, is I'd like to have a chance to confer with 1 2 3 4 5 6 7 8 9

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co-counsel and then maybe, maybe have a follow-up conversation with the company and see how, if we can come up with a -- because ultimately what I -- where we're headed is we want to take a position on this issue. And I think the idea that, of totally backing away with no position is probably not, not the correct answer today. So what I'd like to do is confer with co-counsel and see if we can come up with some wording that would fit.

I understand the objection of the company. And, clearly, that, that, that -- we can have a conversation about whether or not we want to continue --

COMMISSIONER BROWN: Is co-counsel present? Is your co-counsel --

MR. JACOBS: Not, not at this point.

COMMISSIONER BROWN: Okay. Mr. Young.

MR. YOUNG: That's fine. I think you've given the parties until the close of business on Friday to, to take a position or to modify their position. And if SACE doesn't, then we will deal with it at the beginning of the hearing as a preliminary matter possibly, potentially.

MR. JACOBS: That sounds fair.

COMMISSIONER BROWN: Okay, Mr. Jacobs.

MR. REHWINKEL: Commissioner, may I be heard?

COMMISSIONER BROWN: Sure.

MR. REHWINKEL: We don't, obviously we don't take a position on this issue. I just -- and I understand where FPL is coming from because of the no position language that's embedded in the order. It, it seems to me that the appropriate thing to do is, is perhaps a motion in limine if, if their concern is about the scope of cross-examination at the hearing.

We would be, as a general proposition outside of this case, concerned about parties, you know, objecting to the wording of parties' positions. Because when you go back to the issue identification process, a lot of times a lot of the weeks of background work is trying to smooth out the issues and say you can deal with your -- you can take a position under that issue.

COMMISSIONER BROWN: I understand that.

MR. REHWINKEL: So, so we just would be concerned about a process that would get into striking parties' issues.

COMMISSIONER BROWN: We're not in that, we're not in that juncture right now, Mr. Rehwinkel.

MR. REHWINKEL: I understand.

COMMISSIONER BROWN: We're just listening to the parties.

MR. REHWINKEL: I understand. I just wanted 1 to voice a concern about the process there. 2 3 COMMISSIONER BROWN: Okay. Thank you. MR. REHWINKEL: We -- I fully understand that 4 if they've taken, if they've taken no position, 5 ultimately in there it does foreclose some rights during 6 7 the hearing, and we understand that. COMMISSIONER BROWN: Thank you. And we do 8 9 here as well. 10 MR. JACOBS: In essence, that's very much consistent with my point. 11 COMMISSIONER BROWN: Okay. Mr. Jacobs, so you 12 13 have till the close of business on Friday to, to make changes and submit them to staff. 14 15 MR. JACOBS: Thank you very much for that. 16 COMMISSIONER BROWN: Okay. Mr. Anderson. 17 MR. ANDERSON: We, we understand that position 18 and ruling. We'd observe that a lot of this language 19 goes to allegations about NRC licensing kind of prior to 20 2007. So our thought would be we'll see whatever they 21 file on Friday. If it contains any of this though, I 22 think we would be inclined to follow OPC's suggestion 23 and actually file a motion. 24 COMMISSIONER BROWN: Uh-huh. A motion in 25 limine.

MR. ANDERSON: And we'd ask for a ruling for 1 2 that in advance of hearing because we really don't see, 3 you know, obviously or plan to litigate NRC issues dating back to the early 2000s. 4 COMMISSIONER BROWN: Okay. And, Mr. Young, I 5 think that we would -- that would be appropriate if you 6 7 agree procedurally. MR. YOUNG: Yes, ma'am. I think you are, you 8 9 are -- and I'll look to Ms. Helton -- but I think up 10 until the start of the prehearing, our prehearing -- I 11 mean, up until the start of the hearing you are the 12 presiding officer. 13 MS. HELTON: And I think a motion in limine would be appropriate under the circumstance. And I do 14 share Mr. Rehwinkel's concern about other parties 15 16 dictating positions for other parties. 17 COMMISSIONER BROWN: Okay. We're going to 18 move on. 19 All right. Issue 16. MR. YOUNG: Issue 16, I would note that FRF 20 21 and FIPUG needs to take a position. 22 **COMMISSIONER BROWN:** Same? 23 MR. MOYLE: Same. 2.4 **COMMISSIONER BROWN:** Okay. Issue 17. 25 MR. YOUNG: Issue 17, I would note that FRF,

FIPUG, and SACE needs to take a position. The wording, 1 I think we can, in terms of that position, we can have a 2 3 discussion on. **COMMISSIONER BROWN:** Okay. SACE? 4 MR. JACOBS: We could -- we'll take the 5 position of giving you a statement by, by Friday, Madam 6 7 Chairman. COMMISSIONER BROWN: Okay. Other parties? 8 9 MR. MOYLE: Same with FIPUG. 10 COMMISSIONER BROWN: Same? Same. MR. WRIGHT: I'd say the same as I said for 11 12 11 through 17, Commissioner. 13 COMMISSIONER BROWN: Okay. Thank you. 14 MR. WRIGHT: Thank you. 15 COMMISSIONER BROWN: Okay. We are done with 16 the issues right now. 17 We're going to move on to Section IX, the 18 exhibit list. Are there, Mr. Young, are there any 19 changes or corrections that you are aware of to the 20 exhibit list as it appears in the Draft Prehearing 21 Order? 22 If there are, I would like the parties to know 23 to make sure that those changes are submitted to staff 24 prior to close of business on Friday so that they are

incorporated into the final Prehearing Order.

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Section X is proposed stipulations.

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MR. YOUNG: There are no proposed stipulations

at this time, but staff did note for the record that we

believe several issues may be ripe for potential

stipulation.

COMMISSIONER BROWN: Agreed.

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All right. Section XI, pending motions.

there any pending motions not related to confidentiality

MR. YOUNG: To the best of my knowledge, there are no pending motion. But, as FPL indicated, there

might be a pending motion that may be coming forth.

COMMISSIONER BROWN: Okay. Great.

And Section XII, pending confidentiality And I will note that there are several -- a few confidentiality requests that will be addressed by separate written order probably by close of business on Friday as well, but definitely prior to the commencement of the hearing.

All right. Section XIII, post-hearing procedures. Staff.

MR. YOUNG: Staff would suggest that post-hearing briefs be limited to 25 pages.

COMMISSIONER BROWN: And I am amenable to that that. And there's no word limit to the summary of the

1	positions, but those briefs are limited to 25 pages and
2	you can use your pages accordingly.
3	All right. Section any questions? Section
4	XIV.
5	MS. CANO: I'm sorry. I do have a question on
6	Section XIII. Did you say there were no word limits on
7	the position statements?
8	COMMISSIONER BROWN: No yes that's
9	correct, no word limit.
10	MS. CANO: Okay. Thank you.
11	COMMISSIONER BROWN: You're welcome.
12	Section XIV, I believe, rulings.
13	MR. YOUNG: Staff would suggest that, that you
14	make a ruling that the opening statements, if any,
15	should not exceed
16	COMMISSIONER BROWN: It was five minutes.
17	MR. YOUNG: five minutes, five minutes per
18	party.
19	COMMISSIONER BROWN: Okay. Mr. Anderson.
20	MR. ANDERSON: We'd suggest considering what
21	we did last year, which was basically Duke and FPL had
22	ten minutes.
23	COMMISSIONER BROWN: I considered that, too.
24	MR. ANDERSON: Yeah. And then the other folks
25	had 20 minutes to share amongst themselves.

COMMISSIONER BROWN: Now, and the reason why I 1 was more amenable to the five minutes for each party was 2 3 because that there is no Intervenor testimony, and I figured five minutes would be an opportunity for them 4 to -- to give them latitude during that opening 5 statement. 6 7 MR. ANDERSON: The only consideration there is that, just from a rebuttal perspective, is typically one 8 9 of our fine counsel may say something that needs to be responded to. With just five minutes on the utility 10 side, that's very thin skating. 11 12 COMMISSIONER BROWN: Uh-huh. 13 MR. REHWINKEL: I have no problem with everybody getting five and the company getting ten. 14 15 That doesn't bother me based on kind of the posture of this case. 16 17 MR. ANDERSON: And we'll use as little as we 18 can. 19 COMMISSIONER BROWN: Okay. You know we love 20 that. 21 MR. ANDERSON: I know that. 22 COMMISSIONER BROWN: Do any of the Intervenors

have a problem with that?

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MR. WRIGHT: I agree with Mr. Rehwinkel. I think it's fair for the companies to have ten minutes.

COMMISSIONER BROWN: Okay. 1 MR. WRIGHT: We get five, five per party. 2 Thank you. 3 **COMMISSIONER BROWN:** Okay. 4 MR. MOYLE: FIPUG is fine on that. FIPUG does 5 not like to say, oh, you split it up, because sometimes 6 7 people get verbose. COMMISSIONER BROWN: I was, I was told that, 8 9 yes. I was told that. 10 MR. MOYLE: Probably me. 11 COMMISSIONER BROWN: You may be the guilty one. So I'm going to allow ten minutes to, to FPL, ten 12 13 minutes to Duke, five minutes to each Intervenor for 14 opening statements. Thank you all for working with us 15 on that. Okay. MR. MOYLE: Can I, can I just have one 16 17 question, and I don't think this will be an issue in 18 this case? But on the page limits --19 COMMISSIONER BROWN: No page -- the 25-page limit? 20 21 MR. MOYLE: Yeah. Yeah. That would be per 22 party. So if there was a whole bunch of issues that 23 FIPUG had with Duke, we would have 25 pages and 25 with 24 FPL, right, not a combined 25?

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COMMISSIONER BROWN: I mean, that, that's,

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1 that's what I envisioned.

MR. YOUNG: That's fine with staff. Yeah.

MR. MOYLE: Okay. Again, that was more for future reference. I don't expect it, but I just wanted to make sure I understood that.

COMMISSIONER BROWN: Okay. Section VI [sic], other matters. Are there any other matters here to be addressed at the Prehearing Conference, Mr. Young?

MR. YOUNG: None, none that staff is aware of. But staff would request that to the extent the parties' positions change or add -- are added due to discussion at this Prehearing Conference, they should provide any such, any such changes to staff by the close of business on Friday, July 11th, 2014. This is necessary so that the Prehearing Order can be completed before the hearing.

COMMISSIONER BROWN: Okay. Thank you. I think we've reminded the parties enough, everyone knows -- you lose your -- if you snooze, you lose by Friday.

Just a few reminders prior to the hearing.

I've asked staff to distribute an example of a cover sheet that can be used as an exhibit, for the exhibits at the hearing. If everyone could try to use a format like that -- thank you very much -- it would be helpful in the process of marking the exhibits more quickly.

The Chairman will ask you, as you know, for a short title. So my suggestion is to put that on the cover page so that he doesn't have to come up with a title.

Also, please make sure that the number of copies of your exhibits for use at the hearing, at least enough for the witnesses, the court reporter, five Commissioners, Commission staff, and at least one for each party that will be present. 25 is usually a good number. We will have a staff person here to help you distribute them.

Also, please prepare a sufficient number of the confidential copies in red folders for distribution at the hearing so that -- ensuring that the confidential information is clearly highlighted.

Yes, Mr. Rehwinkel.

MR. REHWINKEL: I was just going to ask something when you're done.

COMMISSIONER BROWN: Almost done.

Availability of witnesses -- I know that all of you have witnesses traveling and some of them have very busy schedules. If you could please do your best to make them available as they appear in the hearing order, that would be great. Of course, if there is an unavoidable conflict, please let staff and the other parties know as soon as possible so that we can work

something out at the day of the appearance.

Finally, confidentiality, as you all are very well familiar with the requirements for dealing with confidential data, if you plan to cross-examine the witnesses and if you have any questions about that or any procedural issues whatsoever, please feel free to call staff. They are very helpful.

And now is your turn.

MR. REHWINKEL: Yes. Just for edification of the Commission and the parties, the Public Counsel can state that we do intend to cross-examine Mr. Foster and Mr. Fallon for certain. Mr. Delowery is a discussion that could occur. We have deposed both Mr. Fallon and Mr. Delowery. So I, I just put that out there. I have not talked to co-counsel or counsel for the company or staff about that. But just for expectations, we would not stipulate to those two, but there's a possibility on the one.

COMMISSIONER BROWN: Okay. Okay. That's helpful. Thank you.

Any other helpful information?

MR. YOUNG: Madam Chair.

COMMISSIONER BROWN: Sure, Mr. Young.

MR. YOUNG: I'll go after Mr. Brew.

MR. BREW: Oh, I was just going to second what

Mr. Rehwinkel said. We would expect not to have 1 questions for Mr. Delowery, but probably for Mr. Foster 2 3 and Mr. Fallon. COMMISSIONER BROWN: Thank you. Very helpful. 4 5 Anyone else? MR. JACOBS: I think we'll stick with that 6 7 trend. COMMISSIONER BROWN: Okay good. Mr. Wright? 8 9 No? Okay. 10 And Mr. Young. MR. YOUNG: Two things: One, I didn't see Mr. 11 12 -- I didn't see FIPUG say anything about those two 13 witnesses but --14 COMMISSIONER BROWN: He's going to defer till Friday. 15 MR. MOYLE: I was, I was, I was thinking my 16 17 trial strategy probably is best remaining in my head at 18 this point at least. 19 (Laughter.) MR. YOUNG: Another thing, just to clarify the 20 21 record, as it relates to page limits on post-hearing 22 briefs, that means that a party that's intervened in 23 both, intervened in both parts of the docket, FPL and 24 Duke, will file -- they can file 25 pages for FPL, 25

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pages for Duke.

COMMISSIONER BROWN: Okay. Thank you for being, for making that more clear, but I thought that was clear with the parties. Are there any other additional matters that we need to address? Anybody? Okay. This Prehearing Conference is adjourned. Thank you all for your participation. Appreciate it. (Prehearing Conference adjourned at 1:42 p.m.)

1	STATE OF FLORIDA) : CERTIFICATE OF REPORTER
2	COUNTY OF LEON)
3	
4	I, LINDA BOLES, CRR, RPR, Official Commission Reporter, do hereby certify that the foregoing
5	proceeding was heard at the time and place herein stated.
6	IT IS FURTHER CERTIFIED that I stenographically
7	reported the said proceedings; that the same has been transcribed under my direct supervision; and that this
8	transcript constitutes a true transcription of my notes of said proceedings.
9	
10	I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or
11	counsel connected with the action, nor am I financially interested in the action.
12	
13	DATED THIS 15th day of July, 2014.
14	
15	Linda Boles
16	LINDA BOLES, CRR, RPR FPSC Official Commission Reporters
17	(850) 413-6734
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