

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Cost Recovery Clause

DOCKET NO. 150009-EI

Date: July 8, 2015

**THE SOUTHERN ALLIANCE FOR CLEAN ENERGY'S
PREHEARING STATEMENT**

The Southern Alliance for Clean Energy ("SACE"), by and through its undersigned counsel, and pursuant to Order No. PSC-15-0082-PCO-EI, filed January 30, 2015, 2015, hereby files its Prehearing Statement.

1. Appearances

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Attorney for Southern Alliance for Clean Energy

2. Witnesses

SACE is not sponsoring any witnesses.

3. Statement of Basic Position

SACE supports the development of low cost, low risk energy resources primarily through increased energy efficiency implementation and meaningful renewable energy development. The proposed new Florida Power and Light ("FPL") nuclear reactor project, Turkey Point ("TP") units 6 & 7, is neither low cost, nor low risk. There is great uncertainty and risk surrounding the completion of the proposed project with all the financial risk being borne by its customers. FPL is seven years into the project and will not commit to a price for the two proposed TP reactors and will not commit to an in-service date, or that the reactors will be built at all. Further, FPL

uses significantly low cost estimates for the two reactors that do not reflect real-world costs experienced by reactor construction projects here in the U.S. As the uncertainty and risk continue to increase, as it has every year, the non-binding cost estimate range increases and projected in-service dates become nothing more than placeholders for the next projected in-service date delay and price increase announcement.

Several Toshiba Westinghouse AP-1000 projects, the reactor design chosen by FPL, are experiencing delays and significant cost overruns. The two AP-1000 reactor projects currently under construction in the U.S., Southern Nuclear Operating Company's Vogtle reactor units 3 & 4 in Georgia and SCANA's V.C. Summer reactor units 2 & 3 in South Carolina, are at least 39 months delayed beyond the original in-service estimates of April 2016 and April 2017 for both projects. Both projects have experienced significant cost increases and FPL has failed to reflect that reality in its feasibility analysis for TP 6 & 7. Therefore, FPL's project cost estimates are far too low, resulting in an unrealistic feasibility analysis.

SACE maintains that the FPL proposed new TP nuclear reactors remain infeasible and that the power company has not met the requirement of Rule 25-6.0423(5)(c)5, F.A.C., requiring that a utility seeking cost recovery must submit for Commission review and approval a detailed analysis demonstrating the long-term feasibility of completing the proposed new nuclear project. FPL has failed to complete and properly analyze a realistic feasibility analysis and has not met its burden of proving that the project is economically feasible. In addition to unrealistic construction costs, the Company's resource planning process, which forms the foundation for its economic feasibility analysis, does not place demand-side resources, such as energy efficiency, on a "level playing field" with supply-side resources in its analysis - thereby skewing the results of the

analysis towards approval of the proposed TP reactors - which are currently only benefiting FPL shareholders with great uncertainty whether any benefit will accrue to current customers at all.

From a qualitative feasibility perspective, the net cumulative fuel savings benefits of the project, extolled by FPL as the prime benefit for customers, may not be realized by customers until 50 years from today – based on testimony in this year’s docket.¹ This practically means that many customers will move away or pass away or their business will close before realizing any cumulative fuel savings benefit from the project, if at all – forcing customers to pay today for an alleged benefit that they may never receive in their lifetime.

There are simply lower cost, lower risk resources available to meet projected demand. As a result, cost recovery for FPL for costs related to these proposed new nuclear reactors should not be granted, nor should the Commission find that projected 2016 costs are reasonable.

SACE supported the cancellation of the Duke Energy Florida (“DEF”) Levy Nuclear Project (“LNP”) in the 130009 docket. SACE’s position continues to be that costs related to the wind down of both the LNP cancellation and the Crystal River Unit 3 (“CR3”) retirement be closely scrutinized to ensure that the recovery of costs protects the interests of DEF customers.

4. SACE’s Position on the Issues

ISSUE 1: Should the Commission approve as reasonable what FPL has submitted as its 2015 annual detailed analysis of the long-term feasibility of completing the Turkey Point Units 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C?

POSITION: No. FPL has failed to complete and properly analyze a realistic feasibility analysis.

¹ Pre-filed Testimony of Eugene Meehan on behalf of the City of Miami, Docket 150009-EI, June 22, 2015, p. 19 - 20.

ISSUE 1A: What is the current total estimated all-inclusive cost (including AFUDC and sunk costs) of the proposed Turkey Point Units 6 & 7 nuclear project?

POSITION: The current estimated costs are too low, and the ultimate cost of the proposed Turkey Point Units 6 & 7 will likely significantly exceed current estimates.

ISSUE 1B: What is the current estimated planned commercial operation date of the planned Turkey Point Units 6 & 7 nuclear facility?

POSITION: The in-service dates for the proposed reactors have already been moved back three times. The actual commercial operation dates of these reactors will occur further in time than these projected dates, if at all.

ISSUE 2: Should the Commission find that FPL's 2014 project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Turkey Point Units 6 & 7 project?

POSITION: No position.

ISSUE 3A: (Legal): Pursuant to Section 366.93, Florida Statutes, can costs, which are not related to, or necessary for, obtaining or maintaining a combined license from the Nuclear Regulatory Commission for a nuclear power plant be incurred prior to the issuance of the COL and deferred for later recovery?

POSITION: Adopt position of OPC.

ISSUE 3B: Are the Initial Assessment costs incurred as set forth in FPL's Petition and Testimony for which FPL is seeking deferred recovery, costs that are related to or necessary for obtaining or maintaining a combined license?

POSITION: Adopt of position of OPC.

ISSUE 3C: Should the Commission approve FPL's proposal to incur and defer for later recovery its Initial Assessment costs, as set forth in FPL's petition and supporting testimony?

POSITION: Adopt position of OPC.

ISSUE 4: What jurisdictional amounts should the Commission approve as FPL's actual 2014 prudently incurred costs and final true-up amounts for the Turkey Point Units 6 & 7 project?

POSITION: None. FPL did not complete and properly analyze a realistic feasibility analysis in 2014. As such, requested cost recovery flowing from that deficient feasibility analysis, are not prudently incurred and should be denied.

ISSUE 5: What jurisdictional amounts should the Commission approve as reasonably estimated 2015 costs and estimated true-up amounts for FPL's Turkey Point Units 6 & 7 project?

POSITION: None. FPL did not complete and properly analyze a realistic feasibility analysis in 2014. As such, requested cost recovery flowing from that deficient feasibility analysis, are not prudently incurred and should be denied.

ISSUE 6: What jurisdictional amounts should the Commission approve as reasonably projected 2016 costs for FPL's Turkey Point Units 6 & 7 project?

POSITION: None. FPL did not complete and properly analyze a realistic feasibility analysis. The technical feasibility analysis is heavily skewed towards an outcome favoring the TP 6 & 7 reactors. Moreover, the reactors are not qualitatively feasible as they impose enormous costs on customers, many who may never realize a cumulative net fuel savings benefit from proposed reactors.

ISSUE 7: What is the total jurisdictional amount to be included in establishing FPL's 2016 Capacity Cost Recovery Clause factor?

POSITION: This is a fallout amount from the substantive issues.

ISSUE 8: Should the Commission find that during 2014, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Levy Units 1 & 2 project?

POSITION: No position.

ISSUE 9: What jurisdictional amounts should the Commission approve as DEF's actual 2014 prudently incurred costs for the Levy Units 1 & 2 project?

POSITION: No position.

ISSUE 10: What jurisdictional amounts should the Commission approve as reasonably estimated 2015 exit and wind down costs and carrying costs for the Levy Units 1 & 2 project?

POSITION: No position.

ISSUE 11: What jurisdictional amounts should the Commission approve as reasonably projected 2016 exit and wind down costs and carrying costs for the Levy Units 1 & 2 project?

POSITION: No Position.

ISSUE 12: Should the Commission find that during 2014, DEF's project management, contracting, accounting and cost oversight controls were reasonable and prudent for the Crystal River Unit 3 Uprate project?

POSITION: No position.

ISSUE 13: What jurisdictional amounts should the Commission approve as DEF's actual 2014 prudently incurred costs for the Crystal River Unit 3 Uprate project?

POSITION: No position.

ISSUE 14: What jurisdictional amounts should the Commission approve as reasonably estimated 2015 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

POSITION: No position.

ISSUE 15: What jurisdictional amounts should the Commission approve as reasonably projected 2016 exit and wind down costs and carrying costs for the Crystal River Unit 3 Uprate Project?

POSITION: No position.

ISSUE 16: What is the total jurisdictional amount to be included in establishing DEF's 2016 Capacity Cost Recovery Clause Factor?

POSITION: No position.

5. Stipulated Issues

There are no stipulated issues at this time.

6. Pending Motions

SACE has no pending motions at this time.

7. Pending Confidentiality Claims or Requests

SACE has no pending confidentiality claims or requests.

8. Objections to Witness Qualifications as an Expert

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

9. Compliance with Order No. PSC-15-0082-PCO-EI

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

Dated: July 8, 2015

Respectfully Submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic mail this 8th day of July, 2015, to the following:

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