

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, LLC to Approve Transaction with Accelerated Decommissioning Partners, LLC for Accelerated Decommissioning Services at the CR3 Facility, Transfer of Title to Spent Fuel, and Assumption of Operations of the CR3 Facility Pursuant to the NRC License, and Request for Waiver From Future Application of Rule 25-6.04365, F.A.C. for Nuclear Decommissioning Study

DOCKET NO.: 20190140-EI

Submitted for Filing: July 9, 2020

DUKE ENERGY FLORIDA, LLC'S NOTICE OF FILING REVISED EXHIBIT NO. (JA-2) TO THE REBUTTAL TESTIMONY OF JEFF ADIX

Duke Energy Florida, LLC, ("DEF"), by and through undersigned counsel, hereby files the revised Exhibit No. __ (JA-2) to the Rebuttal Testimony of Jeff Adix, which was previously filed with DEF's Rebuttal Testimony on June 18, 2020 (DN 03177-2020).

DATED this 9th day of July, 2020.

/s/ Daniel Hernandez

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Duke Energy Florida, LLC
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail this 9th day of July, 2020, to all parties of record as indicated below.

/s/ Daniel Hernandez

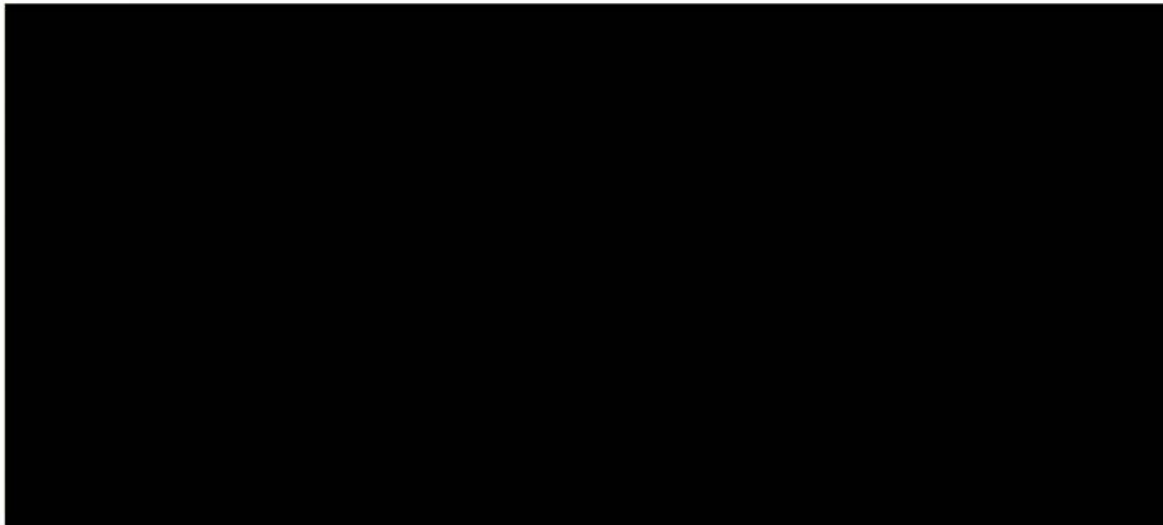
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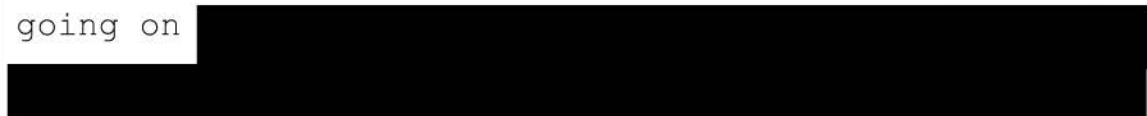
**Excerpts from the
Confidential Deposition
of
Richard A. Polich, P.E.
taken on
June 12, 2020**

Richard A. Polich, P.E. Confidential
June 12, 2020

1 consortium, the two parent companies, which are Orano
2 and NorthStar -- Orano is a well-capitalized entity of
3 which has minimal risk of not being able to support the
4 parental support agreement.



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13 Without that covenant, if the project gets in
14 financial trouble -- and again, with the other
15 enhancements that we're talking about in terms of
16 frequency of reporting of information to Duke as well
17 in Recommendation 4, as well as Recommendation 5, it
18 could be sometime before anybody knows what's really
19 going on



21 Q Okay. And if the commission requires that
22 this recommended enhancement be made part of the DSA
23 and the ADP parties refuse to agree to do so, would it
24 be your recommendation that the commission not approve
25 the DSA on that basis?

Richard A. Polich, P.E. Confidential
June 12, 2020

1 Q And we'll get into the comparisons between
2 this Vermont project and this one with respect to the
3 contractor's provisional trust.

4 But before we do that let me ask you wouldn't
5 increasing the contributions from 6 percent to 10
6 percent restrict ADP's cash flow?

7 A Not necessarily.

8 Q Under what circumstances would it not
9 restrict ADP's cash flow?

10 A To the extent that a company has the ability
11 to utilize and claim as an asset, there's always a
12 chance a company can amortize that asset through a
13 credit form and enable it to still utilize the funds
14 associated with it.

15 In addition, to the extent that those funds
16 are earning a return on them based upon the return on
17 the nuclear decommissioning trust fund, they could
18 actually be useful.

19 Q Okay. But the funds themselves that would be
20 deposited into the contractor's provisional trust would
21 not be available, correct?

22 A I can't agree with that statement.

23 Q Okay. Why can't you agree with it?

24 A For the reasons I just stated.

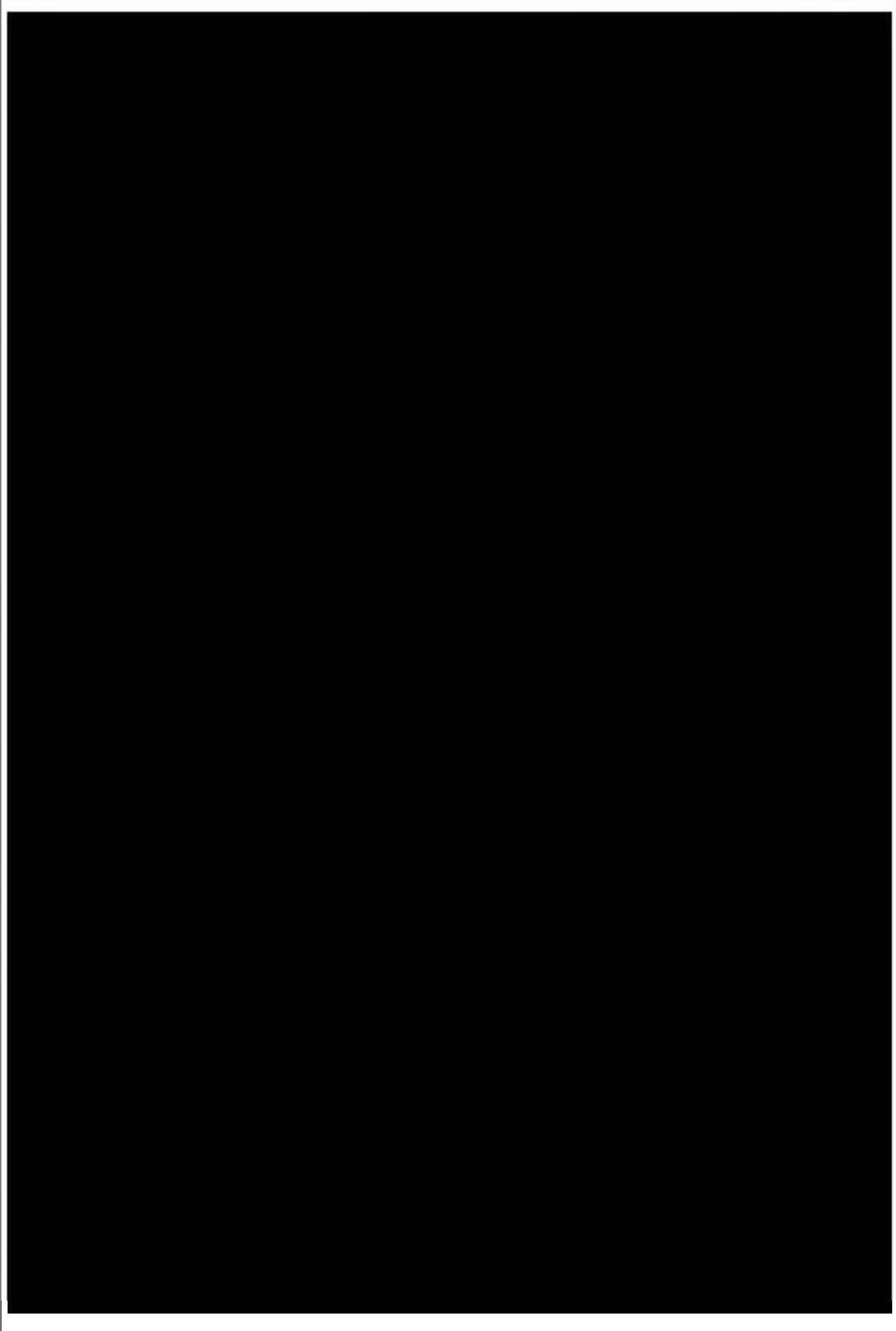
25 Q But the cash itself -- so could ADP pull

REDACTED

Richard A. Polich, P.E. Confidential
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Duke Energy Florida
Witness: Adix
Exhibit No. (JA-2)
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Richard A. Polich, P.E. Confidential
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1 process of legal action to recover those funds from DOE
2 changes, there may be a situation where there is
3 insufficient funds.

4 Q Okay. Well, I'll leave that one at that. On
5 page 26, lines 13 through 23 you indicate that the DSA
6 should require NorthStar to retain a certain level of
7 net current or liquid assets.

8 Do you see that?

9 A Yes, I do.

10 Q Would requiring that NorthStar maintain a
11 certain level of net current or liquid assets tie up
12 cash that NorthStar could otherwise apply to the CR3
13 decommissioning?

14 A Not necessarily.

15 Q Explain why you don't think it's necessarily
16 true.

17 A Cash is an asset. Assets can be used to
18 obtain credit. Companies will give you -- so there is
19 multiple ways of creating cash if you do have cash as
20 an asset.

21 It's not unusual for -- I mean in reality the
22 words "cash is king" is a very critical issue. You can
23 use it for multiple things. If.

24 Your cash is encumbered by this type of
25 provision, it doesn't prevent you from incurring a

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1 corresponding liability equivalent to that cash to
2 raise additional cash. And that additional cash can
3 then be turned around and used for paying bills and
4 doing other types of corporate -- additional corporate
5 needs.

6 Just because an entity is required to
7 maintain a cash asset doesn't necessarily mean that it
8 does not have the ability to utilize that cash.

9 Q Okay. Thank you for that explanation. I
10 want to turn to page 27, in particular lines 4 through
11 5.

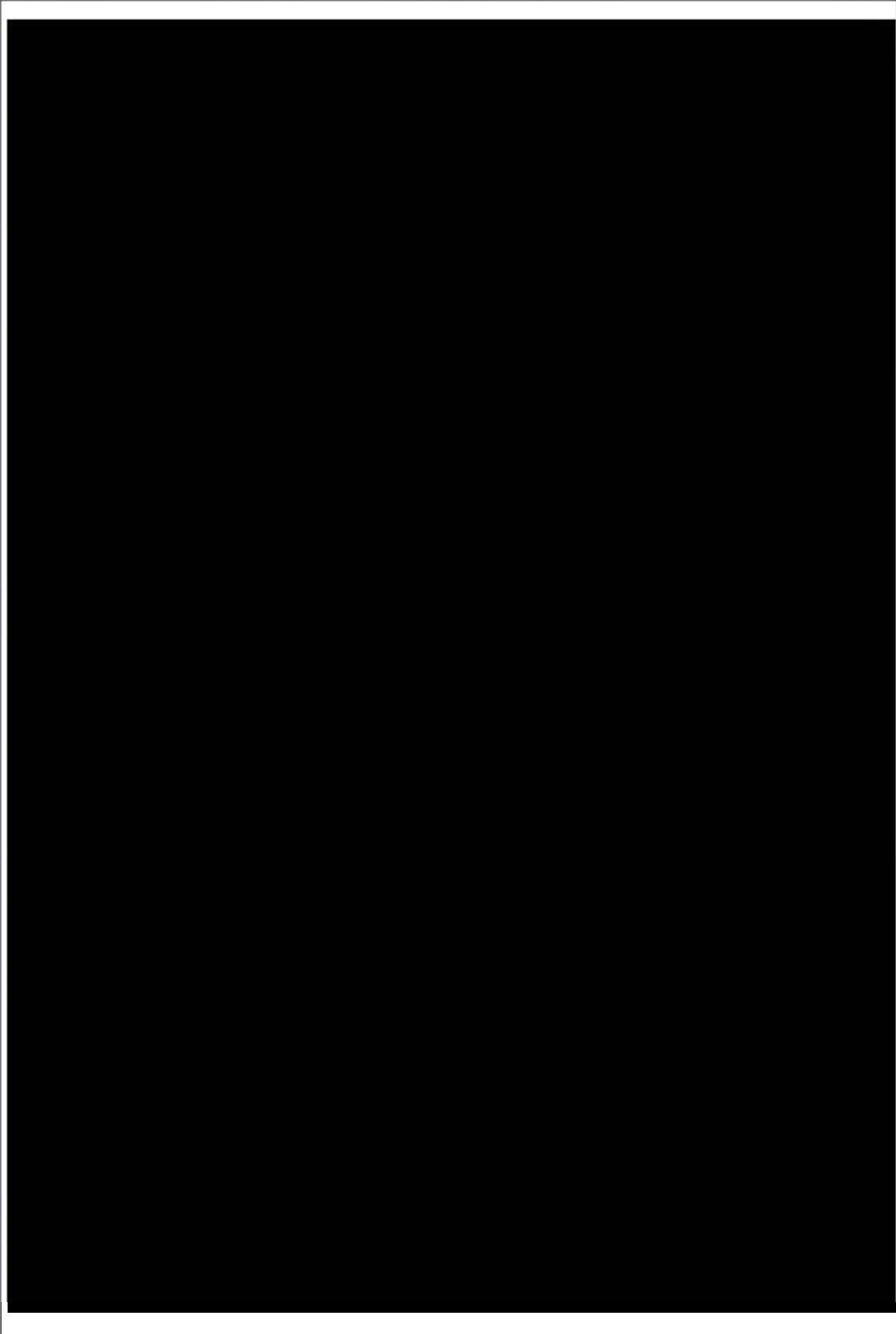


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1 earlier about if you require the parents to maintain a
2 certain level of cash what does that do in terms of
3 their ability to utilize that cash?

4 Well, to a certain point -- NorthStar shows a
5 cash equivalent right now at the end of 2019 of
6 67,000,000. Bumping that to 105,000,000 for their
7 portion of that is only adding another 40 some-odd --
8 or less than \$40,000,000 in cash equivalency. They're
9 already three-quarters of the way there so that's not a
10 significant hardship.

11 Adding the State of Florida as a parental
12 guarantee, again that doesn't cost anything to do.
13 It's a freebee.

14 And then the -- does the acceleration of the
15 CPT cause some additional? Yes, it does. But the CPT
16 is owned by NorthStar. They can claim that as an
17 asset. They can collateralize that if they need cash.

18 So I see very minimal impact from their
19 ability to financially function with the enhancements
20 we're talking about here.

21 Q But if you were to assess a dollar value on
22 these enhancements, what would it be?

23 A Less than 10,000,000 and I will admit that is
24 somewhat off the top of my head. It may be less than
25 that.

1 Q Okay. Do you have an idea of what higher
2 price Duke and in essence Duke's customers should be
3 willing to pay to include your enhancements?

4 A Let's use the \$10,000,000 figure I just gave
5 you.

6 Q Are you aware of instances where NorthStar
7 was not able to meet its contractual responsibilities
8 related to a nuclear decommissioning?

9 A NorthStar has not done a nuclear
10 decommissioning of this size.

11 I have to go back to their balance sheets
12 prior to the 2017 acquisition by the consortium. It's
13 hard to tell who acquired who in that configuration.

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21 Q But the question I'm asking, notwithstanding
22 that, were there any instances in which NorthStar did
23 not comply and complete their contractual
24 responsibilities related to a nuclear decommissioning?

25 A Again, going back to what they were