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August 10, 2009

VIA HAND DELIVERY

Ms. Ann Cole, Director
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

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COMMISSION
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Re: Docket No. 090009-EI

Dear Ms. Cole:

Enclosed please find an original and seven (7) copies of Florida Power & Light Company's Prehearing Statement. Also enclosed is a CD containing the above-referenced document in Word format.

Please contact me should you or your Staff have any questions regarding this filing.

Sincerely,

for Bryan S. Anderson
Authorized House Counsel No. 219511

Enclosures

cc: Parties of Record (w/encl.)

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DOCUMENT NUMBER-DATE

08257 AUG 10 3

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant)
Cost Recovery Clause)

Docket No. 090009-EI
Filed: August 10, 2009

FLORIDA POWER & LIGHT COMPANY'S PREHEARING STATEMENT

Florida Power & Light Company ("FPL" or the "Company"), pursuant to Section 366.93, Florida Statutes, and Rule 25-6.0423, Florida Administrative Code, hereby files with the Florida Public Service Commission ("FPSC" or the "Commission") its Prehearing Statement in connection with its Petition For Approval of Nuclear Power Plant Cost Recovery True-Up For the Periods Ending December 2006, 2007, and 2008 filed March 2, 2009, and its Petition For Approval of Nuclear Power Plant Cost Recovery Amount for the Period January 2009 through December 2010 filed May 1, 2009, and states:

I. FPL WITNESSES

A. Direct Testimony

Witness	Subject Matter	Issues
Steven D. Scroggs FPL	Describes the deliberate, step-wise process FPL is utilizing in the development of the Turkey Point 6 & 7 project; provides a description of key project management decisions and internal project budget, schedule, and cost controls; supports the prudence of actual costs incurred for the project during 2006-2008, and the reasonableness of FPL's actual/estimated costs in 2009 and projected costs for 2010.	4-8A, 14-17

DOCUMENT NUMBER-DATE

08257 AUG 10 8

FPSC-COMMISSION CLERK

Rajiv S. Kundalkar FPL	Explains the activities necessary for the Extended Power Uprate (“EPU”) project; provides a description of key project management decisions and internal project budget, schedule, and cost controls; supports the prudence of actual costs incurred for the project during 2008, and the reasonableness of FPL’s actual/estimated costs in 2009 and projected costs for 2010; describes the analyses and processes used to ensure that only costs which are “separate and apart” and necessary for the project are included in NCRC costs for computation of recoverable carrying costs.	6, 7, 9-13
Winnie Powers FPL	Explains FPL’s compliance with Rule 25-6.0423, F.A.C. (the “Rule”), and how carrying costs are provided for under the Rule; discusses the accounting controls FPL relies upon to help ensure only correct costs are appropriately charged to the projects; presents FPL’s total request for recovery during the January-December 2010 period.	4, 6, 10-18
Steven R. Sim FPL	Demonstrates the continued long-term economic feasibility of both the EPU project and the Turkey Point 6 & 7 project; describes the analytical approach used in the 2009 long-term economic feasibility analysis of both projects and provides the results of these analyses.	8, 8A, 9
John J. Reed Concentric Energy Advisors, Inc.	Presents his review of FPL’s system of internal controls as it relates to the EPU Project and Turkey Point 6&7 Project; concludes that FPL’s compliance with its detailed system of internal controls has resulted in reasonable costs and reasonable projections of expenditures.	4-8

B. Rebuttal Testimony

Witness	Subject Matter	Issues
Steven D. Scroggs FPL	Rebuts the testimony of OPC Witness Jacobs and Southern Alliance for Clean Energy (SACE) Witnesses Gundersen and Cooper; describes the benefits of FPL’s alternative strategy which preserves the option of pursuing either an Engineering, Procurement, Construction (“EPC”) contract or separate EP and C contracts; explains FPL’s recognition of and proper consideration of uncertainties in the regulatory and execution aspects of deploying new nuclear generation; supports the continued feasibility of the Turkey Point 6 & 7 project.	7A, 8, 8A

Rajiv S. Kundalkar FPL	Rebuts the testimony of OPC Witness Jacobs by explaining FPL's rigorous, engineering-based process for ensuring that only costs which are "separate and apart" from those that would have been incurred absent the EPU project have been included in FPL's NCRC request and by explaining why Witness Jacobs' suggested approach for determining "separate and apart" costs should be rejected.	11
Winnie Powers FPL	Provides FPL's position on accounting policy issues; explains that over and under collections in the Capacity Cost Recovery Clause ("CCRC") should remain in the CCRC; explains that any Commission-approved deferral becomes a regulatory asset which should remain in the NCRC and continue to accrue carrying charges at the pre-tax AFUDC rate as of June 2007; explains why FPL should be permitted to record in rate base the difference between the carrying charge rate required by Section 366.93, F.S. and its most current Commission-approved AFUDC rate.	1-3
Steven R. Sim FPL	Rebuts the testimony of SACE Witness Cooper regarding the feasibility of the Turkey Point 6 & 7 project; responds to Witness Cooper's selective and inconsistent use of forecast projections and lack of meaningful economic analysis.	8, 8A, 9
John J. Reed Concentric Energy Advisors, Inc.	Rebuts the testimony of SACE Witness Cooper regarding the feasibility of the Turkey Point 6 & 7 project; provides an industry overview and opinion on FPL's deliberate, step-wise approach to project contracting considerations, FPL's management of uncertainties in the regulatory and execution aspects of deploying new nuclear generation, and the continued feasibility of the project.	7A, 8

II. EXHIBITS

A. Direct - March 2, 2009

Exhibits	Witness	Sponsor	Description
SDS-1	Steven D. Scroggs	FPL	Appendix II Nuclear Cost Recovery Turkey Point 6&7 Pre-Construction Costs Nuclear Filing Requirement (NFR's) T-Schedules January 2007-December 2008

SDS-2	Steven D. Scroggs	FPL	Appendix III-Nuclear Cost Recovery Turkey Point 6&7 Site Selection Costs Nuclear Filing Requirements (NFR's) T-Schedules January 2006 – December 2008
SDS-3	Steven D. Scroggs	FPL	Turkey Point 6&7 Licenses, Permits and Approvals
SDS-4	Steven D. Scroggs	FPL	Turkey Point 6&7 Procedures and Work Instructions
SDS-5	Steven D. Scroggs	FPL	Turkey Point 6&7 Reports
SDS-6	Steven D. Scroggs	FPL	Turkey Point 6&7 Project Instructions and Forms List
SDS-7	Steven D. Scroggs	FPL	Turkey Point 6&7 Site Selection Study
SDS-8	Steven D. Scroggs	FPL	Turkey Point 6&7 Engineering Evaluation
SDS-9	Steven D. Scroggs	FPL	Current Technology Options for New Nuclear Power Generation
RSK-1	Rajiv S. Kundalkar	FPL	Appendix I Nuclear Cost Recovery Extended Power Uprate Project Nuclear Filing Requirements (NFR's) T- Schedules January 2008-December 2008
RSK-2	Rajiv S. Kundalkar	FPL	EPU Forged Generator Rotor
RSK-3	Rajiv S. Kundalkar	FPL	High Pressure Feedwater Heater
RSK-4	Rajiv S. Kundalkar	FPL	EPU Instructions, EPPI Index
RSK-5	Rajiv S. Kundalkar	FPL	St. Lucie Units 1&2-Uprate Activity
WP-1	Winnie Powers	FPL	Revenue Requirements by Year
WP-2	Winnie Powers	FPL	Costs by Year for Prudence Determination
WP-3	Winnie Powers	FPL	Incremental Labor Guidelines
JJR-1	John J. Reed	FPL	Resume of John J. Reed
JJR-2	John J. Reed	FPL	Expert Testimony of John J. Reed
JJR-3	John J. Reed	FPL	Comparison of Cost Estimates for New AP 1000 Reactors

B. Direct – May 1, 2009

Exhibits	Witness	Sponsor	Description
SDS-1	Steven D. Scroggs	FPL	Appendix II-Nuclear Cost Recovery Turkey Point 6&7 Pre-Construction Nuclear Filing Requirements (NFR's) AE-Schedules (Actual/Estimate) P-Schedules (Projections) TOR-Schedules (True-up to Original) January 2009-December 2010
SDS-2	Steven D. Scroggs	FPL	Appendix III- Nuclear Cost Recovery Turkey Point 6&7 Site Selection Nuclear Filing Requirements (NFR's) AE-Schedules (Actual/Estimate) P-Schedules (Projections) TOR-Schedules (True-up to Original) January 2009-December 2010
SDS-3	Steven D. Scroggs	FPL	List of Advanced Nuclear Technology 2008 Products and Activities
SDS-4	Steven D. Scroggs	FPL	2009 Actual/Estimated and 2010 Projected Costs Summary Tables
RSK-1	Rajiv S. Kundalkar	FPL	Appendix I-Nuclear Cost Recovery Extended Power Update Project Nuclear Filing Requirements (NFR's) AE-Schedules (Actual/Estimate) P-Schedules (Projections) TOR-Schedules (True-up to Original) January 2009-December 2010
RSK-2	Rajiv S. Kundalkar	FPL	EPU Outage and Online Activities
RSK-3&4	Rajiv S. Kundalkar	FPL	Ultrasonic Flow Metering Hydrostatic Pressure testing of the System
RSK-5	Rajiv S. Kundalkar	FPL	Old High Pressure Turbine Rotor Removal
RSK-6	Rajiv S. Kundalkar	FPL	New High Pressure Turbine Rotor Installation
RSK-7	Rajiv S. Kundalkar	FPL	Old Moisture Separator Reheater Tube Removal
RSK-8	Rajiv S. Kundalkar	FPL	New Moisture Separator Reheater Tubes to be installed
RSK-9	Rajiv S. Kundalkar	FPL	EPU Plant In Service
WP-1	Winnie Powers	FPL	Costs Presented in Docket #090009-EI

WP-2	Winnie Powers	FPL	Base Rate Revenue Requirement Impacts-Uprate Project
JJR-1	John J. Reed	FPL	Internal Controls Review
SRS-1	Steven R. Sim	FPL	Comparison of Key Assumptions Utilized in 2008 and 2009 Economic Analyses of FPL Nuclear Projects
SRS-2	Steven R. Sim	FPL	The Two Resource Plans Utilized in the 2009 Feasibility Analyses of the Nuclear Uprates
SRS-3	Steven R. Sim	FPL	2009 Feasibility Analyses Results for the Nuclear Uprates: Total Costs and Total Differentials for All Fuel and Environmental Compliance Cost Scenarios in 2009
SRS-4	Steven R. Sim	FPL	The Two Resource Plans Utilized in the 2009 Feasibility Analyses of Turkey Point 6&7
SRS-5	Steven R. Sim	FPL	2009 Feasibility Analyses Results for Turkey Point 6&7: Total Costs, Total Differentials and Breakeven Costs for All Fuel and Environmental Compliance Cost Scenarios in 2009 and Breakeven Costs in 2007

C. Rebuttal Exhibits

Exhibits	Witness	Sponsor	Description
SDS-5	Steven D. Scroggs	FPL	FPL-BVZ Engineering Services Agreement Scope of Work and BVZ Costs by Scope and Year
SDS-6	Steven D. Scroggs	FPL	Excerpt from Witness Gundersen's deposition by Progress Energy Florida
RSK-10	Rajiv S. Kundalkar	FPL	Nuclear Policy 703, Long Range Plans
RSK-11	Rajiv S. Kundalkar	FPL	Nuclear Plant Overview
RSK-12	Rajiv S. Kundalkar	FPL	Turkey Point Unit 3 Overview
SRS - 5	Steven R. Sim	FPL	Screening Curve Analysis
SRS - 6	Steven R. Sim	FPL	Alternate Calculations for Witness Cooper's "Diversity of Resource Analysis".

JJR - 2	John J. Reed	FPL	The Contract Price/Owner Contingency Dynamic
JJR - 3	John J. Reed	FPL	Nuclear Reactors under Construction, Planned or Proposed
JJR - 4	John J. Reed	FPL	NYMEX Natural Gas Futures Prices

In addition to the above pre-filed exhibits, FPL reserves the right to utilize any exhibit introduced by any other party. FPL additionally reserves the right to introduce any additional exhibit necessary for rebuttal, cross-examination or impeachment at the final hearing.

III. STATEMENT OF BASIC POSITION

Section 366.93, Florida Statutes, and Rule 25-6.043, Florida Administrative Code (“the Rule”) sets forth the manner in which prudent and reasonable costs are to be recovered for the siting, design, licensing, and construction of nuclear power plants. This alternative cost recovery mechanism was promulgated to promote electric utility investment in nuclear power generation and allow for the recovery in rates of all such prudently incurred costs. FPL is currently undertaking two nuclear projects which qualify for cost recovery through this Nuclear Cost Recovery Clause (“NCRC”) process – the development of new nuclear units Turkey Point 6 & 7 and the Extended Power Uprate project (“EPU” or “Uprate Project”) at the St. Lucie and Turkey Point plants. As required by the Rule, and as demonstrated in the testimony, exhibits, and Nuclear Filing Requirements (NFRs) filed in this docket, FPL’s expenditures through 2008 on each of these projects were prudently incurred, and FPL’s actual/estimated 2009 expenditures and projected 2010 expenditures are reasonable.

For Turkey Point 6 & 7, 2006 and 2007 site selection costs were necessarily and prudently incurred in order to determine the most appropriate and cost-effective site on which to build two new nuclear units, conduct preliminary engineering reviews, establish the project plan and obtain local zoning approvals for the proposed site. Pre-construction costs for Turkey Point 6 & 7 incurred in 2007 and 2008 were necessarily and prudently incurred for the licensing and permitting of the project, engineering and design, long lead procurement advanced payments and power block engineering and procurement. Throughout the development of Turkey Point 6 & 7, FPL has adhered to a deliberate, step-wise approach focused on maintaining the ability to move forward with the project, creating optionality for major procurement and contracting decisions, and fully recognizing industry and regulatory uncertainty. As a result, FPL has been able to make prudent and cost-effective decisions each step of the way.

With respect to the Uprate Project, in 2008, FPL prudently incurred costs related to the license application, engineering and design, permitting, project management, and power block engineering and procurement. FPL utilized a detailed, engineering-based scoping study to outline the activities, replacements and modifications necessary for the uprates, conducted benchmark studies of other similar utilities that have performed power uprates, and performed initial evaluations of the activities planned to better refine the scope of upgrades needed. Currently, FPL is in the detailed engineering evaluation phase, during which time FPL will define the optimum scope of upgrades needed. This rigorous, engineering-based process also ensures that only costs that are “separate and apart” from those that would have been incurred absent the EPU project have been included in determining the amount of FPL’s NCRC request. Only carrying costs for the EPU project are recovered through the NCRC.

FPL has incurred and expects to incur pre-construction costs for Turkey Point 6 & 7 in 2009 and 2010, and has incurred or expects to incur construction costs for the Uprate Project in 2009 and 2010. FPL's 2009 actual/estimated costs and 2010 projected costs are reasonable and are supported by overlapping project budget and schedule controls. Additionally, these costs reflect the deliberate step-wise manner in which Turkey Point 6 & 7 is proceeding and the rigorous, engineering-based "separate and apart" analysis that defines FPL's approach to the EPU project.

The Turkey Point 6 & 7 project and the Uprate Project continue to be cost-effective and in the best interests of FPL's customers. FPL has provided updated long-term economic analyses of these projects in satisfaction of the requirement stated in Rule 25-6.0423(5)(c)5, Florida Administrative Code. These analyses show that, with a variety of updated inputs, and with total project cost estimates based on the best information currently available, each of these projects are still projected to be cost-effective generation additions for FPL's customers.

For all the reasons discussed above, and as explained in more detail in the direct testimony and rebuttal testimony filed by its witnesses, FPL's total requested NCRC amount of \$62,792,990 should be approved. For the typical 1,000 kWh residential customer, this total NCRC amount equates to an approximate monthly bill impact of \$0.67. FPL's request consists of (i) site selection costs, pre-construction costs and associated carrying charges for continued development of Turkey Point 6 & 7; and (ii) carrying charges on construction costs, operations and maintenance ("O&M") costs, and base rate revenue requirements for in-service systems for the Uprate Project, all as provided for in Section 366.93 and the Rule. FPL's request complies with the requirements of Section 366.93, Florida Statutes, complies with the Rule, and will enable the proper recovery of costs incurred in the pursuit of additional nuclear generation for the benefit of FPL's customers.

IV. ISSUES AND POSITIONS

Legal and Policy Matters

ISSUE 1: Should over or under collections in the Capacity Cost Recovery Clause (CCRC) be included in the calculation of recoverable costs in the NCRC?

FPL: No. The CCRC is the designated recovery clause for the NCRC amount. Over and under collections in the CCRC should remain in the CCRC, because they are the result of over/under collections of actual sales revenues that are greater than or less than costs to be recovered in the CCRC, and will incur interest at the commercial paper rate. Differences between the NCRC actual costs incurred and the actual/estimated or projected costs will be included in the calculation of recoverable costs in the NCRC, and will accrue a carrying charge at the fixed FPL rate provided for pursuant to Section 2(b)2 of Rule 25-6.0423, until recovered in a future period. Further, Rule 25-6.0423 defines the appropriate costs to be recovered in the NCRC. That definition does not include CCRC over or under collections. (Powers)

ISSUE 2: When a utility elects to defer recovery of some or all of the costs that the Commission approves for recovery through the Capacity Cost Recovery Clause, what carrying charge should accrue on the deferred balance?

FPL: If a utility requests deferral of approved costs, and the Commission approves such deferral, then the Commission has effectively created a regulatory asset for future recovery through the CCRC. The regulatory asset should remain in the NCRC and continue to accrue carrying charges at the pre-tax AFUDC rate as of June 2007. Deferred amounts (i.e., regulatory assets in the NCRC) do not contribute to over or under recoveries that are subject to interest at the commercial paper rate applied to the CCRC. (Powers)

ISSUE 3: Should FPL and PEF be permitted to record in rate base the incremental difference between Allowance for Funds Used During Construction (AFUDC) permitted by Section 366.93, F.S. and their respective most currently approved AFUDC, for recovery when the nuclear plant enters commercial operation?

FPL: Yes. As defined by the Nuclear Cost Recovery Rule 25-6.0423(2)(d), "costs" includes, but is not limited to, all capital investments including rate of return. Utilities should be allowed to recover the approved carrying costs, which represents current period carrying costs, by tracking the incremental/decremental difference between the carrying charge rate required by Section 366.93, F.S. and the most currently Commission-approved AFUDC rate. The incremental/decremental difference will be accumulated and recorded to CWIP and recovered/returned through base rates over the useful life of the related plant assets placed in service. This method allows for recovery of the Company's

Commission-approved carrying cost through the NCRC, while ensuring the customers only pay for these approved carrying costs no more or less. (Powers)

Florida Power & Light Company

FPL Project Management and Oversight

ISSUE 4: Should the Commission find that for the years 2006 and 2007, FPL’s accounting and costs oversight controls were reasonable and prudent for Turkey Point Units 6 & 7 project?

FPL: Yes. FPL relies on its comprehensive corporate and overlapping business unit controls for recording and reporting transactions associated with Turkey Point 6 & 7. These comprehensive and overlapping controls include FPL’s Accounting Policies and Procedures; financial systems and related controls including FPL’s general ledger and construction asset tracking system; FPL’s annual budgeting and planning process; reporting and monitoring of plan costs to actual costs incurred; and Business Unit specific controls and processes. The project internal controls are comprised of various financial systems, department procedures, work/desktop instructions and best practices, providing governance and oversight of project cost and schedule processes. This comprehensive system of controls helps ensure reasonable costs and prudent decision making. (Scroggs, Powers, Reed)

ISSUE 5: Should the Commission find that for the years 2006 and 2007, FPL’s project management, contracting, and oversight controls were reasonable and prudent for Turkey Point Units 6 & 7 project?

FPL: Yes. FPL’s practices include a series of documented, overlapping processes that ensure the Company’s system of internal controls is being implemented within the project and ensure the appropriate levels of senior management oversight. The project management, cost estimation, and risk management attributes of FPL are highly developed, well documented, and adhered to by the project teams. FPL’s management decisions with respect to the Turkey Point 6 & 7 project are the product of properly qualified, well-informed FPL management following appropriate procedures and internal controls. (Scroggs, Reed)

ISSUE 6: Should the Commission find that for the year 2008, FPL’s accounting and costs oversight controls were reasonable and prudent for Turkey Point Units 6 & 7 project and the Extended Power Uprate project?

FPL: Yes. FPL relies on its comprehensive corporate and overlapping business unit controls for recording and reporting transactions associated with Turkey Point 6 & 7 and the Extended Power Uprate project. These comprehensive and

overlapping controls include FPL's Accounting Policies and Procedures; financial systems and related controls including FPL's general ledger and construction asset tracking system; FPL's annual budgeting and planning process and reporting and monitoring of plan costs to actual costs incurred; and Business Unit specific controls and processes. The project internal controls are comprised of various financial systems, department procedures, work/desktop instructions and best practices, providing governance and oversight of project cost and schedule processes. This comprehensive system of controls helps ensure reasonable costs and prudent decision making. (Scroggs, Kundalkar, Powers, Reed)

ISSUE 7: Should the Commission find that for the year 2008, FPL's project management, contracting, and oversight controls were reasonable and prudent for Turkey Point Units 6 & 7 project and the Extended Power Uprate project?

FPL: Yes. FPL's practices include a series of documented, overlapping processes that ensure the Company's system of internal controls is being implemented within the projects and ensure the appropriate levels of senior level oversight. The project management, cost estimation, and risk management attributes of FPL are highly developed, well documented, and adhered to by the project teams. FPL's management decisions with respect to both the Turkey Point 6 & 7 project and the Uprates project are the product of properly qualified, well-informed FPL management following appropriate procedures and internal controls. (Scroggs, Kundalkar, Reed)

ISSUE 7A: Is FPL's decision in 2008 to pursue an alternative to an Engineering Procurement Construction (EPC) contract for the Turkey Point 6 & 7 project prudent and reasonable?

FPL: Yes. During 2008 FPL carefully considered, decided upon and implemented an alternative strategy which, preserves the option of pursuing either an EPC contract or separate EP & C contracts for the Turkey Point 6 & 7 project. FPL's approach creates greater flexibility and optionality for itself and its customers, as well as the potential for significant cost savings for FPL's customers. (Scroggs, Reed)

FPL's Project Feasibility

ISSUE 8: Should the Commission approve what FPL has submitted as its annual detailed analyses of the long-term feasibility of completing the Turkey Point 6 & 7 project, as provided for in Rule 25-6.0423, F.A.C.?

FPL: Yes. FPL used 3 different fuel cost forecasts and 4 environmental compliance cost forecasts for several types of emissions (SO₂, NO_x, and CO₂) in its analyses. This allows a number of combinations of fuel and environmental compliance costs to serve as possible future scenarios with which to view the economics of

Turkey Point 6 & 7. Additionally, FPL annually updates these projections of fuel costs and environmental compliance costs, and updates a number of other assumptions such as the load forecast, for its economic analyses. FPL's non-binding cost estimate used in this analysis is based on the best information currently available to represent the range of expected costs. Based on this analysis, Turkey Point 6 & 7 is still projected to be a solidly cost-effective addition for FPL's customers. The results of the analysis fully support the feasibility of continuing the Turkey Point 6 & 7 project. (Scroggs, Reed, Sim)

ISSUE 8A: If the Commission does not approve FPL's long term feasibility analyses of Turkey Point 6 & 7, what further action, if any, should the Commission take?

FPL: No Commission action is necessary. As noted in Issue 8, the Commission should approve FPL's annual detailed analysis of the long-term feasibility of completing the Turkey Point 6 & 7 project, which complies with Rule 25-6.0423, F.A.C. (Scroggs, Sim)

ISSUE 9: Should the Commission approve what FPL has submitted as its annual detailed analyses of the long-term feasibility of completing the EPU project, as provided for in Rule 25-6.0423, F.A.C?

FPL: Yes. FPL used 3 different fuel cost forecasts and 4 environmental compliance cost forecasts for several types of emissions (SO₂, NO_x, and CO₂) in its analyses. This allows a number of combinations of fuel and environmental compliance costs to serve as possible future scenarios with which to view the economics of Turkey Point 6 & 7. Additionally, FPL annually updates these projections of fuel costs and environmental compliance costs, and updates a number of other assumptions such as the load forecast, for its economic analyses. FPL's total project cost estimate used in this analysis is based on the best information currently available. Based on this analysis, the Uprate Project is still projected to be a solidly cost-effective capacity and energy addition for FPL's customers. The results of the analysis fully support the feasibility of continuing the Uprates Project. (Kundalkar, Sim)

FPL's Extended Power Uprate Project

ISSUE 10: What system and jurisdictional amounts should the Commission approve as FPL's final 2008 prudently incurred costs for the Extended Power Uprate project?

FPL: FPL's actual EPU expenditures for which it is requesting a prudence determination for the period January 2008 through December 2008 on a total system basis are \$99,754,304. Schedule T-6 in Appendix I deducts the portion for which the St. Lucie Unit 2 participants are responsible and then applies the retail jurisdictional factor to the remainder. After these adjustments, the net 2008

jurisdictional EPU expenditures equal \$95,097,049, along with related carrying charges of \$2,357,995. FPL is also requesting a prudence determination for \$269,184 (\$256,091 jurisdictional, net of participants) of recoverable O&M expenses shown on Schedule T-4. FPL's 2008 uprate construction expenditures were supported by comprehensive procedures, processes and controls which help ensure that those expenditures are the result of prudent decision making. (Kundalkar, Powers)

ISSUE 11: Are FPL's 2008 actual, 2009 actual/estimated and 2010 projected EPU project costs separate and apart from the nuclear costs that would have been necessary to provide safe and reliable service had there been no EPU project?

FPL: Yes. FPL employs a rigorous, in-depth engineering-based process to ensure that only costs that are "separate and apart" from those that would have been incurred absent the EPU project have been included in determining the amount of FPL's NCRC request. This process includes project scope determination through detailed engineering analyses; reviews of historical nuclear division plans for plant expenditures and Nuclear Regulatory Commission license renewal commitments; oversight by a cross-functional uprate costs review team; the careful process of recording costs and compiling the Nuclear Filing Requirements, and the many processes and procedures attendant thereto. The 20-year study recommended by Dr. Jacobs would be speculative, would most likely increase costs to customers, and should be rejected. (Kundalkar, Powers)

ISSUE 12: What system and jurisdictional amounts should the Commission approve as FPL's reasonable actual/estimated 2009 costs for the Extended Power Uprate project?

FPL: FPL's actual EPU expenditures for which it is requesting a reasonableness determination for the period January 2009 through December 2009 on a total system basis are \$258,926,772. Schedule A/E-6 in Appendix I deducts the portion for which the St. Lucie Unit 2 participants are responsible and then applies the retail jurisdictional factor to the remainder. After these adjustments, the net 2009 jurisdictional EPU expenditures equal \$252,317,529, along with related carrying charges of \$20,297,390. FPL is also requesting a reasonableness determination for \$568,000 (\$544,467 jurisdictional, net of participants) of recoverable O&M expenses shown on Schedule A/E-4 and a reasonableness determination for the base rate revenue requirements of \$70,566 related to the Gantry Crane going into plant in service at St. Lucie Unit 2 in October 2009. FPL's 2009 actual/estimated construction expenditures are supported by comprehensive procedures, processes and controls which help ensure that these costs are reasonable. (Kundalkar, Powers)

ISSUE 13: What system and jurisdictional amounts should the Commission approve as FPL's reasonably projected 2010 costs for the Extended Power Uprate project?

FPL: The Commission should approve the amount of \$391,614,248 (376,703,895 jurisdictional, net of participants) as FPL's reasonable 2010 projected construction costs, along with related carrying charges of \$41,594,197, and the amount of \$2,209,376 (\$2,147,983 jurisdictional, net of participants) as FPL's reasonably projected O&M costs for the EPU project. In addition, FPL is requesting a reasonableness determination for the projected base rate revenue requirements of \$16,007,584 related to St. Lucie Unit 1, Turkey Point Unit 3 and transmission plant going into service in 2010, for recovery through the Capacity Cost Recovery Clause in 2010. FPL's 2010 projected construction expenditures are supported by comprehensive procedures, processes and controls which help ensure that these projected costs are reasonable. (Kundalkar, Powers)

FPL's Turkey Point Units 6 & 7 Project

ISSUE 14: What system and jurisdictional amounts should the Commission approve as FPL's final 2006 and 2007 prudently incurred costs for the Turkey Point Units 6 & 7 project?

FPL: The Commission should approve the amount of \$6,118,105 (\$6,092,571 jurisdictional) as FPL's final 2006-2007 true-up of prudently incurred site selection costs and \$134,642 of site selection related carrying charges, and \$2,533,265 (\$2,522,692 jurisdictional) as FPL's final 2007 true-up of prudently incurred preconstruction costs and \$20,547 of preconstruction related carrying charges. FPL's 2006 and 2007 site selection and preconstruction expenditures were supported by comprehensive procedures, processes and controls which help ensure that those expenditures are the result of prudent decision making. (Scroggs, Powers)

ISSUE 15: What system and jurisdictional amounts should the Commission approve as FPL's final 2008 prudently incurred costs for the Turkey Point Units 6 & 7 project?

FPL: No site selection costs were incurred in 2008; however, the Commission should approve the amount of \$686,727 as the carrying charges related to prior years' unrecovered site selection balances. The Commission should also approve the amount of \$47,215,633 (\$47,049,854 jurisdictional) as FPL's final 2008 true-up of prudently incurred preconstruction costs and \$2,199,755 of preconstruction related carrying charges. FPL's 2008 expenditures were supported by comprehensive procedures, processes and controls which help ensure that those expenditures are the result of prudent decision making. (Scroggs, Powers)

ISSUE 16: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2009 costs for FPL's Turkey Point Units 6 & 7 project?

FPL: The Commission should approve \$45,640,661 (\$45,444,468 jurisdictional) as FPL's reasonable 2009 actual/estimated preconstruction costs, \$3,560,771 in related carrying charges and \$472,938 as carrying charges on prior years' unrecovered site selection costs. FPL's 2009 actual/estimated expenditures are supported by comprehensive procedures, processes and controls which help ensure that these costs are reasonable. (Scroggs, Powers)

ISSUE 17: What system and jurisdictional amounts should the Commission approve as reasonably projected 2010 costs for FPL's Turkey Point Units 6 & 7 project?

FPL: The Commission should approve \$91,730,615 (\$90,654,124 jurisdictional) as FPL's reasonable 2010 projected preconstruction costs, \$973,735 in related carrying charges and \$233,136 as carrying charges on prior years' unrecovered site selection costs. FPL's 2010 projected expenditures are supported by comprehensive procedures, processes and controls which help ensure that these projected costs are reasonable. (Scroggs, Powers)

FPL's 2010 Capacity Cost Recovery Clause Amount

ISSUE 18: What is the total jurisdictional amount to be included in establishing FPL's 2010 Capacity Cost Recovery Clause factor?

FPL: The total jurisdictional amount of \$62,792,990 should be included in establishing FPL's 2010 Capacity Cost Recovery Clause factor. This amount consists of site selection costs, pre-construction costs and associated carrying charges for continued development of Turkey Point 6 & 7; and carrying charges on construction costs, operations and maintenance O&M costs, and base rate revenue requirements for in-service systems for the Uprate Project, all as provided for in Section 366.93 and the Rule. (Powers)

Progress Energy Florida

PEF's Project Management and Oversight

ISSUE 19: Should the Commission find that for the years 2006 and 2007, PEF's accounting and costs oversight controls were reasonable and prudent for Levy Units 1 & 2 project?

FPL: No position.

ISSUE 20: Should the Commission find that for the years 2006 and 2007, PEF's project management, contracting, and oversight controls were reasonable and prudent for Levy Units 1 & 2 project?

FPL: No position.

ISSUE 21: Should the Commission find that for the year 2008, PEF's project management, contracting, and oversight controls were reasonable and prudent for Levy Units 1 & 2 project and the Crystal River Unit 3 Uprate project?

FPL: No position.

ISSUE 21A: Was it reasonable and prudent for PEF to execute its EPC contract at the end of 2008? If the commission finds that this action was not reasonable and prudent, what actions, if any, should the Commission take?

FPL: No position.

ISSUE 22: Should the Commission find that for the year 2008, PEF's accounting and costs oversight controls were reasonable and prudent for Levy Units 1 & 2 project and the Crystal River Unit 3 Uprate project?

FPL: No position.

PEF's Project Feasibility

ISSUE 23: Should the Commission approve what PEF has submitted as its annual detailed analyses of the long-term feasibility of continuing construction and completing the Levy Units 1 & 2 project, as provided for in Rule 25-6.0423, F.A.C., and Order No. PSC-08-0518-FOF-EI (Determination of Need Order)?

FPL: No position.

ISSUE 23A: If the Commission does not approve PEF's long term feasibility analyses of Levy Units 1 & 2, what further action, if any, should the Commission take?

FPL: No position.

ISSUE 23B: What further steps, if any, should the Commission require PEF to take regarding the Levy Units 1 & 2?

FPL: No position.

ISSUE 24: Should the Commission approve what PEF has submitted as its annual detailed analyses of the long-term feasibility of completing the Crystal River Unit 3 Uprate project, as provided for in Rule 25-6.0423, F.A.C?

FPL: No position.

PEF's Crystal River Unit 3 Uprate Project

ISSUE 25: What system and jurisdictional amounts should the Commission approve as PEF's final 2008 prudently incurred costs for the Crystal River Unit 3 Uprate project?

FPL: No position.

ISSUE 26: What system and jurisdictional amounts should the Commission approve as PEF's reasonably estimated 2009 costs for the Crystal River Unit 3 Uprate project?

FPL: No position.

ISSUE 27: What system and jurisdictional amounts should the Commission approve as PEF's reasonably projected 2010 costs for the Crystal River Unit 3 Uprate project?

FPL: No position.

PEF's Levy Units 1 & 2 Project

ISSUE 28: What system and jurisdictional amounts should the Commission approve as PEF's final 2006 and 2007 prudently incurred costs for the Levy Units 1 & 2 project as filed in Docket No. 080009-EI?

FPL: No position.

ISSUE 29: What system and jurisdictional amounts should the Commission approve as PEF's final 2008 prudently incurred costs for the Levy Units 1 & 2 project?

FPL: No position.

ISSUE 30: What system and jurisdictional amounts should the Commission approve as reasonably estimated 2009 costs for PEF's Levy Units 1 & 2 project?

FPL: No position.

ISSUE 31: What system and jurisdictional amounts should the Commission approve as reasonably projected 2010 costs for PEF's Levy Units 1 & 2 project?

FPL: No Position

PEF's 2010 Capacity Cost Recovery Clause Amount

ISSUE 32: Should the Commission approve PEF's alternative cost recovery proposal, as set forth in PEF's Petition and supporting Testimony, as to recovery of NCRC costs?

FPL: No position.

ISSUE 32A: If the answer to Issue 32 is yes, what is the total jurisdictional amount to be included in establishing PEF's 2010 Capacity Cost Recovery Clause factor?

FPL: No position.

ISSUE 32B: If the answer to Issue 32 is no, what is the total jurisdictional amount to be included in establishing PEF's 2010 Capacity Cost Recovery Clause factor?

FPL: No position.

V. STIPULATED ISSUES

There are no stipulated issues at this time.

VI. PENDING MOTIONS OR OTHER MATTERS

Document No.	Date	Description
07863-09	7/31/09	Joint Petition for Variance from or Partial Waiver of Rule 25-6.0423(5)(c)4
07034-09	7/14/09	Motion for temporary protective order of certain confidential information in responses to OPC's 3rd request for PODs (Nos. 53, 56, 57, and 59)

06437-09	6/26/09	Motion for temporary protective order of certain information included in responses to OPC's 2nd request for PODs (Nos. 38, 43, 45, 46, 49, and 52)
05068-09	5/21/09	Motion for temporary protective order of confidential information contained in 5/1/09 testimony of FPL Witness Reed and in Exhibits JJR-1, RSK-1, and SDS-1 (Confidential DN 04144-09)
04590-09	5/12/09	Motion for temporary protective order certain information included in responses to OPC's 1st request for PODs (Nos. 1, 4-6, 8-10, 12-14, 16, 18-20, 22-26, 28, and 32-34); and 1st set of interrogatories (Nos. 5-6, 8, 12, 15, and 20)

VII. PENDING REQUESTS FOR CONFIDENTIAL CLASSIFICATION

Document No.	Date	Description
TBD	08/10/09	Request for confidential classification of portions of Exhibit SDS-5 in the rebuttal testimony of FPL Witness Scroggs
08184-09	08/07/09	Request for confidential classification of portions of testimony of OPC witness Jacobs and Exhibit WRJ (FPL)-2
07223-09	07/16/2009	Request for confidential classification of materials provided pursuant to project management audit
06858-09	07/08/2009	Request for confidential classification of materials provided pursuant to Audit No. 08-248-4-2
06127-09	06/19/2009	Request for confidential classification of materials provided pursuant to Audit No. 08-248-4-1
04143-09	05/01/2009	Request for confidential classification of portions of Exhibit SDS-1 to testimony of Steven D. Scroggs; Exhibit RSK-1 to testimony of Rajiv S. Kundalkar; and testimony of John Reed
04051-09	04/30/2009	Request for confidential classification of responses to staff's 2nd request for PODs (Nos. 2 and 3)

VIII. OBJECTIONS TO WITNESSES' QUALIFICATIONS

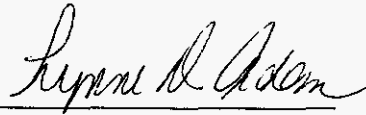
At this time, FPL has no objections to any witness qualifications.

IX. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET

At this time, FPL is not aware of any requirements in the Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 10th day of August, 2009.

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**CERTIFICATE OF SERVICE
DOCKET NO. 090009-EI**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic delivery and/or U.S. mail this 10th day of August, 2009, to the following:

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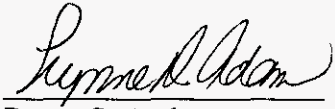
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