

State of Florida



Public Service Commission

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COMMISSION
CLERK

DATE: July 13, 2011
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Anna R. Norris, Senior Attorney, Office of the General Counsel *ARN*
RE: Docket No. 110009-EI - Nuclear cost recovery clause.

Please find attached hereto for filing in the above-referenced docket pages 40 of 42 and 41 of 42 of Exhibit FR-1 to the direct testimony of LYNN FISHER and DAVID RICH, which were inadvertently omitted from staff's original filing. Please note that page 40 of 42, is intentionally blank. There is no identifying information on this page.

Also attached is a Certificate of Service verifying the additional (2) pages of Exhibit FR-1 have been served by electronic and U.S. Mail to all parties of record.

DOCUMENT NUMBER-DATE
04811 JUL 13 =
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear cost recovery clause.

DOCKET NO. 110009-EI

DATED: JULY 13, 2011

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of pages 40 of 42 and 41 of 42 of Exhibit FR-1 to the direct testimony of LYNN FISHER and DAVID RICH have been served by electronic and U.S. Mail, on this 13th day of July, 2011, to the following:

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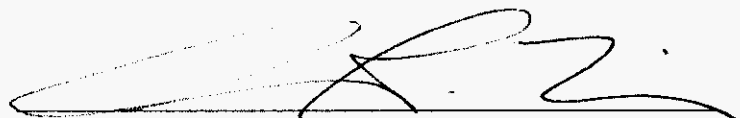
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4.0 CONCLUSIONS

4.1 NEW CONSTRUCTION, TURKEY POINT 6&7

FPL is focused primarily on licensing at all levels and responding to regulatory requests for additional information. Licensing will remain the focus through late 2013 and currently defines the project critical path. The COLA is submitted and NRC approval review is underway. The SCA and local permitting are taking longer than expected. Uncertainty exists for the overall licensing schedule and intermediate milestone target dates. Staff believes some additional schedule shift may occur, but the timing or extent cannot be foreseen. The majority of project execution, construction, and expenditures lie beyond 2014, but the overall project schedule remains unchanged. Turkey Point 6&7 in-service dates are still targeted for 2022 and 2023, respectively.

Regulatory responses to the Fukushima accident may affect NRC schedules, permit timeliness, access to capital, hearing dates, and public opinion about new nuclear construction. FPL New Nuclear project managers universally expressed the opinion that regulatory changes will occur. The nature of change and the impacts on project cost and schedule cannot be predicted.

FPL has revised project cost estimates slightly upward. Final project costs are now projected in a range from \$12.85 billion to \$18.75 billion.

The window of opportunity for negotiating a construction contract is approaching. Staff believes that the latest an EPC or an EP and C could be initiated without impact to the current schedule is in the 2013-2014 range.

The long lead forging reservation agreement was deferred again, this time until July 2011. The parties are currently negotiating a further extension. Cancellation could cause FPL to lose part or all of its \$10.8 million reservation fee. Manufacture must begin no later than 2015 to avoid schedule impact.

Staff believes FPL has an adequate system of project controls, risk evaluation, and management oversight. Regular periodic reports address the Turkey Point 6&7 project schedule, budget, costs, vendor performance, and risks.

4.2 EXTENDED POWER UPDATES

The follow-up review of issues deferred from the 2010 hearings found no unnecessary work or rework, overpayments, or overcharging by vendors due to mismanagement. Contract management and invoice control followed established FPL and EPU procedures. A review of personnel evaluations showed no indications of dissatisfaction by senior executives with performance. However, staff agrees with FPL witness Reed that FPL missed a valuable opportunity to fully inform the Commission about significantly increasing but not fully vetted project cost estimates during the September 2009 hearings. Staff recommends the company

DOCUMENT CONTROL

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