



# **Nuclear Power Plant Cost Recovery in Florida**

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## Disclaimer

The views and opinions presented herein are strictly those of the presenter and have not been reviewed, endorsed, or approved by the Florida Public Service Commission.

# Overview



- Florida – Leading the Nuclear Renaissance
- Nuclear Power Plant Siting
- Nuclear Power Plant Cost Recovery - Laws and Rules
- Nuclear Power Plant Cost Recovery – 2009
- Nuclear Power Plant Cost Recovery – Bill Impacts
- Key Variables Impacting Customer Rates and Bills



## Leading the Nuclear Renaissance

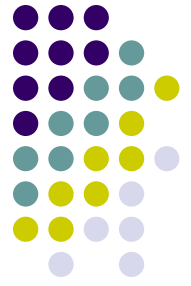
- In 2008, the Florida PSC granted need determinations for four new nuclear generating units, a total of 4,400 MW of generation. First regulatory approval action in U.S. in over 30 years.
- In 2007 and 2008, the Florida PSC granted need determinations for uprates of five existing nuclear generating units, a total of 594 MW of generation.
- On October 14, 2008, the Florida PSC approved alternative cost recovery requests for the approved nuclear generating units and uprates beginning January 2009.

# Nuclear Power Plant Siting



- Expedited need determination pursuant to the Florida Electrical Power Plant Siting Act (ss. 403.501 - 403.518, Fla. Stat.)
- Florida PSC serves as the exclusive forum for determination of need (section 403.519, Fla. Stat.)
- Upon granting determination of need, the final approval is required by Governor and Cabinet sitting as the siting board.

# Nuclear Power Plant Cost Recovery



- Florida law provides for favorable nuclear power plant cost recovery pursuant to section 366.93, Fla. Stat. (Enrolled in 2006, modified in 2007 and 2008)
- Section 366.93 is implemented in Rule 25-6.0423, Fla. Admin. Code.
- Nuclear power plant cost recovery will be an exercise in risk management for utilities.

# Statutory Provisions for Nuclear Power Plant Cost Recovery



Section 366.93, Florida Statutes, provides for:

- Up-front recovery of nuclear power plant costs.
- Annual expensing of pre-construction costs, including “advanced payments”.
- Annual recovery of carrying costs on the construction cost balance.
- Annual prudence review of costs.

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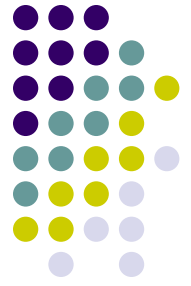
# Statutory Provisions for Nuclear Power Plant Cost Recovery (cont.)



- Recovery of prudently-incurred costs irrespective of plant completion.
- Recovery of the projected annual revenue requirement in base rates upon placing the nuclear unit into service.
- Recovery in base rates of the net book value of any existing generating units retired as a result of the operation of the new nuclear power plant.

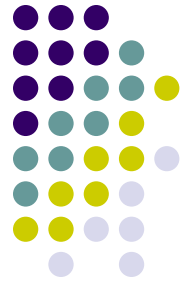


# Nuclear Related Transmission Cost Recovery and Expedited Construction



- Comprehensive Energy Policy Legislation (HB 7135) enrolled in June 2008.
- Extends favorable nuclear power plant cost recovery to include nuclear related transmission costs (sections 366.93 and 403.519, Fla. Stat.).
- Allows construction of transmission facilities to support nuclear power plant additions in advance of plant certification under the power plant siting act (section 403.506, Fla. Stat.).

# Rule Implementation of Section 366.93 Fla. Stat.



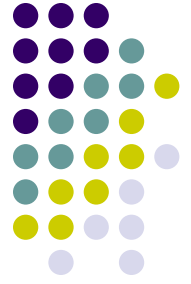
Rule 26-6.0423 F.A.C. implements statute, including:

- Defines 3 categories of costs; 1. Site Selection, 2. Pre-Construction, and 3. Construction.
- Establishes cost recovery filings (includes final year true-up, current year true-up, and subsequent year projection).
- Requires annual long-term feasibility analysis.

# 2009 Nuclear Power Plant Cost Recovery

## Includes 2007-2009 Actual and Projected Costs

(millions of dollars)

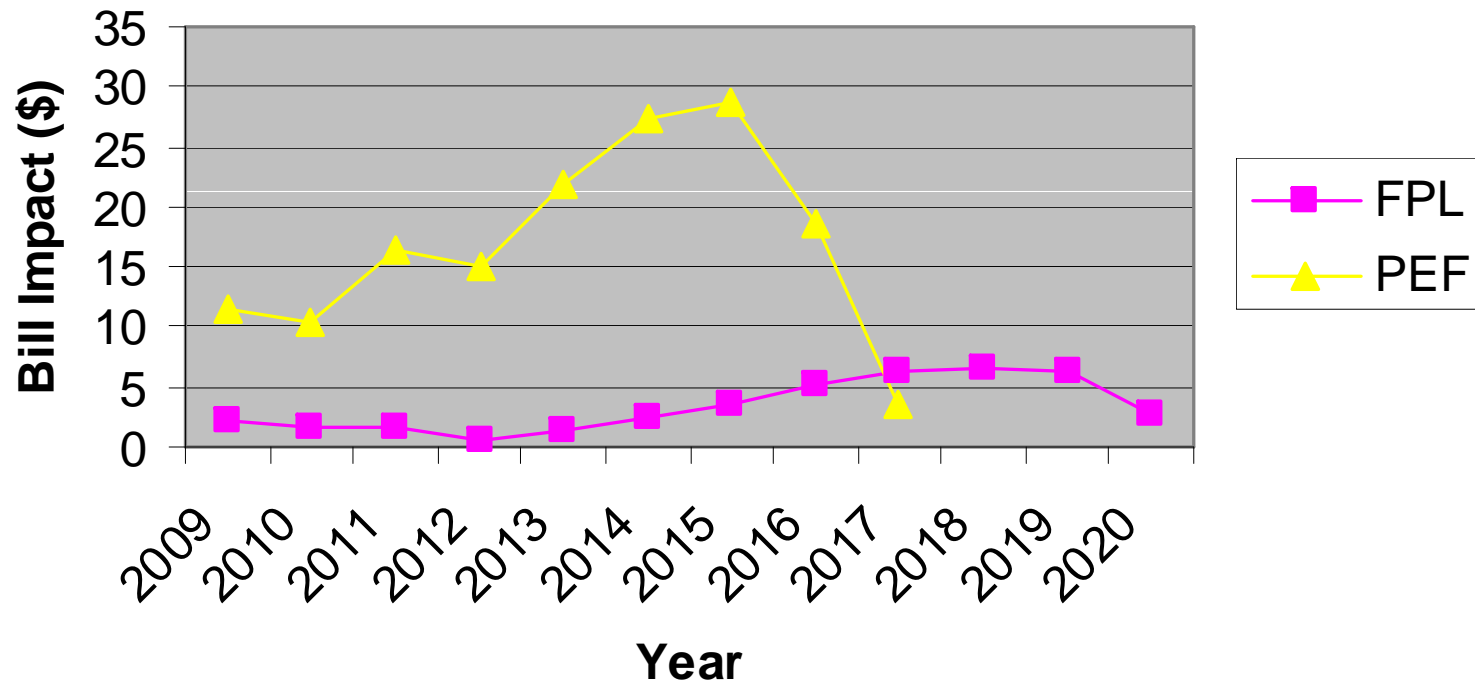


Utility	Nuclear Project	MW	Projected In-Service Dates	Site selection Costs	Pre-construction Costs	Carrying Costs on construction, plus O&M and DTA	Total Cost recovery
PEF	CR-3 Uprate	180	2011	\$0.0	\$0.0	\$23.7	\$23.7
PEF	Levy 1 & 2	2,200	2016 - 2017	\$37.9	\$307.6	\$49.2	\$394.7
FPL	SL 1&2 and TP 3&4 Uprate	414	2011 - 2012	\$0.0	\$0.0	\$20.3	\$20.3
FPL	TP 6 & 7	2,200	2018 - 2020	\$7.8	\$192.5	\$0.0	\$200.3

Source: Florida PSC Staff Recommendation in Docket No.080009-EI, filed October 2, 2008



## Estimated Bill Impacts of New Nuclear Units (1,000 KWH Residential Bill)



Source: FPL and PEF Responses to Staff Interrogatories, Docket No. 080009-EI

# Key Variables Impacting Customer Rates and Bills



Both FPL and PEF propose to deploy 2 Westinghouse AP-1000 reactors during generally the same timeframe.

## **What are some of the key factors driving the difference in projected bill impacts?**

- Number of Customers (FPL - 4.6 million; PEF 1.7 million)
- Length of Term of Construction (FPL- 11 years; PEF - 9 years)
- Site Specific Cost Issues (land, cooling water, transmission, etc.)

Note: Actual bill impacts may vary substantially based on actual costs incurred, customer growth rates, permitting/construction delays, potential sale of partial ownership rights, and other factors.



## References

1. U.S. Gives Nuclear Power a Second Look, NPR Morning Edition, March 28, 2008.

<http://www.npr.org/templates/story/story.php?storyId=89169837>

<http://www.npr.org/templates/story/story.php?storyId=89169837>

“Simply put, nuclear power is a strategic investment for the state of Florida and our national security - to reduce our dependence on foreign oil and to protect our environment”.

(Commissioner Nathan A. Skop)

# References



2. Florida PSC Order No. PSC-08-0295-DS-EI, In re: Petition for declaratory statement regarding applicability of Rule 25-6.0423, F.A.C.; Issued May 5, 2008.
3. Florida PSC Order No. PSC-08-0237-FOF-EI, In re: Petition to determine need for Turkey Point Nuclear Units 6 and 7 electrical power plant; Issued April 11, 2008.
4. Florida PSC Order No. PSC-08-0518-FOF-EI, In re: Petition to determine need for Levy Units 1 and 2 Nuclear Units; Issued August 11, 2008.
5. Florida PSC Staff Recommendation In Docket No. 080009-EI; Filed October 2, 2008.

# Questions

