

**The Florida Senate**  
**COMMITTEE MEETING EXPANDED AGENDA**  
**COMMUNICATIONS, ENERGY, AND PUBLIC UTILITIES**  
**Senator Flores, Chair**  
**Senator Garcia, Vice Chair**

**MEETING DATE:** Monday, April 8, 2013  
**TIME:** 4:00 —6:00 p.m.  
**PLACE:** 301 Senate Office Building

**MEMBERS:** Senator Flores, Chair; Senator Garcia, Vice Chair; Senators Abruzzo, Bean, Evers, Gibson, Hukill, Simpson, and Smith

TAB	OFFICE and APPOINTMENT (HOME CITY)	FOR TERM ENDING	COMMITTEE ACTION
<p><b>Senate Confirmation Hearing:</b> A public hearing will be held for consideration of the below-named executive appointment to the office indicated.</p>			
<p><b>Florida Public Service Commission</b></p>			
1	Edgar, Lisa B. (Tallahassee)	01/01/2017	Recommend Confirm Yeas 9 Nays 0

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
2	<b>SB 1472</b> Legg	Nuclear and Integrated Gasification Combined Cycle Power Plants; Modifying an alternative cost recovery mechanism for the recovery of costs for the siting, design, licensing, and construction of nuclear and integrated gasification combined cycle power plants; providing that a utility that elects not to complete construction of a nuclear power plant may not recover or retain any rate of return for such costs; providing for future review and repeal, etc.	Fav/CS Yeas 9 Nays 0
		CU 04/08/2013 Fav/CS CA	

Other related meeting documents

2020

STATE OF FLORIDA  
DEPARTMENT OF STATE  
Division of Elections

I, Ken Detzner, Secretary of State,  
do hereby certify that

*Lisa Polak Edgar*

is duly appointed a member of the  
**Florida Public Service Commission**

for a term beginning on the  
Second day of January, A.D., 2013,  
until the First day of January, A.D., 2017  
and is subject to be confirmed by the Senate  
during the next regular session of the Legislature.

*Given under my hand and the Great Seal of the  
State of Florida, at Tallahassee, the Capital, this  
the Nineteenth day of October, A.D., 2012.*

*Ken Detzner*

Secretary of State

If photocopied or chemically altered, the word "VOID" will appear.

State of Florida appears in small letters across the face of this 8 1/2 x 11 document



**RICK SCOTT**  
GOVERNOR

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DIVISION OF ELECTIONS  
TALLAHASSEE, FL

September 25, 2012

The Honorable Kenneth W. Detzner  
Secretary of State  
State of Florida  
R. A. Gray Building, Room 316  
500 South Bronough Street  
Tallahassee, Florida 32399-0250

Dear Secretary Detzner:

Please be advised I have made the following reappointment under the provisions of section 350.01, Florida Statutes:

Mrs. Lisa B. Edgar  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399

as a member of the Florida Public Service Commission, subject to confirmation by the Senate. This appointment is effective January 2, 2013, for a term ending January 1, 2017.

Sincerely,

  
Rick Scott  
Governor

RS/kb

# QUESTIONNAIRE FOR SENATE CONFIRMATION

The information from this questionnaire will be used by the Florida Senate in considering action on your confirmation. The questionnaire **MUST BE COMPLETED IN FULL**. Answer "none" or "not applicable" where appropriate. Please type or print in blue or black ink.

10-16-12

Date Completed

1. Name: Mrs. Edgar Lisa Beth/George  
Mr./Mrs./Ms. Last First Middle/Maiden

2. Business Address: 2540 Shumard Oak Blvd. Tallahassee  
Street Office # City  
FL 32399 850-413-6044  
Post Office Box State Zip Code Area Code/Phone Number

3. Residence Address: 6328 Duck Call Ct. Tallahassee Leon  
Street City County  
FL 32309 850-322-6502 (c)  
Post Office Box State Zip Code Area Code/Phone Number

Specify the preferred mailing address: Business  Residence  Fax # \_\_\_\_\_ (optional)

4. A. List all your places of residence for the last five (5) years.

Address	City & State	From	To
<u>6328 Duck Call Ct.</u>	<u>Tallahassee, FL</u>	<u>July 2003</u>	<u>- current</u>

B. List all your former and current residences outside of Florida that you have maintained at any time during adulthood.

Address	City & State	From	To
<u>N/A</u>			

5. Date of Birth: 7-14-63 Place of Birth: Toledo, OH

6. Social Security Number: \_\_\_\_\_

7. Driver License Number: \_\_\_\_\_ Issuing State: Florida

8. Have you ever used or been known by any other legal name? Yes  No  If "Yes" Explain

Lisa Beth George - maiden  
Lisa Beth/George Polok - marriage

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9. Are you a United States citizen? Yes  No  If "No" explain:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If you are a naturalized citizen, date of naturalization: \_\_\_\_\_

10. Since what year have you been a continuous resident of Florida? 1981

11. Are you a registered Florida voter? Yes  No  If "Yes" list:

A. County of Registration: Leon B. Current Party Affiliation: NPA (no party)

12. Education

A. High School: Schoolcraft H.S., Schoolcraft, MI Year Graduated: 1981  
(Name and Location)

B. List all postsecondary educational institutions attended:

Name & Location	Dates Attended	Certificates/Degrees Received
<u>Florida State University</u>	<u>1981-1985</u>	<u>B.S.</u>
<u>FSU College of Law</u>	<u>1985-1988</u>	<u>J.D.</u>

13. Are you or have you ever been a member of the armed forces of the United States? Yes  No  If "Yes" list:

A. Dates of Service: \_\_\_\_\_

B. Branch or Component: \_\_\_\_\_

C. Date & type of discharge: \_\_\_\_\_

14. Have you ever been arrested, charged, or indicted for violation of any federal, state, county, or municipal law, regulation, or ordinance? (Exclude traffic violations for which a fine or civil penalty of \$150 or less was paid.) Yes  No  If "Yes" give details:

Date	Place	Nature	Disposition
<u>2004</u>	<u>Tallahassee</u>	<u>speeding ticket</u>	<u>paid fine</u>

15. Concerning your current employer and for all of your employment during the last five years, list your employer's name, business address, type of business, occupation or job title, and period(s) of employment.

Employer's Name & Address	Type of Business	Occupation/Job Title	Period of Employment
<u>FL Public Service Commission</u>		<u>Commissioner</u>	<u>Jan. '05 - current</u>

16. Have you ever been employed by any state, district, or local governmental agency in Florida? Yes  No   
If "Yes", identify the position(s), the name(s) of the employing agency, and the period(s) of employment: see above, and:

Position	Employing Agency	Period of Employment
<u>FL Dept. of Env. Protection (Deputy Secretary)</u>		<u>9/99 - 1/05</u>
<u>Chief Analyst</u>	<u>OPB/EOC</u>	<u>6/93 - 9/99</u>
<u>Cabinet Aide</u>	<u>Dept. of Agriculture + Cons. Serv.</u>	<u>3/91 - 6/93</u>
<u>Analyst/Attorney</u>	<u>Florida Senate</u>	<u>1-89 to 3-91</u>

17. A. State your experiences and interests or elements of your personal history that qualify you for this appointment.

PSC Commissioner over seven years.  
Attorney with regulatory, financial, administrative, legal and policy experience in energy, telecommunications, water/wastewater, and environmental protection.

B. Have you received any degree(s), professional certification(s), or designation(s) related to the subject matter of this appointment? Yes  No  If "Yes", list:

Fla. PSC Chairman 2006-2007

C. Have you received any awards or recognitions relating to the subject matter of this appointment? Yes  No  If "Yes", list:

D. Identify all association memberships and association offices held by you that relate to this appointment:

National Assoc. of Regulatory Utility Commissioners (NARUC) Board of Directors, Electricity and Consumer Affairs Comm. Htee, FCC Universal Service Joint Board, SEARUC designee for NARUC 2nd Vice-President

18. Do you currently hold an office or position (appointive, civil service, or other) with the federal or any foreign government? Yes  No  If "Yes", list:

19. A. Have you ever been elected or appointed to any public office in this state? Yes  No  If "Yes", state the office title, date of election or appointment, term of office, and level of government (city, county, district, state, federal):

Office Title	Date of Election or Appointment	Term of Office	Level of Government
Commissioner	11-04, 10-08, 9-12	4yrs.	state

B. If your service was on an appointed board(s), committee(s), or council(s):

(1) How frequently were meetings scheduled: weekly

(2) If you missed any of the regularly scheduled meetings, state the number of meetings you attended, the number you missed, and the reasons(s) for your absence(s).

<u>Meetings Attended</u>	<u>Meetings Missed</u>	<u>Reason for Absence</u>
<u>N/A</u>		

20. Has probable cause ever been found that you were in violation of Part III, Chapter 112, F.S., the Code of Ethics for Public Officers and Employees? Yes  No  If "Yes", give details:

<u>Date</u>	<u>Nature of Violation</u>	<u>Disposition</u>

21. Have you ever been suspended from any office by the Governor of the State of Florida? Yes  No  If "Yes", list:

A. Title of office: \_\_\_\_\_ C. Reason for suspension: \_\_\_\_\_  
 B. Date of suspension: \_\_\_\_\_ D. Result: Reinstated  Removed  Resigned

22. Have you previously been appointed to any office that required confirmation by the Florida Senate? Yes  No  If "Yes", list:

A. Title of Office: PSC Commissioner  
 B. Term of Appointment: 05-08, 09-12  
 C. Confirmation results: confirmed, confirmed

23. Have you ever been refused a fidelity, surety, performance, or other bond? Yes  No  If "Yes", explain:

24. Have you held or do you hold an occupational or professional license or certificate in the State of Florida? Yes  No  If "Yes", provide the title and number, original issue date, and issuing authority. If any disciplinary action (fine, probation, suspension, revocation, disbarment) has ever been taken against you by the issuing authority, state the type and date of the action taken:

<u>License/Certificate Title &amp; Number</u>	<u>Original Issue Date</u>	<u>Issuing Authority</u>	<u>Disciplinary Action/Date</u>
<u>0780014</u>	<u>1988</u>	<u>Florida Bar</u>	<u>—</u>

25. A. Have you, or businesses of which you have been and owner, officer, or employee, held any contractual or other direct dealings during the last four (4) years with any state or local governmental agency in Florida, including the office or agency to which you have been appointed or are seeking appointment? Yes  No  If "Yes", explain:

<u>Name of Business</u>	<u>Your Relationship to Business</u>	<u>Business' Relationship to Agency</u>

B. Have members of your immediate family (spouse, child, parents(s), siblings(s)), or businesses of which members of your immediate family have been owners, officers, or employees, held any contractual or other direct dealings during the last four (4) years with any state or local governmental agency in Florida, including the office or agency to which you have been appointed or are seeking appointment? Yes  No  If "Yes", explain:

<u>Name of Business</u>	<u>Family Member's Relationship to You</u>	<u>Family Member's Relationship to Business</u>	<u>Business' Relationship to Agency</u>

26. Have you ever been a registered lobbyist or have you lobbied at any level of government at any time during the past five (5) years? Yes  No

A. Did you receive any compensation other than reimbursement for expenses? Yes  No

B. Name of agency or entity you lobbied and the principal(s) you represented:

<u>Agency Lobbied</u>	<u>Principal Represented</u>
Florida Legislature	Florida PSC

27. List three persons who have known you well within the past five (5) years. Include a current, complete address and telephone number. Exclude your relatives and members of the Florida Senate.

<u>Name</u>	<u>Mailing Address</u>	<u>Zip Code</u>	<u>Area Code/Phone Number</u>
Sherry Severance			
Robertta Bass			
Joe Maleszewski			

28. Name any business, professional, occupational, civic, or fraternal organizations(s) of which you are now a member, or of which you have been a member during the past five (5) years, the organization address(es), and date(s) of your membership(s).

<u>Name</u>	<u>Mailing Address</u>	<u>Office(s) Held &amp; Term</u>	<u>Date(s) of Membership</u>
Leadership Florida	2015 Park Ave. Tallahassee		2006 - present
Capital Tiger Bay Club	Tallahassee		2010 - present
Sustainable Florida		Ad. Member	" I "

29. Do you know of any reason why you will not be able to attend fully to the duties of the office or position to which you have been or will be appointed? Yes  No  If "Yes", explain:

30. If required by law or administrative rule, will you file financial disclosure statements? Yes  No

CERTIFICATION

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DEPARTMENT OF STATE  
DIVISION OF ELECTIONS

STATE OF FLORIDA  
COUNTY OF Leon

Before me, the undersigned Notary Public of Florida, personally appeared

Lisa Edgar

who, after being duly sworn, say: (1) that he/she has carefully and personally prepared or read the answers to the foregoing questions; (2) that the information contained in said answers is complete and true; and (3) that he/she will, as an appointee, fully support the Constitutions of the United States and of the State of Florida.

Lisa Edgar

Signature of Applicant-Affiant

Sworn to and subscribed before me this 16th day of October, 2012.

Carlotte S. Stauffer

Signature of Notary Public, State of Florida



(Print, Type, or Stamp Commissioned Name of Notary Public)

My commission expires: \_\_\_\_\_

Personally Known  OR Produced Identification

Type of Identification Produced \_\_\_\_\_

(seal)

**MEMORANDUM**

**AS A GENERAL MATTER, APPLICATIONS FOR ALL POSITIONS WITHIN STATE GOVERNMENT ARE PUBLIC RECORDS WHICH MAY BE VIEWED BY ANYONE UPON REQUEST. HOWEVER, THERE ARE SOME EXEMPTIONS FROM THE PUBLIC RECORDS LAW FOR IDENTIFYING INFORMATION RELATING TO PAST AND PRESENT LAW ENFORCEMENT OFFICERS AND THEIR FAMILIES, VICTIMS OF CERTAIN CRIMES, ETC. IF YOU BELIEVE AN EXEMPTION FROM THE PUBLIC RECORDS LAW APPLIES TO YOUR SUBMISSION, PLEASE CHECK THIS BOX.**

Yes, I assert that identifying information provided in this application should be excluded from inspection under the Public Records Law.

Because: (please provide cite.) \_\_\_\_\_

**IF YOU NEED ADDITIONAL GUIDANCE AS TO THE APPLICABILITY OF ANY PUBLIC RECORDS LAW EXEMPTION TO YOUR SITUATION, PLEASE CONTACT THE OFFICE OF THE ATTORNEY GENERAL.**

The Office of the Attorney General  
PL-01, The Capitol  
Tallahassee, Florida 32399  
(850) 245-0150

**SUMMARY OF AMENDMENTS  
TO  
SB 1472**

<p><b>Amendment # 1</b> By Senator Simpson Barcode: 241108 Lines 82-153</p>	<p>The amendment:</p> <ul style="list-style-type: none"><li>• Deletes the provisions on the automatic repeal and the related reporting requirement; and</li><li>• Provides requirements and procedures for cost recovery:<ul style="list-style-type: none"><li>○ It breaks the preconstruction period into licensing and other preconstruction and limits they types of costs that can be recovered during the licensing phase;</li><li>○ It requires approval from the Public Service Commission (PSC) to proceed with preconstruction work unrelated to licensing, limits cost recovery prior to obtaining that approval, and provides criteria for the determination on whether to approve continuing the work on the project;</li><li>○ It requires PSC approval of any purchase during preconstruction that exceeds 1 percent of the total projected costs;</li><li>○ It requires PSC approval to begin the construction phase, limits cost recovery prior to obtaining that approval, and provides criteria for the determination; and</li><li>○ It provides for termination of cost recovery under specified conditions if construction of a plant has not begun by specified dates.</li></ul></li></ul>
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SUPPLEMENTAL PACKET  
SUMMARY OF AMENDMENTS  
TO  
SB 1472

<p><b>Amendment to Amendment # 1</b> By Senator Flores Barcode 502434 Lines 12-85</p>	<p>The amendment:</p> <ul style="list-style-type: none"><li>○ The primary amendment requires that the Public Service Commission find that “The projected costs for the plant are reasonable and prudent” in order to approve proceeding with the next phase in development of a nuclear power plant; the amendment to amendment deletes the words “and prudent”;</li><li>○ The primary amendment requires that “After a utility completes preconstruction work, it must petition the commission for approval before beginning the construction phase”; this amendment deletes the requirement that a utility complete preconstruction before filing the petition;</li><li>○ The primary amendment requires that, in order to preserve the opportunity for future cost recovery under this statute, a utility must begin construction on a plant within five years after the date on which it obtains a license or petition the commission and evidence ongoing intent to build the plant; this amendment expands this to ten years.</li><li>○ The primary amendment provides that if a utility chooses not to complete a plant, it cannot recover or retain a rate of return, and must refund to its ratepayers that portion of costs previously recovered that represents a rate of return; this amendment deletes these provisions;</li><li>○ The amendment makes numerous technical changes.</li></ul>
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**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Communications, Energy, and Public Utilities

BILL: CS/SB 1472

INTRODUCER: Committee on Communications, Energy, and Public Utilities and Senator Legg and others

SUBJECT: Nuclear and Integrated Gasification Combined Cycle Power Plants

DATE: April 9, 2013                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wiehle	Caldwell	CU	Fav/CS
2.	_____	_____	CA	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**Please see Section VIII. for Additional Information:**

A. COMMITTEE SUBSTITUTE.....  Statement of Substantial Changes

B. AMENDMENTS.....  Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

**I. Summary:**

CS/SB 1472 provides that the applicable rate for allowance for funds used during construction is the rate in effect at the time the increment of cost is incurred and recovery is sought, which will, under current conditions, reduce costs to ratepayers. The bill also establishes a process for review and approval by the Public Service Commission before a utility continues with specified steps in developing a new power plant for which it is obtaining early cost recovery. Finally, it requires that the PSC conduct a comprehensive review of any proposed nuclear power plant that meets specified conditions and for which early cost recovery has been authorized for the purpose of determining whether to authorize early cost recovery for any new or future costs for which cost recovery has not already been authorized.

This bill substantially amends section 366.93 of the Florida Statutes.

**II. Present Situation:**

Section 366.93, F.S., was enacted in 2006. The statute provides the following definitions.

- “Cost” includes, but is not limited to, “all capital investments, including rate of return, any applicable taxes, and all expenses, including operation and maintenance expenses, related to or resulting from the siting, licensing, design, construction, or operation of the nuclear power plant, including new, expanded, or relocated electrical transmission lines or facilities of any size that are necessary thereto, or of the integrated gasification combined cycle power plant.”
- “Preconstruction” is “that period of time after a site, including any related electrical transmission lines or facilities, has been selected through and including the date the utility completes site clearing work. Preconstruction costs shall be afforded deferred accounting treatment and shall accrue a carrying charge equal to the utility’s allowance for funds during construction (AFUDC) rate until recovered in rates.” (By implication, everything after completion of site clearing is construction.)

The statute requires the Public Service Commission (PSC) to establish, by rule, alternative cost recovery mechanisms designed to promote utility investment in nuclear power plants and to allow for the recovery in rates of all prudently incurred costs. The mechanisms must include:

- Recovery through the capacity cost recovery clause of any preconstruction costs.
- Recovery through an incremental increase in the utility’s capacity cost recovery clause rates of the carrying costs on the utility’s projected construction cost balance associated with the nuclear or integrated gasification combined cycle power plant. To encourage investment and provide certainty, for nuclear or integrated gasification combined cycle power plant need petitions submitted on or before December 31, 2010, associated carrying costs shall be equal to the pretax AFUDC in effect upon this act becoming law. For nuclear or integrated gasification combined cycle power plants for which need petitions are submitted after December 31, 2010, the utility’s existing pretax AFUDC rate is presumed to be appropriate unless determined otherwise by the commission in the determination of need for the nuclear or integrated gasification combined cycle power plant.

Thus, under this section, the utility recovers all preconstruction costs in full as they are incurred, but recovers only the carrying charges on construction costs.<sup>1</sup> Generally, this means that non-capital costs and the interest on capital costs will be recovered in advance of the plant becoming operational.

The preconstruction phase includes both licensing and preconstruction. Examples of activities performed during this combined phase include: site selection and purchase; filing of the combined construction and operating license (COL) application with the Nuclear Regulatory Commission (NRC); obtaining the determination of need from the PSC; execution of the engineering, procurement, and construction (EPC) agreement; obtaining the state site certification; the U.S. NRC Safety Review, a multi-phase process; the U.S. EPA Environmental Review, also a multi-phase process; and hearings before the Atomic Safety & Licensing Board and the NRC Commissioners to obtain the COL.<sup>2</sup> Licensing phase costs will constitute approximately 1 percent of total project costs recovered.<sup>3</sup> Preconstruction phase costs will

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<sup>1</sup> For any recovery to occur, the PSC must make a finding that the costs were prudently incurred (s. 366.93(2), F.S.).

<sup>2</sup> Statement of Alex Glenn, State President, Progress Energy Florida, before the Florida Senate Committee on Communications, Energy, and Public Utilities (March 18, 2013).

<sup>3</sup> Statement of Steven Scroggs, Senior Director, Nuclear Development, Florida Power & Light Company, before the Florida Senate Committee on Communications, Energy, and Public Utilities (March 18, 2013).

constitute approximately 2-5 percent of total project costs recovered.<sup>4</sup> Estimated amounts will vary by project size and duration.<sup>5</sup>

Examples of costs incurred during the construction phase include: major equipment, materials, labor, and construction management.<sup>6</sup> During the construction phase, only the carrying costs are recovered: these costs will constitute approximately 8-10 percent of total project costs recovered.<sup>7</sup>

Until the nuclear plant becomes commercially operational, the utility must annually report to the PSC the budgeted and actual costs compared to the inservice cost of the nuclear power plant as estimated by the utility during the determination of need hearing.

When the nuclear power plant becomes operational and is placed in commercial service, the utility may increase its base rate charges by the projected annual revenue requirements of the nuclear power plant.

If the utility either elects not to complete or is precluded from completing construction of the nuclear power plant, it must be allowed to recover all prudent preconstruction and construction costs incurred following the commission's issuance of a final order granting a determination of need.

The statute provides for advanced, or early, cost recovery in that the utility recovers some costs earlier under the statute than it would under traditional recovery. Under traditional recovery of the costs related to constructing a power plant, the utility fronts the money to pay these costs by providing the initial funding for the project through money it holds for capital projects or by raising capital through borrowing or selling stock, and does not begin to recover any costs until the plant is placed into operation. Under s. 366.93, F.S., the utility still fronts the money, but it begins to recover some costs earlier, those being all preconstruction costs and the carrying costs on the utility's projected construction cost balance that is associated with the nuclear power plant. One arguable benefit of this advanced recovery is that the carrying costs, primarily interest, may not be as high and do not accumulate and compound in the time period until the plant is placed into operation, which may be as long as 17-20 years from the time the first costs are incurred. By recovering these costs earlier, the increase in rates when the plant is placed into operation and recovery of capital costs begins is also significantly reduced. One past estimate of the impact on the monthly bill was that the statute would reduce the amount of this increase by \$3.44, from \$8.91 to \$5.47.<sup>8</sup>

There were other potential incentives for enacting the statute, including the following.

- Florida's population was growing quickly, as was the related demand for electricity.<sup>9</sup>

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> Statement of Jeff Lyash, President and CEO, Progress Energy Florida, before the Florida Senate Committee on Communications and Public Utilities (January 13, 2009).

<sup>9</sup> *Supra*, note 2, PowerPoint slides 6 and 7.

- Natural gas was increasingly the fuel of choice for generating electricity and concern was growing about over-dependence on one fuel type.<sup>10</sup> In 1980, natural gas was the fuel for approximately 15 percent of the electricity generation in Florida; in 2010, it was over 50 percent.<sup>11</sup> Florida is in the top quartile of states in its reliance on natural gas.<sup>12</sup>
- Natural gas prices were high and spot market prices were fluctuating greatly.<sup>13</sup>
- Florida had just been through the extremely bad, back-to-back hurricane seasons of 2004 and 2005, which had interrupted natural gas deliveries to Florida and the power plants.<sup>14</sup>
- The federal government was considering potential limitations on carbon emissions due to concerns about climate change, which would have hit coal-fired plants hard, decreasing their output, increasing the expense of production, or both.<sup>15</sup>

However, circumstances have changed since 2006.

- Florida's real estate market collapsed and the resulting recession significantly reduced the demand for electricity.<sup>16</sup>
- With the advent of fracking, the supply of natural gas has increased and prices have decreased and stabilized.<sup>17</sup>

### III. Effect of Proposed Changes:

The changes made by the bill can be placed in three categories:

- Changing the applicable AFUDC rate;
- Creating a series of project reviews by the PSC; and
- Requiring a comprehensive review by the PSC of projects meeting specified criteria.

#### AFUDC – Rate of Return

The bill changes the applicable rate for allowance for funds used during construction (AFUDC). The AFUDC rate is a method of allowing a utility to recover its costs of raising capital. It includes both a debt component (for borrowed funds for interest paid on bonds and short-term debt) and an equity component (for common and preferred equity funds used to support a project's construction). These components are weighted to determine that utility's overall cost of capital at that time.<sup>18</sup>

<sup>10</sup> The same legislation that created the early cost recovery statute (s. 44, Ch. 2006-230, Laws of Florida) also: required that the PSC, in reviewing utilities' 10-year site plans, consider the effect of the plan on fuel diversity within the state (s. 15, Ch. 2006-234, Laws of Florida, amending s. 186.801(2), F.S.); authorized the PSC to require installation of necessary generating plants if it determined that there is probable cause to believe that inadequacies exist with respect to the electric grid, including inadequacies in fuel diversity or fuel supply reliability (s. 17, Ch. 2006-230, Laws of Florida, amending s. 366.05(8), F.S.); and required that when the PSC determines the need for a proposed power plant, it must consider the need for fuel diversity and supply reliability (s. 43, Ch. 2006-230, Laws of Florida, amending s. 403.519, F.S.).

<sup>11</sup> *Supra*, note 2, PowerPoint slide 10.

<sup>12</sup> *Supra*, note 2, PowerPoint slide 11.

<sup>13</sup> *Supra*, note 2, PowerPoint slides 12 and 13.

<sup>14</sup> *Id.*

<sup>15</sup> *Supra*, note 2, PowerPoint slide 8.

<sup>16</sup> *Supra*, note 2, PowerPoint slides 5, 6, and 7.

<sup>17</sup> *Supra*, note 2, PowerPoint slide 13.

<sup>18</sup> *See*, Public Service Commission, *Florida's Electric Utilities: A Reference Guide*, Revised 1994 Edition, pages 2-3.

Under traditional cost recovery, the AFUDC charge accumulates until the plant becomes operational and cost recovery begins. Under the current statute, prior to the plant becoming operational, the utility recovers preconstruction costs in full (therefore, an AFUDC rate rarely accrues), and recovers only the carrying charges, the AFUDC rate, on construction costs. In practice, there will be very few, if any, occasions for an AFUDC rate to apply to preconstruction costs; it will apply almost exclusively to construction costs. As stated above, the AFUDC rate represents the utility's cost of raising capital and has two components, debt and equity. These components reflect interest costs and a rate of return, respectively. The reasons the AFUDC rate will rarely, if ever, apply to preconstruction costs are 1) these costs are recovered in full as they are incurred, so no interest accumulates (the debt component), and 2) they will include very few, if any, capital costs on which to earn a rate of return (the equity component). In contrast, construction costs will not be recovered until the plant becomes operational, so interest would accrue if not for the early cost recovery statute, and the construction costs will include most, if not all, of the capital costs, the investments in brick and mortar capital investments on which a rate of return is allowed.<sup>19</sup>

The current statute provides:

To encourage investment and provide certainty, for nuclear or integrated gasification combined cycle power plant need petitions submitted on or before December 31, 2010, associated carrying costs must be equal to the pretax AFUDC in effect upon this act becoming law. For nuclear or integrated gasification combined cycle power plants for which need petitions are submitted after December 31, 2010, the utility's existing pretax AFUDC rate is presumed to be appropriate unless determined otherwise by the commission in the determination of need for the nuclear or integrated gasification combined cycle power plant.

The "pretax AFUDC in effect upon this act becoming law" was 8.84 percent for Progress Energy Florida (PEF) and 7.42 percent for Florida Power and Light (FPL).<sup>20</sup> As was stated above, the AFUDC rate consists of two portions, equity and interest. The interest portion was each utility's average interest rate at the time. The equity portion for each was 11.5 percent. The two components were weighted to determine the total percentage rate.

The bill changes this language to:

To encourage investment and provide certainty, associated carrying costs must be equal to the most recently approved pretax AFUDC at the time an increment of cost recovery is sought.

The current AFUDC rates are 7.44 percent for PEF and 6.41 percent for FPL; they are less than the 2006 levels due to a decrease in both components, that is, decreased interest costs and decreased rate of return on capital investments.<sup>21</sup> Thus, under current conditions, the bill would lower the AFUDC rate for each utility to fit its current circumstances. If either component of a utility's AFUDC rate increases in the future above its 2006 level (that is, if its interest rates for

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<sup>19</sup> Telephone conversation with Mark Futrell and Marshall Willis, Public Service Commission staff, (Feb. 15, 2013).

<sup>20</sup> These are the two utilities that are developing nuclear power projects and have sought advance cost recovery under the statute. FPL did "uprates" or expansions at an existing nuclear power plant; both are pursuing new units.

<sup>21</sup> *Supra*, note 19.

debt or its allowed rate of return increases), the applicable AFUDC rate could increase to above the 2006 level.

### **PSC Project Review**

The bill creates a schedule for a series of PSC reviews of a power plant project, splitting the preconstruction phase into licensing and other preconstruction work.<sup>22</sup>

During the licensing phase, while a utility seeks to obtain a combined license from the Nuclear Regulatory Commission for a nuclear power plant or a certification for an integrated gasification combined cycle power plant, the utility may recover only costs related to, or necessary for, obtaining the license or certificate.

After obtaining the license or certificate, the utility must petition the PSC for approval before proceeding with preconstruction work beyond those activities necessary to maintain a license or certificate. The only costs a utility may recover before obtaining PSC approval are those that are previously approved or necessary to maintain the license or certification. For the PSC to approve preconstruction work on a plant, it must determine that:

- There is still a need for the plant; and
- The projected costs for the plant are reasonable.

During post-licensing or post-certification preconstruction work, the utility must petition the commission for approval of any preconstruction materials or equipment purchases that exceed 1 percent of the total projected cost for the project.<sup>23</sup>

Before beginning the construction phase, a utility must petition the PSC for approval to do so. The only costs that a utility may recover before beginning construction work are those that are previously approved or necessary to maintain the license or certification. For the commission to approve proceeding with construction on a plant, it must determine that:

- There is still a need for the plant; and
- The projected costs for the plant are reasonable.

A utility must begin construction of a plant within ten years after the date on which it obtains a combined license or a certification or it must petition the PSC to preserve the opportunity for future recovery under this section for costs relating to that plant. To preserve this cost recovery opportunity, the PSC commission must determine whether the utility remains intent on building the plant. If the PSC finds that the utility remains intent on building the plant, the utility retains

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<sup>22</sup> Although Alex Glenn's testimony divided the preconstruction phase into licensing and other preconstruction work and expenses, he also indicated that this was not two separate processes, that both were pursued somewhat simultaneously. As such, it is uncertain how recovery of some costs will compare between the current statute and the procedure established in the bill. A specific example of this uncertainty is discussed in note 23.

<sup>23</sup> Steven Scroggs stated in his presentation that there is such a backlog on some large pieces of equipment that a utility has to order them 5-6 years before they are actually needed to have them when they are needed in the construction process. PSC staff indicated that the PSC allowed both utilities to pre-order and put down a deposit on a boiler that can only be obtained from one manufacturer worldwide, and to recover this deposit during preconstruction. The bill appears to allow such a pre-order, with PSC approval required if the cost threshold is met, but with the cost of the deposit not recovered until after PSC approval to begin construction is obtained and construction actually begins. However, it is uncertain how it actually will be implemented.

the ability to recover costs under this section. If the commission finds a lack of such intent, it may enter an order prohibiting recovery of any future costs relating to the plant, notwithstanding any other provision of law.

A utility must begin construction within 20 years after the date on which it obtains a combined license or a certification or it may not recover future costs relating to that plant under this or another section, notwithstanding any other provision of law.

### **Comprehensive Review**

Section 2 of the bill requires that the PSC conduct a comprehensive review of the continuing prudence, cost effectiveness, and need for any proposed nuclear power plant for which early cost recovery under s. 366.93, F.S., has been authorized:

- if the currently anticipated inservice date for the plant has been extended more than 6 years beyond the original proposed inservice date, and
- if the most recent estimate of the plant's total cost has increased by more than 50 percent of the original cost estimate for the plant.

In making its determination, the PSC must consider all relevant factors, including, but not limited to:

- the utility's need for the plant,
- technology and fuel choices,
- applicable federal and state licensing and permitting factors, and
- short- and long-term costs to ratepayers.

The review must begin on or before June 1, 2013, and be completed by February 1, 2014.

Based on its review, the commission must determine whether to authorize early cost recovery for any new or future costs for which cost recovery has not already been authorized.

### **Effective Date**

The bill takes effect July 1, 2013.

## **IV. Constitutional Issues:**

### **A. Municipality/County Mandates Restrictions:**

Not applicable; this bill does not require counties or municipalities to spend funds or take action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

### **B. Public Records/Open Meetings Issues:**

Not applicable; this bill does not have any effect on public records or open meetings.

C. Trust Funds Restrictions:

Not applicable; this bill does relate to or have any effect on trust funds.

V. **Fiscal Impact Statement:**

A. Tax/Fee Issues:

None; the bill has no affect on taxes or fees.

B. Private Sector Impact:

The bill will have the following economic impacts on the utilities recovering costs under this statute and their ratepayers.

- The bill applies an AFUDC rate that is based upon the circumstances at the time the cost is incurred. This will always allow each utility to recover all interest costs and a rate of return that is fair and reasonable at the time the cost is incurred. With current AFUDC rates being lower than those in effect on June 19, 2006, when the Governor approved the bill and it became law, the applicable rate, and the total costs to the utility's customers, will decrease. *However*, if the total amount of the AFUDC components increase beyond those of the 2006 rates, both the applicable rate and the costs to ratepayers would increase beyond the amounts currently established in the statute.
- The PSC review and approval process will provide protection for ratepayers throughout the development of a power plant for which early cost recovery is being obtained, while not providing significant delay or burden on a utility. The timing on recovery of some costs may be different under the current statute and the bill.

C. Government Sector Impact:

None.

VI. **Technical Deficiencies:**

On lines 155-157, the bill requires that the PSC comprehensive review of a proposed power plant meeting specified criteria commence on or before June 1, 2013. However, as the bill doesn't take effect until July 1, 2013, the requirement to do the review is not effective until that later date.

VII. **Related Issues:**

None.

VIII. **Additional Information:**

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Committee on Communications, Energy, and Public Utilities on April 8, 2013:**

- Deletes the provisions on the automatic repeal and the related reporting requirement;
- Deletes the prohibition on a utility that chooses not to complete a plant recovering or retaining a rate of return;
- Establishes a procedure and a schedule for the Public Service Commission to review and approve continuation of early cost recovery on a project; and
- Requires that the Public Service Commission conduct a comprehensive review of any proposed nuclear power plant that meets specified conditions and for which early cost recovery has been authorized for the purpose of determining whether to authorize early cost recovery for any new or future costs for which cost recovery has not already been authorized.

B. Amendments:

None.



241108

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/08/2013	.	
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The Committee on Communications, Energy, and Public Utilities (Simpson) recommended the following:

**Senate Amendment (with directory and title amendments)**

Delete lines 82 - 153  
and insert:

(3) (a) After a petition for determination of need is granted, a utility may petition the commission for cost recovery as permitted by this section and commission rules.

(b) During the time that a utility seeks to obtain a combined license from the Nuclear Regulatory Commission for a nuclear power plant or a certification for an integrated gasification combined cycle power plant, the utility may recover only costs related to, or necessary for, obtaining such license



241108

13 or certification.

14 (c) After a utility obtains a license or certification, it  
15 must petition the commission for approval before proceeding with  
16 preconstruction work.

17 1. The only costs that a utility that has obtained a  
18 license or certification may recover before obtaining commission  
19 approval are those that are previously approved or necessary to  
20 maintain the license or certification.

21 2. In order for the commission to approve preconstruction  
22 work on a plant, it must determine that:

23 a. There is still a need for the plant; and

24 b. The projected costs for the plant are reasonable and  
25 prudent.

26 (d) After a utility obtains approval to proceed with post-  
27 licensing or post-certification preconstruction work, it must  
28 petition the commission for approval of any preconstruction  
29 materials or equipment purchases exceeding 1 percent of the  
30 total projected cost for the project.

31 (e) After a utility completes preconstruction work, it must  
32 petition the commission for approval before beginning the  
33 construction phase.

34 1. The only costs that a utility that has obtained  
35 commission approval may recover before beginning construction  
36 work are those that are previously approved or necessary to  
37 maintain the license or certification.

38 2. In order for the commission to approve proceeding with  
39 construction on a plant, it must determine that:

40 a. There is still a need for the plant; and

41 b. The projected costs for the plant are reasonable and



241108

42 prudent.

43 (f) If a utility has not begun construction of a plant  
44 within:

45 1. Five years after the date on which it obtains the  
46 license or certification, it must petition the commission to  
47 preserve the opportunity for future recovery under this section  
48 for costs relating to that plant. The commission must determine  
49 whether the utility remains intent on building the plant.

50 a. If the commission finds that the utility remains intent  
51 on building the plant, the utility may continue to recover  
52 costs.

53 b. If the commission finds a lack of such intent, it may  
54 enter an order prohibiting any future cost recovery relating to  
55 the plant, notwithstanding any other provision of law.

56 2. Twenty years after the date on which it obtains the  
57 combined license or certification, the utility may not recover  
58 future costs relating to that plant under this or another  
59 section, notwithstanding any other provision of law.

60 (6) If the utility does ~~elects~~ not to complete ~~or is~~  
61 ~~precluded from completing~~ construction of the nuclear power  
62 plant, including new, expanded, or relocated electrical  
63 transmission lines or facilities necessary thereto, or of the  
64 integrated gasification combined cycle power plant, the utility  
65 may ~~shall be allowed to~~ recover all prudent preconstruction and  
66 construction costs incurred following the commission's issuance  
67 of a final order granting a determination of need for the  
68 nuclear power plant and electrical transmission lines and  
69 facilities necessary thereto or for the integrated gasification  
70 combined cycle power plant. The utility shall recover such costs



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71 through the capacity cost recovery clause over a period equal to  
72 the period during which the costs were incurred or 5 years,  
73 whichever is greater. The unrecovered balance during the  
74 recovery period will accrue interest at the utility's weighted  
75 average cost of capital as reported in the commission's earnings  
76 surveillance reporting requirement for the prior year. However,  
77 if the utility elects not to complete construction of the  
78 nuclear power plant, rather than being precluded from completing  
79 such construction, the utility may not recover or retain any  
80 rate of return. Any cost recovery after the date of the decision  
81 not to complete construction of the plant may not include a rate  
82 of return. A utility that elects not to complete construction  
83 shall refund to its customers the costs recovered before the  
84 date of the decision which are attributable to a recovery of a  
85 rate of return.

86  
87 ===== D I R E C T O R Y C L A U S E A M E N D M E N T =====

88 And the directory clause is amended as follows:

89 Delete lines 20 - 21

90 and insert:

91 Section 1. Subsections (1), (2), (3), and (6) of section  
92 366.93, Florida Statutes, are amended to read:

93  
94 ===== T I T L E A M E N D M E N T =====

95 And the title is amended as follows:

96 Delete lines 7 - 15

97 and insert:

98 gasification combined cycle power plants; establishing  
99 a procedure and requirements for cost recovery based



241108

100 on preconstruction and construction phases; providing  
101 that a utility that elects not to complete  
102 construction of a power plant may not recover or  
103 retain any rate of return for such costs; providing an



502434

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/08/2013	.	
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The Committee on Communications, Energy, and Public Utilities (Flores) recommended the following:

1           **Senate Amendment to Amendment (241108) (with directory and**  
2 **title amendments)**

3  
4           Delete lines 12 - 85  
5 and insert:  
6 only costs related to, or necessary for, obtaining such  
7 licensing or certification.

8           (c) After a utility obtains a license or certification, it  
9 must petition the commission for approval before proceeding with  
10 preconstruction work beyond those activities necessary to obtain  
11 or maintain a license or certificate.

12           1. The only costs that a utility that has obtained a



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13 license or certification may recover before obtaining commission  
14 approval are those that are previously approved or necessary to  
15 maintain the license or certification.

16 2. In order for the commission to approve preconstruction  
17 work on a plant, it must determine that:

18 a. There is still a need for the plant; and

19 b. The projected costs for the plant are reasonable.

20 (d) After a utility obtains approval to proceed with post-  
21 licensing or post-certification preconstruction work, it must  
22 petition the commission for approval of any preconstruction  
23 materials or equipment purchases that exceed 1 percent of the  
24 total projected cost for the project.

25 (e) A utility must petition the commission for approval  
26 before beginning the construction phase.

27 1. The only costs that a utility that has obtained  
28 commission approval may recover before beginning construction  
29 work are those that are previously approved or necessary to  
30 maintain the license or certification.

31 2. In order for the commission to approve proceeding with  
32 construction on a plant, it must determine that:

33 a. There is still a need for the plant; and

34 b. The projected costs for the plant are reasonable.

35 (f) If a utility has not begun construction of a plant  
36 within:

37 1. Ten years after the date on which it obtains a combined  
38 license from the Nuclear Regulatory Commission for a nuclear  
39 power plant or a certification for an integrated gasification  
40 combined cycle power plant, it must petition the commission to  
41 preserve the opportunity for future recovery under this section



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42 for costs relating to that plant. The commission must determine  
43 whether the utility remains intent on building the plant.

44 a. If the commission finds that the utility remains intent  
45 on building the plant, the utility may continue to recover  
46 costs.

47 b. If the commission finds a lack of such intent, it may  
48 enter an order prohibiting recovery of any future costs relating  
49 to the plant, notwithstanding any other provision of law.

50 2. Twenty years after the date on which it obtains a  
51 combined license from the Nuclear Regulatory Commission for a  
52 nuclear power plant or a certification for an integrated  
53 gasification combined cycle power plant, the utility may not  
54 recover future costs relating to that plant under this or  
55 another section, notwithstanding any other provision of law.

56  
57 ===== D I R E C T O R Y C L A U S E A M E N D M E N T =====

58 And the directory clause is amended as follows:

59 Delete line 91

60 and insert:

61 Section 1. Subsections (1) through (3) of section

62  
63 ===== T I T L E A M E N D M E N T =====

64 And the title is amended as follows:

65 Delete lines 101 - 103

66 and insert:

67 an



715614

LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
04/08/2013	.	
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The Committee on Communications, Energy, and Public Utilities (Simpson) recommended the following:

**Senate Amendment (with title amendment)**

Between lines 153 and 154  
insert:

Section 3. The Public Service Commission shall perform a comprehensive review of the continuing prudence, cost effectiveness, and need for any proposed nuclear power plant for which cost recovery under section 366.93, Florida Statutes, has been authorized if the currently anticipated inservice date for the plant has been extended more than 6 years beyond the original proposed inservice date and if the most recent estimate of the plant's total cost has increased by more than 50 percent



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13 of the original cost estimate for the plant. In making this  
14 determination, the commission must consider all relevant  
15 factors, including, but not limited to, the utility's need for  
16 the plant, technology and fuel choices, applicable federal and  
17 state licensing and permitting factors, and short- and long-term  
18 costs to ratepayers. Based on its review, the commission shall  
19 determine whether to authorize for cost recovery under section  
20 366.93, Florida Statutes, any new or future costs for which cost  
21 recovery has not already been authorized. Such review shall  
22 commence on or before June 1, 2013, and shall be complete by  
23 February 1, 2014.

24  
25 ===== T I T L E A M E N D M E N T =====

26 And the title is amended as follows:

27 Delete line 15

28 and insert:

29 specifying criteria for such report; requiring the  
30 Public Service Commission to review the circumstances  
31 surrounding a proposed nuclear power plant if the  
32 anticipated cost and completion date exceed the  
33 original cost and completion date by a certain amount  
34 or period; specifying factors to be considered and  
35 dates by which the review must commence and be  
36 completed; providing an

By Senator Legg

17-00675C-13

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1 A bill to be entitled

2 An act relating to nuclear and integrated gasification  
3 combined cycle power plants; amending s. 366.93, F.S.;  
4 modifying an alternative cost recovery mechanism for  
5 the recovery of costs for the siting, design,  
6 licensing, and construction of nuclear and integrated  
7 gasification combined cycle power plants; providing  
8 that a utility that elects not to complete  
9 construction of a nuclear power plant may not recover  
10 or retain any rate of return for such costs; making  
11 technical changes; providing for future review and  
12 repeal; requiring that the Florida Public Service  
13 Commission submit a report to the Legislature to be  
14 considered in the future review of s. 366.93, F.S.;  
15 specifying criteria for such report; providing an  
16 effective date.

17  
18 Be It Enacted by the Legislature of the State of Florida:

19  
20 Section 1. Section 366.93, Florida Statutes, is amended to  
21 read:

22 366.93 Cost recovery for the siting, design, licensing, and  
23 construction of nuclear and integrated gasification combined  
24 cycle power plants.—

25 (1) As used in this section, the term:

26 (a) "Cost" includes, but is not limited to, all capital  
27 investments, including rate of return, any applicable taxes, and  
28 all expenses, including operation and maintenance expenses,  
29 related to or resulting from the siting, licensing, design,

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30 construction, or operation of the nuclear power plant, including  
31 new, expanded, or relocated electrical transmission lines or  
32 facilities of any size which ~~that~~ are necessary thereto, or of  
33 the integrated gasification combined cycle power plant.

34 (b) "Electric utility" or "utility" has the same meaning as  
35 that provided in s. 366.8255(1) (a).

36 (c) "Integrated gasification combined cycle power plant" or  
37 "plant" means an electrical power plant as defined in s.  
38 403.503(14) which ~~that~~ uses synthesis gas produced by integrated  
39 gasification technology.

40 (d) "Nuclear power plant" or "plant" means an electrical  
41 power plant as defined in s. 403.503(14) which ~~that~~ uses nuclear  
42 materials for fuel.

43 (e) "Power plant" or "plant" means a nuclear power plant or  
44 an integrated gasification combined cycle power plant.

45 (f) "Preconstruction" is that period of time after a site,  
46 including ~~any~~ related electrical transmission lines or  
47 facilities, has been selected through and including the date the  
48 utility completes site clearing work. Preconstruction costs must  
49 ~~shall~~ be afforded deferred accounting treatment and ~~shall~~ accrue  
50 a carrying charge equal to the utility's allowance for funds  
51 during construction (AFUDC) rate until recovered in rates.

52 (2) Within 6 months after the enactment of this act, the  
53 commission shall establish, by rule, alternative cost recovery  
54 mechanisms for the recovery of costs incurred in the siting,  
55 design, licensing, and construction of a nuclear power plant,  
56 including new, expanded, or relocated electrical transmission  
57 lines and facilities that are necessary thereto, or of an  
58 integrated gasification combined cycle power plant. Such

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59 mechanisms must ~~shall~~ be designed to promote utility investment  
60 in nuclear or integrated gasification combined cycle power  
61 plants and allow for the recovery in rates of all prudently  
62 incurred costs, including ~~and shall include~~, but not be limited  
63 to:

64 (a) Recovery through the capacity cost recovery clause of  
65 any preconstruction costs.

66 (b) Recovery through an incremental increase in the  
67 utility's capacity cost recovery clause rates of the carrying  
68 costs on the utility's projected construction cost balance  
69 associated with the nuclear or integrated gasification combined  
70 cycle power plant. To encourage investment and provide  
71 certainty, ~~for nuclear or integrated gasification combined cycle~~  
72 ~~power plant need petitions submitted on or before December 31,~~  
73 ~~2010,~~ associated carrying costs must ~~shall~~ be equal to the most  
74 recently approved pretax AFUDC at the time an increment of cost  
75 recovery is sought ~~in effect upon this act becoming law. For~~  
76 ~~nuclear or integrated gasification combined cycle power plants~~  
77 ~~for which need petitions are submitted after December 31, 2010,~~  
78 ~~the utility's existing pretax AFUDC rate is presumed to be~~  
79 ~~appropriate unless determined otherwise by the commission in the~~  
80 ~~determination of need for the nuclear or integrated gasification~~  
81 ~~combined cycle power plant.~~

82 (3) After a petition for determination of need is granted,  
83 a utility may petition the commission for cost recovery as  
84 permitted by this section and commission rules.

85 (4) When the nuclear or integrated gasification combined  
86 cycle power plant is placed in commercial service, the utility  
87 may ~~shall be allowed to~~ increase its base rate charges by the

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88 projected annual revenue requirements of the nuclear or  
89 integrated gasification combined cycle power plant based on the  
90 jurisdictional annual revenue requirements of the plant for the  
91 first 12 months of operation. The rate of return on capital  
92 investments is ~~shall be~~ calculated using the utility's rate of  
93 return last approved by the commission before ~~prior to~~ the  
94 commercial inservice date of the nuclear or integrated  
95 gasification combined cycle power plant. If an ~~any~~ existing  
96 generating plant is retired as a result of operation of the  
97 nuclear or integrated gasification combined cycle power plant,  
98 the commission shall allow for the recovery, through an increase  
99 in base rate charges, of the net book value of the retired plant  
100 over a period not to exceed 5 years.

101 (5) The utility shall report to the commission annually the  
102 budgeted and actual costs as compared to the estimated inservice  
103 cost of the nuclear or integrated gasification combined cycle  
104 power plant provided by the utility pursuant to s. 403.519(4),  
105 until the commercial operation of the nuclear or integrated  
106 gasification combined cycle power plant. The utility shall  
107 provide such information on an annual basis following the final  
108 order by the commission approving the determination of need for  
109 the nuclear or integrated gasification combined cycle power  
110 plant, with the understanding that some costs may be higher than  
111 estimated and other costs may be lower.

112 (6) If the utility does ~~elects~~ not to complete ~~or is~~  
113 ~~precluded from completing~~ construction of the nuclear power  
114 plant, including new, expanded, or relocated electrical  
115 transmission lines or facilities necessary thereto, or of the  
116 integrated gasification combined cycle power plant, the utility

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117 ~~may shall be allowed to~~ recover all prudent preconstruction and  
118 construction costs incurred following the commission's issuance  
119 of a final order granting a determination of need for the  
120 nuclear power plant and electrical transmission lines and  
121 facilities necessary thereto or for the integrated gasification  
122 combined cycle power plant. The utility shall recover such costs  
123 through the capacity cost recovery clause over a period equal to  
124 the period during which the costs were incurred or 5 years,  
125 whichever is greater. The unrecovered balance during the  
126 recovery period will accrue interest at the utility's weighted  
127 average cost of capital as reported in the commission's earnings  
128 surveillance reporting requirement for the prior year. However,  
129 if the utility elects not to complete construction of the  
130 nuclear power plant, rather than being precluded from completing  
131 such construction, the utility may not recover or retain any  
132 rate of return. Any cost recovery after the date of the decision  
133 not to complete construction of the plant may not include a rate  
134 of return. A utility that elects not to complete construction  
135 shall refund to its customers the costs recovered before the  
136 date of the decision which are attributable to a recovery of a  
137 rate of return.

138 (7) This section shall stand repealed on October 2, 2016,  
139 unless reviewed and saved from repeal through reenactment by the  
140 Legislature.

141 Section 2. The Florida Public Service Commission shall  
142 submit a report by January 1, 2016, to the President of the  
143 Senate and the Speaker of the House of Representatives  
144 specifically describing any action taken by each public utility,  
145 as defined in s. 366.02, Florida Statutes, to develop a nuclear

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146 power plant and obtain cost recovery under s. 366.93, Florida  
147 Statutes. The report must include whether the public utility is  
148 making continuous, good faith efforts to construct a nuclear  
149 power plant and whether actual construction has begun. It is the  
150 intent of the Legislature that this report be used in  
151 determining whether to reenact s. 366.93, Florida Statutes, and  
152 that the statute be reenacted only if the utility's progress  
153 indicates that construction will be completed.

154 Section 3. This act shall take effect July 1, 2013.

The Florida Senate  
**Committee Notice Of Hearing**

IN THE FLORIDA SENATE  
TALLAHASSEE, FLORIDA

IN RE: Executive Appointment of  
Lisa B. Edgar  
Florida Public Service Commission

**NOTICE OF HEARING**

TO: Mrs. Lisa B. Edgar

YOU ARE HEREBY NOTIFIED that the Committee on Communications, Energy, and Public Utilities of the Florida Senate will conduct a hearing on your executive appointment on Monday, April 08, 2013, in 301 Senate Office Building, commencing at 4:00 p.m., pursuant to Rule 12.7(1) of the Rules of the Florida Senate.

Please be present at the time of the hearing.  
DATED this the 4th day of April, 2013

Committee on Communications, Energy, and  
Public Utilities



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Senator Anitere Flores  
As Chair and by authority of the committee

cc: Members, Committee on Communications, Energy, and Public Utilities  
Office of the Sergeant at Arms



THE FLORIDA SENATE

APPEARANCE RECORD

2

4-8-13

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic Energy-Advanced Cost Recovery

Bill Number 1472

Name Susan Glickman

Amendment Barcode 241108 (if applicable)

Job Title Lobbyist

Address PO Box 310

Phone 727-742 9003

Indian Rocks Bch FL 33785

E-mail susan@cleanenergy.org

Speaking: [ ] For [ ] Against [x] Information

Representing Southern Alliance for Clean Energy

Appearing at request of Chair: [ ] Yes [x] No

Lobbyist registered with Legislature: [ ] Yes [x] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

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THE FLORIDA SENATE  
**APPEARANCE RECORD**

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

8 Apr 13

*Meeting Date*

Topic Nuclear and IGCC Power Plants

Bill Number 1472  
*(if applicable)*

Name Charles Milsted

Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Associate State Director

Address 200 West College Avenue

Phone 850-577-5190

*Street*

Tallahassee FL 32301

E-mail cmilsted@aarp.org

*City*

*State*

*Zip*

Speaking:  For  Against  Information

Representing \_\_\_\_\_

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

***This form is part of the public record for this meeting.***

S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**

(2)



(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

4-8-13

Meeting Date

Topic Energy - Advanced Cost Recovery

Bill Number 1472

(if applicable)

Name Susan Clickman

Amendment Barcode \_\_\_\_\_

(if applicable)

Job Title lobbyst

Address PO Box 310

Phone 727-7429003

Indian Rocks Bch FL 33785  
Street City State Zip

E-mail susan@cleanenergy.org

Speaking:  For  Against  Information

Representing Southern Alliance for Clean Energy

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

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S-001 (10/20/11)

THE FLORIDA SENATE  
**APPEARANCE RECORD**



(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

4-8-13

Meeting Date

Topic SB 1472 - nuclear cost recovery Bill Number SB 147  
*(if applicable)*

Name Susan Clark Amendment Barcode \_\_\_\_\_  
*(if applicable)*

Job Title Attorney, Radey Thomas Von & Clark

Address 301 So. Bronough Street, Suite 200 Phone 425-6654  
*Street*

Tallahassee \_\_\_\_\_  
*City State Zip*

E-mail sclark@radeylaw.com

Speaking:  For  Against  Information

Representing FPL, Progress Energy, Gulf Power, Tampa Electric.

Appearing at request of Chair:  Yes  No

Lobbyist registered with Legislature:  Yes  No

*While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.*

**This form is part of the public record for this meeting.**



The Florida Senate

## Committee Agenda Request

**To:** Honorable Senator Anitere Flores, Chair  
Communications, Energy and Public Utilities

CC: Diana Caldwell, Staff Director

**Subject:** Committee Agenda Request

**Date:** March 7, 2013

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I respectfully request that **Senate Bill #1472**, relating to Nuclear and Integrated Gasification Combined Cycle Power Plants, be placed on the:

- committee agenda at your earliest possible convenience.
- next committee agenda.

A handwritten signature in black ink, appearing to read "John Legg", written over a horizontal line.

---

Senator John Legg  
Florida Senate, District 17  
316 Senate Office Building  
(850) 487-5017

# COMMITTEE WITNESS OATH

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CHAIR:

**Please raise your right hand and be sworn in as a witness.**

**Do you swear or affirm that the evidence you are about to give will be the truth, the whole truth, and nothing but the truth?**

WITNESS'S NAME: Lisa Edgar

ANSWER: I Do

Pursuant to §90.605(1), *Florida Statutes*: "The witness's answer shall be noted in the record."

COMMITTEE NAME: Communications, Energy and Public Utilities

DATE: April 8, 2013