

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Recovery of Fuel Costs)	DOCKET NO. 910925-EI
Associated with Florida Power)	ORDER NO. 25667
Corporation's Crystal River 3)	ISSUED: 1/31/92
Outages in 8/89 and 10/90.)	
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Pursuant to Notice, a Prehearing Conference was held on January 17, 1992 in Tallahassee, Florida, before Commissioner Betty Easley, Prehearing Officer.

A. APPEARANCES:

JAMES A. MCGEE, Esquire and GERALD A. WILLIAMS, Esquire, Florida Power Corporation, Post Office Box 14042, St. and
 ALAN C. SUNDBERG, Esquire, Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., 410 First Bank Building, Tallahassee, FL 32302
On behalf of Florida Power Corporation.

JOHN ROGER HOWE, Deputy Public Counsel, The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of the Office of Public Counsel.

MARTHA CARTER BROWN, Esquire, 101 East Gaines Street, Suite 216, Tallahassee, Florida 32399-0863
On behalf of the Commission Staff.

PRENTICE P. PRUITT, Esquire, the Office of the General Counsel, 101 East Gaines Street, Suite 212, Tallahassee, Florida 32399-0861
Counsel to the Commissioners.

PREHEARING ORDERBackground

In connection with the February, 1991 fuel adjustment proceedings in Docket No. 910001-EI, Public Counsel raised two issues regarding recovery of the fuel costs associated with two unplanned outages that occurred at the Crystal River Unit 3 generating facility. The first outage occurred from August through October of 1989 and was caused by the failure of a seawater pump. The second outage occurred from October 10-25, 1990 and was caused

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by a lubricating oil leak. To allow sufficient time for discovery, the issues were deferred to the August 1991 fuel hearings, and then spun off into this separate docket.

Use of Prefiled Testimony

All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party desires to use any portion of a deposition or an interrogatory, at the time the party seeks to introduce that deposition or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits requested at the time of the depositions subject to the same conditions.

B. ORDER OF WITNESSES

In keeping with Commission practice, witnesses will be grouped by the subject matter of their testimony. The witness schedule is set forth below in order of appearance by the witness's name, subject matter, and the issues which will be covered by his or her testimony.

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
<u>FPC</u>		
Gary L. Boldt	Seawater Pump Outage (8/26/89 - 10/13/89)	1
Paul F. McKee	Lubricating Oil Leak Outage (10/10/90 - 10/25/90)	2
<u>OPC</u>		
Paul F. McKee	Testify about the company's vendor information systems.	

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C. EXHIBIT LIST

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>(GLB-1)</u>	Boldt (FPC)	Seawater Pump Outage- "As-Built" Outage Schedule
<u>(PFM-1)</u>	McKee (FPC)	Lubricating Oil Leak Outage - "As-Built" Outage Schedule

D. PARTIES' STATEMENT OF BASIC POSITION

FLORIDA POWER CORPORATION (FPC): FPC's testimony in this proceeding demonstrates that its actions with respect to the events which led to the outages at Crystal River 3 (CR3) beginning in July 1989 and October 1990, and with respect to the activities performed during those outages, meet the standard of reasonableness necessary for the recovery of their associated replacement fuel costs.

OFFICE OF PUBLIC COUNSEL (OPC): Under prevailing case law, an electric utility must prove that replacement fuel cost for lost nuclear generation was prudently incurred and did not result from mismanagement. Florida Power Corporation v. Cresse, 413 So.2d 1187 (Fla. 1982). Florida Power Corporation cannot satisfy this standard with respect to either of the two outages at issue in this proceeding. The utility should have had a suitable seven-vane impeller to install in raw water pump 2B (RWP-2B) in its inventory. There is no justifiable reason for the company to have carried a five-vane impeller unsuitable for any application in inventory for eight years and then install that incorrect impeller in RWP-2B in April 1989. Similarly, the utility's management should never have permitted problems with the reactor coolant pump oil systems to get to the point that an unplanned outage was needed to repair the problem.

STAFF: No position at this time.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Should Florida Power Corporation recover the replacement fuel costs associated with the Seawater Pump outage experienced at its Crystal River Unit 3 from July 26, 1989 to October 13, 1989?

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FPC: Yes. FPC's actions leading up to and during the Seawater Pump outage were reasonable and prudent under the conditions and information known by FPC at that time.

OPC: No. Florida Power Corporation never should have found itself in a position where it carried a replacement impeller in inventory for eight years that was unsuitable for application with any of its raw water pumps. Rebuilding raw water pump 2B (RWP-2B) with a five-vane impeller instead of the proper seven-vane impeller resulted from earlier errors that should have been detected and corrected by prudent management. Additionally, flow tests should have detected the mistake much earlier. A pattern of imprudent management actions caused the raw water pump outage. Replacement fuel costs should not be borne by the utility's customers.

STAFF: No position at this time.

ISSUE 2: Should Florida Power Corporation recover the replacement fuel costs associated with the Lubricating Oil Leak outage experienced at its Crystal River Unit 3 from October 10, 1990 to October 25, 1990?

FPC: Yes. FPC's actions leading up to and during the Seawater Pump outage were reasonable and prudent under the conditions and information known by FPC at that time.

OPC: No. The oil collection systems were not properly assembled because of a lack of proper supervision and management oversight. This was an ongoing problem that prevented the collection system from functioning for some leaks. Replacement fuel costs should not be borne by Florida Power Corporation's customers.

STAFF: Yes. The lubricating oil leak, which was the cause of the initial shutdown of Crystal River 3 in October 1990, was a normal maintenance problem that Florida Power Corporation could not have anticipated and avoided. The bearing failure that caused the extension of the outage was also a maintenance problem that Florida Power could not have anticipated and avoided.

F. PENDING MOTIONS

None.

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G. STIPULATED ISSUES

None.

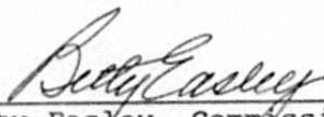
H. MOTIONS

None.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that these proceedings shall be governed by this order unless modified by the Commission.

By ORDER of Commissioner Betty Easley, as Prehearing Officer,
this 31st day of JANUARY, 1992.



Betty Easley, Commissioner
and Prehearing Officer

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