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ORIGINAL
FILE COPY

February 3, 1997

Ms. Blanco S. Bayó
Director, Division Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Fl 32399

Re: Docket No. 970001-EI
Fuel and Purchased Power Cost Recovery Clause and Generating
Performance Incentive Factor

Dear Ms. Bayó:

Enclosed for filing in the above-referenced docket is an original and fifteen (15) copies of Citizens' Motion for Order Precluding Florida Power Corporation from Supplementing Its Prefiled Direct Testimony Addressing the Fuel Cost Effects of the Extended Outage at the Crystal River #3 Nuclear Unit.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me.

Sincerely,

John Roger Howe
Deputy Public Counsel

- ACK _____
- AFA 1
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG SH/adj
- LEG 1 Enclosures
- LIN 3cc: Parties of Record
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

01232 FEB-35

RECORDS SECTION

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and Purchased Power)
Cost Recovery Clause and) Docket No. 970001-EI
Generating Performance Incentive) Filed: February 3, 1997
Factor.)
_____)

**MOTION FOR ORDER PRECLUDING
FLORIDA POWER CORPORATION FROM SUPPLEMENTING
ITS PREFILED DIRECT TESTIMONY ADDRESSING
THE FUEL COST EFFECTS OF THE EXTENDED OUTAGE
AT THE CRYSTAL RIVER #3 NUCLEAR UNIT**

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to Section 350.0611(1), Florida Statutes (1995), and Rule 25-22.037(2), Florida Administrative Code, move the Florida Public Service Commission for an order precluding Florida Power Corporation (FPC) from supplementing its prefiled direct testimony in this docket on the issue of replacement fuel costs attributable to the extended outage of the Crystal River #3 nuclear unit, and as grounds therefor, state:

1. The Crystal River #3 (CR3) nuclear unit has the highest capital cost and the lowest fuel cost of FPC's generating units. It is the "must run" unit which is dispatched first on FPC's system, if it is available. The capital costs of CR3 are recovered through base rates, which were last set in 1992 as a result of FPC's 1991 rate case. Customers, therefore, see a net benefit from this unit only when it is operated efficiently at a high enough capacity factor so that lower fuel costs compensate for the base rate burden.

2. CR3, however, is off-line. It has been out of service since September 2, 1996, and it is unknown when it will again be

a source of electricity for FPC's customers. While CR3 is unavailable, replacement fuel costs are running at approximately \$10 million per month.

3. The press reported that FPC had announced on January 9, 1997, that CR3 will remain shut down at least through the end of June, 1997. A later report said FPC had announced on January 14th that the unit's likely start-up date had been pushed back to "the fourth quarter of this year."

4. Between those two dates, on January 13, 1997, FPC prefiled testimony in the fuel docket, testimony which does not agree with the published reports. Mr. Zuloaga, for example, stated in his prefiled testimony on GPIF targets and ranges that the outage is only "expected to continue at least through April 1, 1997." CR3 was projected to be generating throughout the projection period with a 91.17% equivalent availability factor. See "Estimated Unit Performance Data" for CR3. Mr. Wieland's prefiled testimony also includes schedules showing FPC has projected CR3 will be on-line throughout the upcoming projection period and operating at a 91.9% capacity factor. (Schedules E3 and E4)

5. Previously, on November 20, 1996, FPC had filed a "Notice of Estimated True-Up Under-Recovery," in which an approximate \$70 million deficiency was identified. FPC did not ask for a mid-course correction at that time because "[b]y not instituting an immediate mid-course correction the Company will

be allowed additional time to assess the status of CR3 and better predict its return to service."

6. The stage is now set for FPC to announce either at the prehearing conference or at the hearing itself that an additional upward revision in projected fuel expenditures is necessary to account for the fact that CR3 will not generate any electricity during the projection period. (On February 3, 1997, this office received Mr. Zuloaga's revised prefiled testimony (filed January 31, 1997) acknowledging CR3 would not run at all during the projection period but offering no explanation of the circumstances which led to this result.) Intervenors will not have had any opportunity to review the reasons CR3 has been out of service so far or why it cannot operate during the next six months.

7. Even though FPC has the burden of proof to establish the reasonableness of its fuel expenditures, testimony and exhibits filed thus far offer nothing to justify recovery of replacement fuel costs from FPC's ratepayers. Given that CR3 went down on September 2, 1996, the outage must have affected final true-up calculations for the April through September, 1996, period. Yet Mr. Scardino's testimony on the subject (filed November 19, 1996) does not even mention the outage at CR3 as contributing to the net under recovery for the period. Similarly, Mr. Wieland's recently filed testimony does not offer any explanation for the absence of CR3 throughout the October, 1996, through March, 1997, recovery period. And no one has offered testimony explaining the unit's absence for the next projection

period. As things now stand, the Commission will not hear any evidence on why the unit is off-line or how its absence is not attributable to, and the responsibility of, FPC's management.

8. Facts which can be gleaned from available sources, however, indicate that CR3's being off-line is attributable to management actions taken during its last refueling outage. A January 27, 1997, letter to FPC's President from the NRC's Acting Executive Director for Operations said:

Modifications made to the plant during a recent refueling outage created an Unreviewed Safety Question (USQ) regarding emergency diesel generator (EDG) loading and introduced additional failure modes in the emergency feedwater system. These significant issues, the engineering reviews and modifications required, resulted in your decision to maintain Crystal River shutdown for an extended period of time to ensure safety system operability and to increase design margins.

9. An NRC press release dated January 29, 1997, shows CR3, for the first time, being placed on the "Watch List" of nuclear generating units. CR3 as well as other watch-list units assigned Category 2 ratings "are having or have had weaknesses that warrant increased NRC attention from both headquarters and the regional office. A plant will remain in this category until the licensee demonstrates a period of improved performance."

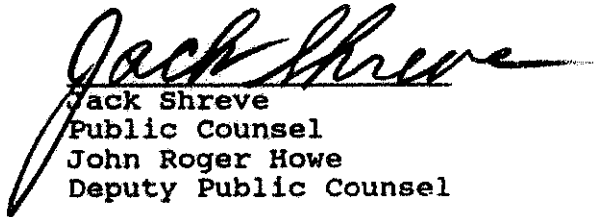
10. The latest NRC Systematic Assessment of Licensee Performance report, dated October 20, 1996, gave FPC a "2" rating in three categories and a "1" rating in another. These ratings resulted from performance in the functional area of "Maintenance" remaining at a "good" level, while "Plant Support" declined from "superior" to "good", and "Operations and Engineering" declined

from "good" to "acceptable." The cover letter to the Systematic Assessment of Licensee Performance report, signed by the NRC's Regional Administrator, stated that "[s]everal significant performance deficiencies in the middle of the [review] period [from September 17, 1995, through October 5, 1996] highlighted weak management involvement in day to day operations; weak vertical communications; and weak interfaces between engineering, operations, and maintenance."

11. FPC clearly bears the burden of proof in this docket, and the opportunity for the company to file its direct case for the upcoming projection period has passed. FPC has obviously failed to meet its burden, and recovery of replacement fuel costs related to the outage at CR3 should be denied for both the past and future periods.

WHEREFORE, the Citizens of the State of Florida, through the Office of Public Counsel, request the Florida Public Service Commission to issue an order precluding Florida Power Corporation from offering additional direct testimony on replacement fuel costs for the extended outage at Crystal River #3.

Respectfully submitted,


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the State of Florida

CERTIFICATE OF SERVICE
DOCKET NO. 970001-EI

I HEREBY certify that a true and correct copy of the foregoing MOTION FOR ORDER PRECLUDING FLORIDA POWER CORPORATION FROM SUPPLEMENTING ITS PREFILED DIRECT TESTIMONY ADDRESSING THE FUEL COST EFFECTS OF THE EXTENDED OUTAGE AT THE CRYSTAL RIVER #3 NUCLEAR UNIT has been served by *hand delivery or U.S. mail to the following parties of record on this 3rd day of February, 1997:

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