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090505-EI

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Sent: Wednesday, February 17, 2010 2:13 PM
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Subject: Docket 090505-EI
Attachments: FIPUG PHS 02.17.10.pdf

In accordance with the electronic filing procedures of the Florida Public Service Commission, the following filing is made:

- a. The name, address, telephone number and email for the person responsible for the filing is:

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- b. This filing is made in Docket No. 090505-EI, In re: Review of replacement costs associated with the February 26, 2008 outage on Florida Power & Light's electrical system.
- c. The document is filed on behalf of Florida Industrial Power Users Group.
- d. The total pages in the document are 4 pages.
- e. The attached document is FIPUG's Prehearing Statement.

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

2/17/2010

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of replacement costs associated with the February 26, 2008 outage on Florida Power & Light's electrical system.

DOCKET NO. 090505-EI

FILED: February 17, 2010

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-09-0854-PCO-EI files its Prehearing Statement.

A. APPEARANCES:

JON MOYLE, JR.
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On Behalf of the Florida Industrial Power Users Group

B. WITNESSES:

None.

C. EXHIBITS:

FIPUG has no prefiled exhibits but reserves the right to use exhibits on cross-examination.

D. STATEMENT OF BASIC POSITION

FIPUG's Statement of Basic Position:

On February 26, 2008, a fault occurred at FPL's Flagami substation due to an FPL employee error. The fault caused three fossil-fueled generators and two nuclear generators to trip off line. FPL has agreed to assume the costs for replacement power needed due to this outage.

FPL has agreed to assume responsibility for replacement power costs due to this outage. To calculate replacement power costs, the Commission should use the avoided cost of nuclear generation that was displaced by the February 2008 outage (not system average costs as FPL proposes). The outage duration should be calculated as the time the nuclear units were out of service and could not provide energy to the ratepayers (158 hours for Turkey Point Unit 3, 107 hours for Turkey Point Unit 4). An appropriate calculation yields a refund to ratepayers of approximately \$16 million in contrast to the \$2 million credit FPL proposes. The Commission should reject FPL's proposal and adopt Dr. Dismukes' calculations set out in Exhibit No. DED-8.

E. STATEMENT OF ISSUES AND POSITIONS:

ISSUE 1: Should FPL credit to customers the replacement power costs attributable to the February 26, 2008 outage?

FIPUG: FPL has agreed to be responsible for the cost of replacement power attributable to the February 26th outage. This agreement is memorialized in the Notice of Filing Proposed Resolution of Issues on December 16, 2009. FIPUG joined in this agreement on January 20, 2010. The Commission approved this Resolution on February 3, 2010.

ISSUE 2: How should the replacement power costs attributable to the February 26, 2008 outage be measured, and what is the amount of such costs?

FIPUG: Replacement costs should be calculated as described by Dr. Dismukes in his exhibit DED-8. The amount of replacement costs is \$15,974,055. This should be refunded to customers.

ISSUE 3: What is the appropriate method to credit customers for the replacement power costs determined pursuant to Issue 2?

FIPUG: No position at this time.

F. STIPULATED ISSUES:

FIPUG: Issue 1 is stipulated.

G. PENDING MOTIONS:

FIPUG: FIPUG has no pending motions at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY:

FIPUG: FIPUG has no pending confidentiality requests at this time.

I. OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT:

FIPUG: FIPUG has no objections at this time.

K. REQUIREMENTS THAT CANNOT BE COMPLIED WITH:

FIPUG: FIPUG is not aware of any requirements with which it cannot comply at this time.

I. OTHER:

FIPUG: None at this time.

s/ Vicki Gordon Kaufman
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Attorneys for Florida Industrial
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing The Florida Industrial Power Users Group's Prehearing Statement has been furnished by electronic mail and U.S. Mail this 17th day of February, 2010, to the following:

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