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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Review of nuclear outage)
at Florida Power Corporation's)
Crystal River Unit 3.)

DOCKET NO. 970261-E1
Filed June 9, 1997

PREHEARING STATEMENT OF LAKE DORA
HARBOUR HOMEOWNERS ASSOCIATION, INC.

The Lake Dora Harbour Homeowners Association, Inc., by and through its undersigned attorneys, submits the following Prehearing Statement in accordance with the Order Establishing Procedure:

- (a). No witnesses at this time.
- (b). No exhibits have been identified at this time.
- (c). First, the Commission has no statutory authority to require customers to pay increased fuel adjustment charges prior to the utility meeting its burden of proof that the charges were necessary to the provision of service and reasonably and prudently incurred. It is conceded by everyone that the Commission has failed to make such a finding and, accordingly, the current fuel adjustment increase related to the Crystal River 3 outage is unlawful and should be

ACK _____ eliminated. Second, it appears that the bulk of the replacement fuel charges that will result from
 AFA 2 this outage were due to actionable mismanagement by the utility related to the emergency cooling
 APP _____
 CAF _____ system and that, consequently, its shareholders, not its customers, should bear the increased costs.
 CMU _____
 CTR _____ Third, there is insufficient discovery and insufficient time to examine that already taken to
 EAG 3 determine: (1) the amount of replacement fuel related to legitimate, otherwise necessary, outage
 LEG 5 activities, that should be allowed for recovery; (2) the amount of replacement fuel related to
 LIN _____ "mismanagement" that should not be allowed to be recovered from customers; and (3) whether
 R 2 the entire outage will be managed in a prudent and efficient manner, due, primarily, to the fact
 SC 1
 MAS _____
 OTH _____

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that the outage is only partially concluded. Ultimately, the utility should be denied recovery from its customers of any replacement fuel costs necessitated by its mismanagement. Those amounts cannot be ascertained at this time.

(d) **Preliminary Issues Identified by Staff**

- (1) Initial decision to shutdown for turbine lubrication failure appears to be prudent based on currently available documents. However, a major portion of the outage appears to be directly related to the failure of the utility to properly design and maintain the unit's emergency cooling system and its backup power supply.
- (2) No position on this issue at this time.
- (3) It appears that the utility was not prudent in its approach of using engineering interim solutions instead of implementing more permanent solutions.
- (4) It appears that the utility did not prudently respond to various sources of information affecting the operation of the unit.
- (5) Whether the modifications being performed during the current extended outage could have been accomplished earlier or not, it appears that a great deal of the planning and staging for these modifications could have been accomplished on-line so that no replacement fuel costs would have been incurred related to these activities.
- (6) It appears that the utility displayed a pattern of "mismanagement" through many of its decisions that has necessitated the bulk of the current outage.
- (7) The amount of replacement fuel costs that should be disallowed for recovery by the utility cannot yet be ascertained because there has been insufficient time to investigate the outage and, secondly, because the outage is not yet complete.

(e) **Lake Dora's Legal Issue:**

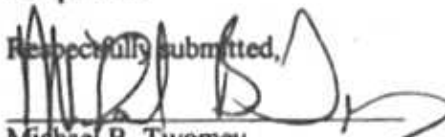
Does the Commission have the statutory authority to require the utility's customers to pay for replacement fuel costs prior to the utility meeting its burden of proof and the Commission making a Section 120.57 (1), F.S. finding that the additional costs were prudently incurred?

Lake Dora's position:

The Commission has no such authority, either explicit or implicit, and erred in ordering the collection of the current surcharge related to the Crystal River 3 outage.

- (f) No policy issues identified at this time.
- (g) No stipulations at this time.
- (h) There are no pending motions Lake Dora seeks action on with the exception of the Motion to Expand Time that will be considered by the full Commission on June 10, 1997.
- (i) Lake Dora is unable to state positions to many of the issues presented by Staff because there has not been adequate time to conduct discovery or even review the limited discovery undertaken by the other parties.

Respectfully submitted,


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and accurate copy of the foregoing has been furnished by

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