

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

In the Matter of	:	DOCKET NO. 970261-EI
	:	
Review of nuclear outage at	:	
Florida Power Corporation's	:	
Crystal River Unit 3	:	

PROCEEDINGS: HAINES CITY SERVICE HEARING

BEFORE:

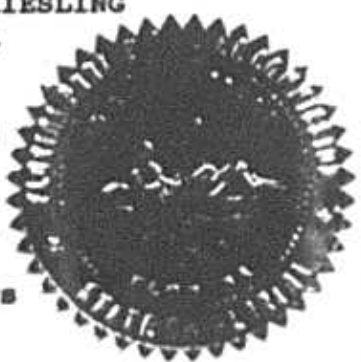
CHAIRMAN JULIA L. JOHNSON
 COMMISSIONER J. TERRY DEASON
 COMMISSIONER SUSAN F. CLARK
 COMMISSIONER DIANE K. KIESLING
 COMMISSIONER JOE GARCIA

DATE: Wednesday, May 21, 1997

TIME: Commenced at 10:00 a.m.
 Concluded at 11:11 a.m.

PLACE: City Commission Chambers
 502 Hinson Avenue
 Haines City, Florida

REPORTED BY: JOY KELLY, RPR
 Chief, Bureau of Reporting



DOCUMENT NUMBER - DATE
 -05335 - MAY 28 5
 PSC-REPORTS-REPORTING

1 **APPEARANCES:**

2 **JAMES MCGEE**, Florida Power Corporation,
3 Post Office Box 14042, 3201 34th Street South, St.
4 Petersburg, Florida 33733, appearing on behalf of
5 Florida Power Corporation.

6 **BOB ELIAS**, FPSC Division of Legal Services,
7 2540 Shumard Oak Boulevard, Gerald L. Gunter Building,
8 Tallahassee, Florida 32399-0850, appearing on behalf
9 of the Commission Staff.

10 **JACK SHERVE**, Public Counsel, Office of
11 Public Counsel, c/o The House of Representatives,
12 Claude Pepper Building, Room 812, 111 West Madison
13 Street, Tallahassee, Florida 32399-1400, appearing on
14 behalf of the Citizens of the State of Florida.

15

16 **ALSO PRESENT:**

17

18 **WAYNE FOREHAND**, Florida Power Corporation, Vice
19 president of Energy Distribution

20 **ROBERTA BASS, DAVID WHEELER and JIM BREMAN**, FPSC
21 Division of Electric & Gas

22

23

24

25

I N D E X

MISCELLANEOUS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ITEM	PAGE NO.
CERTIFICATE OF REPORTER	58

WITNESSES

NAME	PAGE NO.
SENATOR CHARLIE CRIST	
Direct Statement	16
HAROLD BUNN	
Direct Statement	22
SHERRY BLOISE	
Direct Statement	31
TIM STEORTS	
Direct Statement	34
RONALD BRIGHT	
Direct Statement	46

1 Counsel.

2 MR. SHREVE: I'm Jack Shreve, Public
3 Counsel, representing the customers of Florida Power
4 against the rate increase. I'm from Tallahassee,
5 Claude Pepper Building, Tallahassee, Florida. Thank
6 you.

7 MR. ELIAS: I'm Bob Elias representing the
8 Commission Staff, and with me are Roberta Bass, Jim
9 Berman, David Wheeler, also of the Commission Staff.

10 CHAIRMAN JOHNSON: Thank you. My name is
11 Julia Johnson. I'm the chairperson of the Florida
12 Public Service Commission. Allow me at this time to
13 introduce the Commissioners.

14 To my far left is Commissioner Joe Garcia.
15 Seated next to him is Commissioner Susan Clark. To my
16 right is Commissioner Terry Deason, and to my far
17 right is Commissioner Diane Kiesling.

18 There's some general information about the
19 Commission and the Commissioners here in our Special
20 Report. There's also a 1-800 number for those of you
21 who might have questions and don't want to entertain
22 those questions -- to have those questions entertained
23 today.

24 Also, for those of you who don't want to
25 provide public comments, there's also, on this blue

1 sheet, a written comments section provided for
2 customers if you'd like to provide us with your
3 written comments.

4 The purpose of this hearing is to hear from
5 the customers; their thought regarding the outage that
6 has occurred. This is a part of an investigation
7 docket that the Commission is performing. The Company
8 will have an opportunity to explain to you the facts
9 and the circumstances as they believe that caused the
10 outage. Public Counsel will also give an explanation
11 of his position of the case and what he believes is
12 the cause of the outage. The Staff and the
13 Commissioners are here to actually -- the Staff will
14 be conducting this process and going through the
15 investigation. They will bring back a recommendation
16 to the Commissioners, and we will consider that
17 recommendation and make a final vote on this
18 particular case.

19 With respect to the process here today, we
20 have a court reporter with us, Joy Kelly. She will be
21 taking -- reporting everything that you say. Your
22 comments, your questions will be a part of our
23 official record. We will be able to rely upon those
24 as a basis for our decision. And that's why if you'd
25 like to speak, when you come forward, if you could

1 give us your name, and oftentimes spell your name and
2 your address, that information will become an official
3 part of the record.

4 Also, for purposes of the record we'll have
5 to swear in all of the witnesses that testify before
6 us today.

7 Now, I have been informed by several of the
8 customers that they have other meetings and prior
9 engagements and some appointments, so we're going to
10 try to keep the presentations of the parties
11 relatively short here today. And, also, I wanted to
12 just let those people know, too, that there are
13 several Staff members in the audience, if you need to
14 leave early but want to leave some questions with
15 them. Let me go ahead and introduce those Staff
16 members quickly: Mr. Bob Elias is our attorney, he
17 introduced himself. Roberta Bass is sitting there
18 with him. Dave Wheeler is here in the corner of the
19 room. Jim Breman is also here. Sandy Simmons is in
20 the back corner there. Malinda Pace introduced
21 herself for you as you entered the room. Joy Kelly,
22 again, is our court reporter. Curtis Williams is my
23 personal assistant and he's over to the left here, and
24 Billy Stiles is also in the room. He's another Staff
25 member. He's an assistant with Commissioner Clark.

1 So if you have any questions and would like
2 to address those to those individuals, they, too, are
3 prepared to assist you in any manner that they can.

4 At this point in time I'd like to go ahead
5 and swear in those witnesses that would like to
6 actually present oral testimony today. If you could
7 stand and raise your right hand.

8 (Witnesses collectively sworn.)

9 **CHAIRMAN JOHNSON:** Thank you. You may be
10 seated now.

11 I'd also like to acknowledge before we start
12 today, and I see that the senator is going to testify,
13 that Senator Crist is here. He was one of the
14 individuals that when we first decided that we'd do
15 the investigation docket, he wrote me personally and
16 requested that we come out into the area and that we
17 hear from all of the customers.

18 He's been participating in this process and
19 has been testifying at each and every one of our
20 hearings. We'd like to thank him and all of you for
21 coming out, and to let you know that we are listening
22 and that your comments will be a part of the record
23 upon which we will base our decision. Thank you
24 again.

25 And with that, if you could, the Company

1 will allow you about five minutes to make an opening.
2 Public Counsel will have the same. And then we'll try
3 to get right to our customers because, again, there
4 are several customers that have some other
5 appointments that they need to get to.

6 MR. FOREHAND: Thank you, Madam Chairman.

7 Good morning everyone. My name is Wayne
8 Forehand and I'm vice president of Energy Distribution
9 for Florida Power.

10 We appreciate the opportunity to spend some
11 time with you this morning and share some information
12 about our company and about the situation at our
13 Crystal River nuclear plant.

14 We do realize and are sensitive to the time
15 constraints that folks have though morning so I'll try
16 to make this very brief.

17 Florida Power employees are mindful of the
18 fact that our residential rates right now are
19 currently are the highest in the state. And despite
20 being in that position, Florida Power is well below
21 the national average for the cost of electricity.

22 Even though on average we're only about a
23 penny a kilowatt-hour higher than our neighboring
24 utilities, those pennies do add up and we're sensitive
25 to the impact that that's having on our customers.

1 The reason that you're electric bill is
2 temporarily higher right now is the situation at our
3 Crystal River nuclear plant.

4 We shut the plant down last September to fix
5 a broken pipe, and at the same time we determined that
6 a portion of the wide safety margin that we must
7 maintain at the plant had been used up by a
8 combination of operational and equipment changes that
9 we've made over the last several years.

10 The safe operation of our nuclear power
11 plant has never been in question. The Nuclear
12 Regulatory Commission requires all licensed operators
13 of nuclear plants to guard against hypothetical
14 emergency situations, some of which might only occur
15 once in 11 billion years.

16 Florida Power must restore that margin of
17 safety. And some of the modifications we're making
18 now are just like the modifications made on other
19 nuclear plants throughout the country.

20 Florida Power and its customers, in making
21 those modifications, are going to benefit from the
22 experience that those other utilities have had that
23 went before us. And we respect to return the Crystal
24 River plant to service by the end of the year.

25 You may have heard that the NRC fined

1 Florida Power for several violations at the Crystal
2 River site. That's correct. It did. And we're not
3 particularly proud of that because we take our
4 obligation to the NRC very seriously. But we're proud
5 to say we've taken steps to see that those violations
6 don't occur in the future.

7 Let me try to clear up some confusion. The
8 fines and violations have nothing to do with why the
9 plant is temporarily out of service. If it weren't
10 for the broken pipe and the margin-of-safety issue
11 that I discussed earlier, we could have continued
12 operating the plant despite those violations.

13 We shut the plant down to fix the pipe and
14 we kept it shut down to make the required
15 modifications on the plant.

16 Florida Power is paying for the cost of
17 those modifications, which may total as much as
18 \$145 million. We do not plan to seek recovery of
19 those additional costs through an increase in customer
20 rates.

21 Florida Power's customers, as of last April,
22 began paying an extra \$2.22 per thousand
23 kilowatt-hours because of the outage at Crystal River.
24 Now, that may be lower than what you've heard or have
25 been led to believe, but that's the fact. The Florida

1 Public Service Commission allowed the replacement
2 portion of that fuel to be \$2.22, which comes to just
3 under \$27 a year.

4 As a reminder, Florida Power makes no profit
5 on the fuel component; it is a straight passthrough.

6 Other factors unrelated to the Crystal River
7 outage and beyond the Company's control, including a
8 tax increase and higher than expected oil and natural
9 gas prices, added another \$1.67 to the average bill.

10 We realize, however, that the higher bills,
11 no matter what the reason, are not going to be
12 popular. No one wants to pay for more electricity
13 than is absolutely necessary. And for our part,
14 Florida Power employees are dedicated to reducing the
15 cost of generating and distributing electric power,
16 both now and in the future.

17 For instance, you may have heard about our
18 new Hines Energy Complex down the road in Polk County.
19 When it goes into service next year it will be the
20 most efficient generating plant in the southeastern
21 United States.

22 In another area of the Company we're
23 currently installing computer terminals in the
24 vehicles of our service personnel. This direct link
25 with our phone representatives will allow realtime

1 information to be shared with our customers, and it
2 will also allow us to reduce costs by a more efficient
3 routing of their work during the day. But for now
4 we're working to get the Crystal River plant back in
5 service by the end of this year.

6 That cost that I mentioned earlier is an
7 investment in our ability to meet the growing demand
8 for electricity in this unique service territory that
9 we're able to serve. And we're also working to
10 maintain the trust and confidence of the millions of
11 people we're privileged to serve.

12 Several customer service associates are with
13 us here today in the back of the room and we'll be
14 glad and happy to answer any questions you may have
15 about any service or billing-related issues. We also
16 can cover any energy efficiency programs that you'd
17 like to talk about.

18 In closing, let me just repeat that we're
19 grateful to have this opportunity to share a little
20 bit of information with you. There's a folder in the
21 back of the room on the table that hopefully you have
22 had a chance to get; if not, please pick up one later
23 that shares more information about the plan and the
24 current outage.

25 We also welcome the opportunity to hear from

1 our customers and learn about your service concerns
2 today as well.

3 Madam Chairman, thank you for the
4 opportunity.

5 CHAIRMAN JOHNSON: Thank you.

6 MR. SHREVE: I'll just stay here if it's
7 okay.

8 I am Jack Shreve, I'm Public Counsel and I'm
9 representing the customers against this rate increase.

10 There's a lot of confusion on this, and I'll
11 be very brief because we're here to hear from you.

12 And I'm not sure the confusion is anyone's fault, but
13 I do want you to know that the \$2.22 that was referred
14 to a minute ago that's in your bill now is not the
15 full bill. Routinely that would be handled in a six-
16 month time frame on a projection. In this particular
17 situation, Florida Power agreed to collect it over 12
18 months instead of six months. So that routinely that
19 would have been 4.44. Now they still get the full
20 70 million; that's what they are talking about.

21 An additional thing is that 70 million is
22 the fuel increase cost up through last March; not from
23 March forward. Routinely they would have put the
24 additional fuel cost in this project. So you would be
25 talking about another \$10 million a month that is

1 accumulating now and \$10 million a month up through
2 the end of the year.

3 So instead of the \$70 million that is
4 represented by the \$2.22 on your bill now, you're
5 talking about a total additional fuel cost because of
6 the nuclear outage of \$170 million. And that's what
7 we have to watch out for. So the 2.22 is not all of
8 it.

9 Again, I'll be brief. We filed testimony
10 and our position is that Florida Power's management
11 decisions are at fault for this outage. The oil line
12 break that was referred to could have been repaired in
13 a month or two months. The plant has been out since
14 last September and will be out until the end of the
15 year for many different reasons.

16 The repairs and modifications that are being
17 made now are undoing decisions that were made by the
18 Company as far back as 1987. Then modifications in
19 '90, modifications in '96 and now in '97, those
20 modifications are being straightened out. The repairs
21 and modifications cost of \$145 million that Florida
22 Power is talking about that they are willing to absorb
23 and not increase has nothing to do with the
24 \$170 million.

25 It is our position, and we think our

1 testimony will show that the outage is because of
2 Florida Power management decisions and in no way
3 should the customers have to pay for the fuel increase
4 cost that Florida Power is asking for. Thank you.

5 **CHAIRMAN JOHNSON:** Thank you, Mr. Shreve.

6 With that I think we can then go to our
7 first witness. Mr. Shreve, I think we had Mr. Noble
8 listed. I see he had to leave even earlier than I
9 guess he had originally anticipated.

10 **MR. SHEREVE:** All right. Senator Charlie
11 Crist.

12 - - - - -

13 **SENATOR CHARLIE CRIST**
14 was called as a witness on behalf of the Citizens of
15 the State of Florida and, having been duly sworn,
16 testified as follows:

17 **DIRECT STATEMENT**

18 **WITNESS CRIST:** Thank you very much.

19 Madam Chairman, Commissioners, it's a
20 pleasure to be with you again. We were together last
21 night in Winter Park, as you know.

22 I just wanted to, for the benefit of this
23 audience, review some of the things we touched on last
24 evening.

25 The Public Service Commission had granted

1 approximately a -- it was \$88 million increase
2 approved in February; an increase of about one year.

3 I filed suit in Circuit Court in Pinellas
4 circuit to enjoin Florida Power from being able to
5 take advantage of the granted increase and to request
6 a justification before the increase would be passed on
7 to the customers.

8 The Circuit Court denied that, and as a
9 result I have appealed to the Florida Supreme Court to
10 again try and stop the increase from occurring.

11 I think it's important that we realize
12 what's going on here. And I think it's important for
13 the customers to understand that -- well, they
14 understand it as well as anybody. They don't have a
15 option to go to a different company. You know, it's
16 interesting. I live in St. Petersburg. Florida Power
17 has been the company that I have had as a power
18 company as long as I can remember. And there are ads
19 that are running right now in the Tampa Bay market by
20 TECO Energy talking about how they have very low
21 rates. And it's quite tantalizing. I'd like to be
22 able to buy from them but I can't.

23 America is based on competition and free
24 enterprise. And we're involved in a situation here
25 that defies free enterprise and competition. There is

1 no competition. If the citizens, the customers of
2 Florida Power, are dissatisfied with the rate increase
3 that they request, or with the service that they are
4 provided by Florida Power, they are stuck. Their only
5 option is to not pay the increase. And that's not
6 right and I don't think it's fair.

7 And I think the purpose of the hearings is a
8 very good opportunity for the Commission to hear from
9 the constituents and from the citizens that the Public
10 Service Commission is to watch out for.

11 I think it's important also to bear in mind
12 that this Company, whose parent company is Florida
13 Progress, is involved in a multitude of different
14 enterprises. They are involved in boat marinas. They
15 are involved in the insurance business. They are
16 involved in real estate development.

17 They are granted a government monopoly to
18 provide energy as efficiently as possible to the
19 citizens that they serve. And for some reason -- I
20 don't know how this works, frankly -- but they are
21 very diversified and it strikes me that maybe they are
22 a little too diversified. And if they would
23 concentrate on the mission at hand, for which they
24 have been granted a monopoly, to, in fact, deliver
25 electric power efficiently to the customer, that maybe

1 our rates -- those of us who are subject to Florida
2 Power's rates -- wouldn't be the highest in the state.
3 And then to add insult to injury almost \$90 million
4 higher than the highest in the state now, and
5 potentially to go even higher again.

6 The gentlemen spoke about there's not a plan
7 presently to have the customers incur the \$110 to
8 \$145 million additional increase. And I hope that
9 that plan is not altered and that later the Company
10 doesn't change its mind and come back to you and ask
11 for another increase. We'll have to wait and see.
12 Time will tell.

13 They talked about additionally the broken
14 pipe at the Crystal River nuclear power plant. We,
15 the customers, are paying for that problem, yet none
16 of these customers broke that pipe, nor did they have
17 any influence or any opportunity to have better
18 management brought to bear in order for those kinds of
19 mistakes not to happen; yet we have to pay for it.
20 That's not fair and that's not right either.

21 I wanted to site to you a report from the
22 Nuclear Regulatory Commission going to the management
23 issue. And it states that "The cover letter to the
24 Systematic Assessment of Licensee Performance Report
25 signed by the Nuclear Regulatory Commission's regional

1 administrator stated that, quote, 'several significant
2 performance deficiencies in the middle of the review
3 period, from September '95 to October '96,
4 highlighted'" and I will emphasize here, "weak
5 management involvement in day-to-day operations; weak
6 vertical communication; and weak interfaces between
7 engineering, operations and maintenance."

8 It's fairly clear to me that this Company,
9 as well intended as it may be, has some significant
10 management problems. They have the highest rates in
11 the state. They continue to go higher. We don't have
12 a choice about where to go. We are subject to it and
13 you're our only protection. So we, the customers,
14 count on you to protect us. And that is, as I see it,
15 the role of the Public Service Commission.

16 You know, the average that this increase
17 reflects to the average customer is about \$50 per year
18 increase. To some that may not seem like an
19 extraordinary amount of money. But to an awful lot of
20 citizens in the state of Florida it is. You know, a
21 lot of our citizens happen to be senior citizens.
22 Many of them happen to live on a fixed income. I'm
23 confident you'll hear from some of them today. And
24 the fact of the matter is, if they don't like the
25 increase, and if they can't pay the increase, then the

1 only option is to have their power shut off. Because
2 as I stated earlier, there's no competition in this
3 business and they can't go to the power company across
4 the street and say, "Hey, TECO, I'd like to use you
5 because your rates are lower than these guys." That's
6 an option that isn't available to them. So I think
7 it's important that your independent investigation be
8 thorough, follow up on the prudence of the management
9 by Florida Power, and make sure that you're confident
10 before granting any additional increases. And
11 hopefully after the series of hearings, and after the
12 conclusion of that investigation, the prudence
13 investigation, you'll see the way clear to make a
14 determination that, in fact, this rate increase should
15 be disallowed.

16 Thank you very much. Appreciate your time.

17 **CHAIRMAN JOHNSON:** Thank you very much,
18 Senator. Any questions? Thank you.

19 **MR. SERVE:** Thank you, senator. Mr. Harold
20 Bunn.

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

HAROLD BUNN

was called as a witness on behalf of the Citizens of the State of Florida and, having been duly sworn, testified as follows:

DIRECT STATEMENT

WITNESS BUNN: My name is Harold Bunn. I live in Bartow, Florida. I have a couple of questions I'd like to ask.

I'd like to ask what are the qualifications that are needed to become a member of the Public Service Commission?

I'd like to ask how can the Public Service Commission justify an increase in rates for a company that the management is inept? How can they justify a rate increase? Why not let the stockholders pay it and then they would do away with the management that's causing this. That's all I have to say.

CHAIRMAN JOHNSON: Okay. Let me then try to answer your questions.

Your first question was what are the qualifications --

WITNESS BUNN: Yes.

CHAIRMAN JOHNSON: -- necessary to become a Public Service Commissioner.

WITNESS BUNN: Yes.

1 **CHAIRMAN JOHNSON:** The qualifications
2 actually are quite broad.

3 It's an application process. And on the
4 application it says that they generally look for
5 people with backgrounds in engineering, accounting,
6 law, the sciences, but there's no real limitation.

7 The Commissioners that are sitting on the
8 Commission today, four of us have law degrees. One's
9 background is in accounting. And so generally there's
10 the legal and the accounting backgrounds represented
11 here. But it's an application process whereby any and
12 everyone is free to apply.

13 After you apply you go through a nominating
14 council process. The nominating council is made up of
15 representatives from the legislature, both House and
16 Senate, and then some other nonelected officials that
17 have been appointed by the elected officials.

18 Those nominating council members send at
19 least three names to the Governor. And then the
20 Governor appoints a member after generally
21 interviewing or reviewing the applications and after
22 background searches have been conducted.

23 After the Governor makes his selection, then
24 they must then be confirmed by the full senate. There
25 are generally senate hearings held where the

1 Governor's nominee is questioned about all sorts of
2 issues, and at which point in time the committee's
3 vote on the member, and then the name goes to the full
4 senate for the full senate to make a vote before
5 someone actually becomes a Public Service
6 Commissioner.

7 So that's the general process. There's more
8 information on the background of the presently sitting
9 Commissioners in the blue information packet.

10 WITNESS BUNN: Yes, I saw that.

11 CHAIRMAN JOHNSON: Your other question was
12 how or why did we allow the increase?

13 WITNESS BUNN: How can you justify an
14 increase for a company that's been shown to be inept
15 in its management? How can you justify? Why not let
16 the stockholders pay for their errors. And then the
17 stockholders will get rid of the poor management.
18 Instead of coming to you and getting an increase and
19 at the end of the year they give the chief executive
20 over a million dollar bonus and then come down
21 500,000, 300,000, 250,000.

22 CHAIRMAN JOHNSON: The process here today --
23 you've made a statement that management is inept.
24 That's what we're here today to find out. That is a
25 part of this process; this is an investigation for us

1 to look at the actions of management and make a
2 determination as to whether or not their actions were
3 prudent or not.

4 Our Staff is investigating this. They have
5 outstanding discovery. They are making contact with
6 the people at the Nuclear Regulatory Commission.
7 We're interviewing past employees of the Company.
8 We're trying to research the issues.

9 Staff will make a recommendation to the
10 Commissioners. But before we vote and make a
11 determination as to whether or not management was
12 inefficient, we have to have information in the record
13 upon which to base that particular decision.

14 So that's what this process is all about.
15 And in June we will be having a full hearing to hear
16 testimony on both sides, and I believe Public Counsel
17 is in agreement with your position.

18 The Company, they have a different position.
19 We will sit in a quasi-judicial forum and hear
20 testimony, and then we will make a decision on that
21 particular issue.

22 WITNESS BURN: One more question and I'll
23 shut up.

24 CHAIRMAN JOHNSON: No. Go ahead.

25 WITNESS BURN: Has the Public Service

1 Commission ever turned down a raise for Florida Power?
2 I'd like to know when it was because I try to keep up
3 with when they go to you people for --

4 CHAIRMAN JOHNSON: Yes, sir, we have indeed
5 done that. And Staff can go through and delineate for
6 you when and where -- and even in this instance,
7 again, in this process that we're going through now,
8 this is a fuel adjustment process.

9 Generally when you're dealing with the fuel
10 cost recovery, the company doesn't make a profit on
11 the fuel. It's a passthrough. Whatever the fuel
12 actually costs, that's what they can pass on to the
13 customers. They can't make a profit off of that.
14 That doesn't go into the salaries of the people that
15 work there.

16 So this process is a different process. But
17 I understand your question. You're saying as it
18 relates to the base rates, the everyday rates; when
19 they come in for rate increases, have those increases
20 ever been denied? And I guess if so, when and by what
21 amount?

22 Now Staff, one of our Staff attorneys --
23 because this isn't a rate case I'll allow him to maybe
24 go through -- were you here on the last rate case?

25 COMMISSIONER DEASON: Let me indicate what

1 we're here on today is the case of an outage of a
2 nuclear power plant.

3 **WITNESS BURN:** I understand that. But one
4 question -- one answer brought another question on.

5 **COMMISSIONER DEASON:** If you'll give me a
6 moment, I'm trying to answer your question, sir.

7 The history of the commission is that this
8 Commission -- I wasn't on the Commission; none of the
9 Commissioners were on it -- but the Florida Public
10 Service Commission has found management problems and
11 management errors in a case involving the Crystal
12 River plant. So there is a history of that. And
13 there was a rate reduction as a result.
14 Unfortunately, that case was appealed by Florida Power
15 to the Florida Supreme Court and the Supreme Court
16 said there was not sufficient evidence to uphold the
17 Commission's finding of that.

18 I want to reiterate to you, that's the
19 reason this investigation docket has been opened is to
20 explore the very matters which you have raised about
21 the management actions in this case. Mr. Shreve has
22 indicated he has testimony on file making his case,
23 makes his assertion that management is at fault. And
24 that is the standard that the Supreme Court has placed
25 in the state of Florida, is that if there's an outage

1 of this nature at a nuclear plant, before there can be
2 a rate reduction as a result of that or refunds of
3 monies that have been previously collected, there has
4 to be a showing that there is problems with
5 management. And I think apparently Mr. Shreve is
6 trying to have testimony filed to meet that very
7 standard. And it is a high standard to meet. The
8 Supreme Court has set a high standard and that is the
9 very nature for this investigation.

10 And I would submit to you that if this
11 Commission, when this first matter came up in
12 February, had disallowed those costs, that very well
13 also could have been appealed to the Florida Supreme
14 Court and the increase would have gone into effect
15 anyway. I don't know that for a fact. I can just
16 share with you the history.

17 Based upon the Supreme Court decision, we
18 need to make a very substantive finding of management
19 problems, management decisions that resulted in this
20 outage, and that the stockholders should be held
21 liable and not the ratepayers.

22 I don't know what the result of the
23 investigation is going to be, but we're taking the
24 steps to look at it. And if that is the decision,
25 hopefully we'll have enough evidence that will

1 overcome any appeal to the Florida Supreme Court.

2 WITNESS BURN: Okay. Thank you very much.

3 MR. SHERVE: Just a moment, sir.

4 CHAIRMAN JOHNSON: Please, Public Counsel.

5 MR. SHERVE: I don't disagree with anything
6 Commissioner Deason said. Your question was to
7 whether or not there ever had been any rate increases
8 turned down.

9 I do know, sir -- there were two rate
10 decreases, one of a \$52 million annual rate reduction
11 back a few years back which was a negotiated
12 settlement because of the tax changes, and our
13 argument was a lower return on equity; that was one
14 time. Then there was another one for over
15 hundred million rate reduction, which was also a
16 negotiated settlement -- for a reduction. Now, that's
17 not when they came in for a rate increase. But when
18 they were brought in or arguing -- our side was
19 arguing that the rates should be decreased.

20 Commissioner Deason mentioned the problems
21 that we've had in the past on the nuclear outage and
22 we've been involved in that before. He's exactly
23 right. The Supreme Court overturned a decision of the
24 Public Service Commission.

25 We feel we've put enough evidence in and

1 will continue to put evidence in that will overcome
2 the problems that were deemed to be there by the
3 Supreme Court.

4 This outage was not caused by a dropped
5 wrench or even a dropped test weight, which they've
6 done in the past when they dropped a 2,000 pound
7 weight into the nuclear fuel. This was started with
8 decisions made back in 1987 by the Company, that were
9 continuing and still had not been straightened out,
10 and now are being straighten out. And we think we
11 have enough evidence in there to show that to the
12 Commission and to the Supreme Court.

13 **WITNESS BUNN:** Thank you very much.

14 **MR. SHEREVE:** Thank you, sir.

15 **CHAIRMAN JOHNSON:** Thank you.

16 **MR. SHEREVE:** Dorothy Bunn.

17 **UNIDENTIFIED SPEAKER:** I don't wish to
18 comment because my question has been answered.

19 **MR. SHEREVE:** Thank you ma'am. Sherry
20 Bloise.

21

22

23

24

25

1 smaller trailer -- and nine cents.

2 Mine. Mine, just for me -- and I have to go
3 and shut my air conditioner because if I let it run
4 regular on a straight -- even 80s -- 78, I generally
5 put it on 78, I have to go and shut it. I've got a
6 bill of \$72.30. Hey, very good partners.

7 Do you come and fix my air conditioners?
8 No. I do that.

9 They say it's only this year that there has
10 been a rate increase -- that there's an increase in
11 rates. But I pay up to \$6,000 to these people for one
12 year. They made 6,000; I made four.

13 Now, you want to give them an increase? Go
14 ahead. Do I have a choice to tell them to go to hell?
15 No way. I don't have a choice. I'm stuck. That's
16 it.

17 That's all I have to say.

18 CHAIRMAN JOHNSON: Thank you, ma'am.

19 COMMISSIONER GARCIA: Can I ask you a
20 question, ma'am?

21 WITNESS BLOISE: Sure.

22 COMMISSIONER GARCIA: Have you ever
23 checked -- the companies have efficiency programs that
24 they offer free of charge. Have you ever availed
25 yourself to any of those programs?

1 **WITNESS BLOISE:** Oh, yes. Oh, they are
2 always telling me shut off -- let us have -- let us
3 have -- if we can shut off your hot water for a
4 certain period of time, you can get your reduction of
5 a few dollars. To me that's not worth it.

6 First of all, I can't control my tenants to
7 say, "hey, take a bath at ten o'clock or take a bath
8 at nine o'clock." I can't do that.

9 **COMMISSIONER GARCIA:** But you have had the
10 Company then come out and talk to you about the bills?

11 **WITNESS BLOISE:** No, I don't even tell them
12 to come over because the whole thing is ridiculous.

13 **COMMISSIONER GARCIA:** Ma'am, you'd be
14 surprised -- and I'll ask the Company since it has
15 some of its conservation people here to talk to you,
16 if you don't mind, because it's more than the water
17 heater. There are some other programs that you may be
18 to use --

19 **WITNESS BLOISE:** Seal all of my little
20 cracks and crevices.

21 **COMMISSIONER GARCIA:** I don't know all of
22 the things that they may offer you --

23 **WITNESS BLOISE:** Let me finish.

24 **COMMISSIONER GARCIA:** Okay. Yes.

25 **WITNESS BLOISE:** I don't agree on that. I

1 want a little bit of air to come in my house. I don't
2 want to breathe over and over and over again the same
3 stale air that they're trying to tell me I should
4 have. Okay? My lungs are more important than what
5 they are trying to save me.

6 COMMISSIONER GARCIA: Okay. Thank you.

7 WITNESS BLOISE: Thank you.

8 MR. SERVE: Thank you, ma'am. Mr. Tim
9 Steorts.

10 - - - - -

11 TIM STEORTS

12 was called as a witness on behalf of the Citizens of
13 the State of Florida and, having been duly sworn,
14 testified as follows:

15 DIRECT STATEMENT

16 WITNESS STEORTS: My name is Tim Steorts,
17 S-T-E-O-R-T-S, Lake Wales, Florida.

18 COMMISSIONER GARCIA: I'm sorry, what was
19 the last name?

20 COMMISSIONER KIRSLING: Could you raise the
21 mike?

22 COMMISSIONER GARCIA: S-T.

23 WITNESS STEORTS: E-O-R-T-S. I live near
24 Lake Wales.

25 COMMISSIONER GARCIA: Tim, right?

1 **WITNESS STEORTS:** Yeah.

2 To me this is more than just issue of this
3 one fuel adjustment increase or whatever we're
4 discussing here today.

5 The gentlemen from Florida Power made a
6 comment in his statement that the safe -- something
7 like "the safe operation of our nuclear power plant
8 has never been in question." I realize that's not the
9 issue here today, but it's my understanding Crystal
10 River is one of 14 plants that the Nuclear Regulatory
11 Commission is currently investigating that's having
12 potentially serious problems.

13 I don't like them standing up here and
14 making -- I was in a debate with a gentlemen in front
15 of some school children one day -- this was I think
16 three or four years ago -- and he wanted to say there
17 had never been any problem at Crystal River and all
18 this.

19 And at the time I hadn't done my research
20 and I did some later and I found out that there have
21 been numerous violations at that plant. It's not a
22 perfect plant. There are no perfect nuclear plants.
23 Soon after that there was an article in the paper
24 where there was 200 to 300 -- 200 to 300 instances of
25 contamination of the workers at the plant. It was

1 minor contamination but it was not supposed to happen.
2 Some of the same workers, but 200 to 300 incidences.
3 And it turns out, that was not something that even had
4 to be reported, according to this newspaper article,
5 to the NRC.

6 And then the only figures I have from the
7 Nuclear Regulatory -- for 1995 alone there were eight
8 notices of violation from the Nuclear Regulatory
9 Commission. If I'm wrong, they can, you know, tell
10 you. And 38 licensee event reports. That's for that
11 one year; that was for 1995 from the information I
12 have. And this is -- I don't think that's an uncommon
13 year. I think that happens every year.

14 I also wonder will this plant be back on
15 line? How much is this going to take? Will this
16 plant really be back on line by the end of the year?
17 What kind of assurances do we have that -- you know,
18 there have been delays in the past. It's been shut
19 down more than was expected over the years. Except
20 from Florida Power, what assurances do we have that it
21 will be back to on line by the end of the year, and
22 that they won't be back looking for more fuel
23 adjustments next year, on into next year?

24 I just have to say if they had pursued
25 conservation -- demand-side management; I know the

1 term, I know you all do -- for even the last several
2 years there may be no need for this increase at this
3 time.

4 And not that he brought this up today, but
5 it's absurd for Florida Power to act like they're
6 these good corporate friends to the citizens of
7 Florida, which is what I see in the paper and at
8 meetings and things.

9 They've continually fought efforts to have
10 them do the right thing, which is to invest in
11 demand-side management rather than to keep building
12 new power plants.

13 The only -- I think they maybe do help
14 you -- like Mr. Garcia was, I think, trying to get to,
15 allude to, was help you find leaks in your system and
16 all. But the only really conservation program I know
17 of is the energy management, I guess; this is the
18 sheet that's in the back. I think it used to be
19 called the load management, which I have been on for
20 many years. And they changed it a year or two ago.
21 And I don't even get any benefit from it anymore.
22 It's about six months out of the year, like right now,
23 spring and fall, I don't even get any benefit from it
24 because I don't use that much. I don't use the 600
25 kilowatts. I used to get the rebate anyway but I

1 don't get it now.

2 And so it's because they won't do the right
3 thing that we're still so dependent on nuclear power
4 and unreliable oil supplies.

5 I realize I may be off the subject for this
6 hearing. But anyway, I'd prefer the nuclear plant
7 never be restarted. To me they should invest that
8 money in demand-side management. That plant is
9 getting old and it's likely more and more repairs will
10 be needed in the future, and I contend it's a poor
11 decision to keep putting more resources into that
12 plant.

13 Then there's the issue of the -- there's two
14 other -- cost of the waste. I don't know how that's
15 ever going to be resolved. Then there's also the
16 decommissioning question.

17 I hesitate to say this because I really
18 think they should pay for the -- think there's funds
19 being set aside for decommissioning. I'm going to say
20 this -- I hate to ever say I would be willing to pay
21 more for something --

22 COMMISSIONER GARCIA: Don't say that; they
23 may take you up on it. Why don't you let them answer
24 those questions, because I'm sure that they can, and
25 just so you'll have more knowledge, if you don't mind.

1 **WITNESS STEORTS:** Okay. But what I was
2 going to say, rather than pay more for the fuel
3 adjustment, I would be willing to pay to shut that
4 plant down permanently.

5 **COMMISSIONER GARCIA:** Maybe the Company can
6 tell you how much that would cost. It's been done in
7 other parts of the country when plants have been
8 seriously -- much more serious problems than this
9 plant is having, and it has been done because of
10 costs.

11 **WITNESS STEORTS:** I mean I wish it had never
12 been built but I feel like since I am with Florida
13 Power I understand I've used the electricity from it,
14 et cetera, so I have some -- I think the shareholders
15 really are responsible. But I would take some of the
16 responsibility for paying to shut down that plant.

17 **CHAIRMAN JOHNSON:** Mr -- is it Steorts?

18 **WITNESS STEORTS:** Yes.

19 **CHAIRMAN JOHNSON:** Several of the questions
20 that you've asked another gentlemen -- Mr. Starkey had
21 a series of questions on the decommissioning of the
22 plant and other questions of that nature.

23 We're going to have the Company answer all
24 of those questions at the -- after, I guess, the last
25 witness testifies, which should be in the next several

1 minutes. But in the time being, you asked a lot of
2 questions: When will the plant be back on line? And
3 those kind of questions. Perhaps they can entertain
4 those. But I just wanted to suggest to you you might
5 want to stay around for another couple more minutes
6 because another gentlemen had a series of questions in
7 that same regard.

8 **MR. FOREHAND:** Thanks, Madam Chairman.
9 Mr. Steorts, let me just address a couple of items
10 with you real quickly.

11 The watch list that you mentioned earlier.
12 I think it's important for folks to understand what
13 the watch list means.

14 The Nuclear Regulatory Commission is a
15 governmental agency that has constrained resources
16 like we all do. They decide what plants they want to
17 focus their time and attention on more than other
18 plants. They focus on all of them all of the time.
19 But that list is simply to say "this is the group
20 we're going to spend more time on than other plants."
21 It gets a lot of, I guess, press about what that
22 means, but very rarely do we ever talk about what it
23 actually is. And that's what the watch list is.

24 It's also important to know when we took the
25 plant down for the fueling outage last year we had

1 just come off a period of two years of the highest
2 performance we've ever seen in that plant. In fact,
3 in 1995 we ran at about 102% capacity factor, which
4 simply means we made more electricity with that plant
5 than the nameplate rating said could be done. And we
6 were in the top four, five, I think, in the nation in
7 efficiency.

8 So when you talk about the management issues
9 there as well, you need to understand that it has been
10 operating very, very well until the recent problems we
11 have experienced.

12 Drop down for a second to the demand-side
13 management issue, because that's a fairly sensitive
14 one to us, I guess, because of the investment we have
15 made there.

16 A lot of folks don't realize it still but
17 Florida Power has over 550,000 customers that
18 currently participate that that Energy Management
19 Program that you mentioned earlier. That's the
20 largest load management program in the world, not just
21 the state of Florida or the nation; nobody has more
22 folks under load control than our company.

23 And that speaks to the effort that we've put
24 in that to make sure that we try to take the steps to
25 avoid those additional generating plants.

1 You mentioned the credit reduction earlier.
2 The reason that was done was because we found we were
3 basically out of line with the amount of money we were
4 paying on those credits, and tht folks who fell down
5 in that lower bracket were really not providing
6 anything in terms of load reduction when we needed it.

7 It's important also to know that our credits
8 are still far higher than anyone else in the state of
9 Florida. And I think the Commission would back us up
10 on the figures for the other utilities around the
11 state. We still pay significantly more credits.

12 That also, by the way, is one of the things
13 that doesn't get included in the residential rate when
14 it's quoted. We have a higher base rate but we have
15 over half a million customers that are participating
16 in load management and getting the credit off of that
17 bill.

18 The other one -- well, the nuclear
19 decommissioning piece I think we'll hold on for a
20 minute. There's another one you asked me. I'm sorry,
21 I'm losing it.

22 **CHAIRMAN JOHNSON:** How long will the plant
23 be off line?

24 **MR. FOREHAND:** Thank you. The restart plan
25 we've gotten approved by the NRC, we plan to have it

1 operational by the end of this year.

2 **WITNESS STEORTS:** Okay. On the load
3 management, you know, I don't mind, I understand -- I
4 only use 600 kilowatts. I don't need a rebate.
5 That's okay. And you brag on your load management.
6 You have been bragging on it ever since I have been
7 involved in this, which is probably about eight years
8 now, looking at the issue. It's one program and you
9 get miles and miles of press out of it. You get
10 thousands of column inches of newspaper press out of
11 it. That's one program. There's dozens, dozens of
12 programs that have been shown to be cheaper in the
13 long run for the customers of Florida Power than
14 building new power plants. That's one program. There
15 are dozens of programs.

16 **MR. FOREHAND:** That's true. And we do have
17 dozens of other programs besides that one certainly.

18 **WITNESS STEORTS:** Not the kind I'm talking
19 about.

20 **MR. FOREHAND:** Charles Henry, could you
21 raise your hand for a moment, please?

22 **UNIDENTIFIED SPEAKER:** He's stepped outside,
23 but I do have a sheet of paper here that outlines our
24 other programs.

25 **MR. FOREHAND:** Great. Thanks.

1 **WITNESS STEORTS:** Maybe Public Counsel can
2 help me out.

3 **MR. SHEREVE:** I was thinking as I was sitting
4 here, I think what the customer is trying to point out
5 is there are other programs that are available that
6 are not being used, is the point you're trying to
7 make, I believe.

8 **WITNESS STEORTS:** Yes.

9 **MR. SHEREVE:** Not additional programs that
10 Florida Power has at this point. But there are other
11 things available that could accomplish more of what
12 you're talking about?

13 **WITNESS STEORTS:** Yes. That have been used
14 in other parts of the country; that have been shown by
15 studies to be feasible, cost feasible.

16 **MR. SHEREVE:** Okay.

17 **WITNESS STEORTS:** Thank you.

18 **CHAIRMAN JOHNSON:** Thank you very much.

19 **WITNESS STEORTS:** Thank you for coming to
20 our county. And power plants are a sensitive issue
21 here because we have more than our share, I'm sure
22 you're aware.

23 **CHAIRMAN JOHNSON:** Thank you for your
24 testimony.

25 **MR. SHEREVE:** That's the last witness that

1 signed up except for Mr. Starkey's questions.

2 **CHAIRMAN JOHNSON:** I believe then it would
3 be an appropriate time then to have the Company
4 respond to Mr. Starkey's questions.

5 We did give that list of questions to the
6 Company. And what we're going to do is have the
7 Company read each question and then respond to it with
8 an answer.

9 **MR. FOREHAND:** Thanks, Madam Chairman. I'll
10 read the question, and I'm lucky enough to have Ron
11 Bright with us from our nuclear plant today. Most of
12 these, I guess, he will need to answer for us. I know
13 some of the general answers but we'll try to be a
14 little more specific.

15 The first question is "What is the
16 disposition of contaminated or radioactive waste such
17 as tools, clothing and machinery?"

18 **CHAIRMAN JOHNSON:** Excuse me, since you're
19 going to answer those questions and it will be a part
20 of the record, maybe we should have -- I don't think
21 you stood to be sworn in earlier.

22 **WITNESS BRIGHT:** No, I did not.

23 **CHAIRMAN JOHNSON:** Why don't we just go
24 through that formality.

25

RONALD BRIGHT

1
2 was called as a witness on behalf of Florida Power
3 Company and, having been duly sworn, testified as
4 follows:

DIRECT STATEMENT

5
6 **WITNESS BRIGHT:** My Name is Ronald Bright.
7 I work at the Crystal River Energy Complex, 15760 West
8 Powerline Street in Crystal River 34428.

9 The first question on "disposition of
10 contaminated radioactive waste such as tools, clothing
11 and machinery."

12 I'd first like to say that when tools,
13 machinery and clothing become contaminated they are
14 not automatically waste. We do reuse these things up
15 at the nuclear plant as much as possible. But when
16 they do become waste, we do compact them as much as
17 possible and dispose of them at a licensed low level
18 radioactive waste landfill currently at Barnwell,
19 South Carolina.

20 **MR. FOREHAND:** Also, Ron, I'm not sure of
21 the name of the program, and I know there's been a
22 great deal of effort to reduce the amount of that
23 waste. I remember walking up to the plant and you see
24 the signs to remind workers every day making sure they
25 are not creating more of that than needs to be because

1 of the problems with the disposal, and do a great job
2 with that.

3 The second question is "What is the
4 disposition of spent fuel?"

5 **WITNESS BRIGHT:** May I go to the audience?

6 **CHAIRMAN JOHNSON:** Please do.

7 **WITNESS BRIGHT:** We store spent fuel at the
8 Crystal River nuclear plant right now in underwater
9 storage pools. We have storage capacity through the
10 year 2009. We have a contract with DOE to accept our
11 spent fuel, and I know Congress is working on some
12 things right now to try and get a monitored
13 retrievable storage facility because a lot of plants
14 are going to run out of space sooner than we are.

15 DOE is working out in Nevada, at Yucca
16 Mountain, to characterize a permanent waste facility
17 for spent fuel and we expect to ship the fuel there.

18 **MR. FOREHAND:** Also, our recently retired
19 president, Allen Keesler, was among the utility
20 executives across the country to lead the effort to
21 force DOE to live up to their commitment on taking
22 that spent fuel.

23 The next question is "Are there provisions
24 for redundant systems for vital operating components
25 in plant design." For instance, was only one lube oil

1 pipe available for use when the failure occurred in
2 September of '96?

3 **WITNESS BRIGHT:** There are redundant systems
4 but mostly for the safety related systems that protect
5 the nuclear fuel. The lube oil pipe that failed was
6 on what we called the secondary side, on the turbine
7 side, which is just like the turbine side of any other
8 power plant that Florida Power has.

9 We did have a backup lube oil pump that came
10 on when we were losing pressure with the turbine, but
11 we only had that one pipe that actually went from the
12 storage tank up to the turbine. To have redundancy in
13 everything we have at the plant would be very
14 expensive to build the plants, any plant at Florida
15 Power.

16 That secondary pump did come on when it was
17 supposed to as we were losing oil pressure, and what
18 we decided was that instead of losing oil pressure to
19 the turbine bearings, which could cause the failure of
20 the turbine, was to shut the plant down and find out
21 what the problem was.

22 **COMMISSIONER GARCIA:** Make sure we clarify
23 that. That's why nuclear power plants -- one of the
24 reasons they cost so much is that there's triple
25 redundancy in a lot of the systems that are on the

1 plant.

2 **WITNESS BRIGHT:** That is correct.

3 **MR. FOREHAND:** Commissioner Garcia, let me
4 talk about one of those because it is a basic issue in
5 the current outage. Let me just give you an example
6 of the kind of redundancy that is at the plant.

7 Every electric generating facility can
8 generate its own electricity that's used within the
9 walls of the plant while it is operating, obviously.
10 When it goes down it does need an external source of
11 power to keep the light on in control rooms and all of
12 those types of things.

13 At Crystal River we have three distribution
14 power feeds as backups into the plant, and then there
15 are two diesel generators, backup generators, that are
16 capable of carrying the load of the plant. So there
17 are five backup power sources to the plant in the
18 event it goes down. Most plants would have one to
19 take care of that issue. So that's an example of how
20 much redundancy is, in fact, built into the nuclear
21 plant. And right now one of the issues at hand, the
22 main issue, one of those backup generators can handle
23 the entire load of the plant for a period of about
24 three seconds. But it is the fifth, or one of those
25 five backup systems, and that's where the probability

1 that we mentioned earlier, once in 11.6 billion years
2 that occurrence, that event, chain of events could
3 happen. But that's the kind of redundancy that is
4 required to operate a plant.

5 The next question --

6 MR. SHREVE: I wonder if I could hear the
7 question again. I missed the first part of the
8 question. I may have a comment I may want to make.

9 MR. FOREHAND: Sure, Jack. "Are there
10 provisions for redundant systems for vital operating
11 components in plant design." And then in brackets it
12 says "(was there only one lube oil pipe available for
13 use when the failure occurred in September of '96?)"

14 MR. SHREVE: Ignoring the lube oil pipe that
15 broke, that was one thing, but aren't their
16 modifications going on right now to correct decisions
17 that were made in '87, '90 and '96 because of the --
18 one of the pumps designed to fail open and causing the
19 cavitation? Isn't that one of the modifications and
20 repairs that are going on right now?

21 WITNESS BRIGHT: You're talking about the
22 emergency feed water system, Mr. Shreve?

23 MR. SHREVE: I'm talking about the repairs
24 and modifications that are going on right now.
25 Whether it happens in 1 billion years -- wasn't that a

1 requirement that should have been --

2 **WITNESS BRIGHT:** I understand. The problem
3 I have in answering your question is that you're
4 talking about a series of modifications, all of which
5 were done at the time, and we're not taking them all
6 out, we're changing them all during this outage.

7 **MR. SHEREVE:** You're correcting the things
8 that were done in the past. But what I'm getting at
9 is what --

10 **WITNESS BRIGHT:** We're adding to them.

11 **MR. SHEREVE:** Adding to to correct the
12 situation that was caused in the past. What I'm
13 getting at is the discussion you just went through did
14 not lay these things out. There are other
15 modifications and repairs that are going on now that
16 have nothing to do with the failed pile.

17 **WITNESS BRIGHT:** That's correct. The failed
18 pipe was repaired back in September.

19 **MR. SHEREVE:** Right.

20 **MR. FOREHAND:** One of the other issues that
21 comes into play now with a nuclear power plant is our
22 plant was built in 1976, or went on line, I believe,
23 in '76.

24 If you'll think back with me for a moment at
25 the changes in computing power that have occurred

1 since '76 in that 21-year period, computers have
2 gotten incredibly advanced during that period of time.
3 And our ability to model scenarios has just improved
4 dramatically. And as a result of that, we now know
5 more about those plants than we ever have in the past.
6 The Nuclear Regulatory Commission knows more than they
7 ever have in the past. We discovered these issues
8 when we had the plant down with the oil pipe in
9 September, but it is a continuing process that we're
10 able to -- you know, to carry out the calculations
11 further and further than we've ever been able to
12 before because simply that changing in computing
13 power. So a lot of those issues have changed over
14 time.

15 **MR. SHERVE:** You're not saying that the
16 problems you're having right now were all caused
17 because of lack of computation or calculations or the
18 ability to use computers. You're not saying that was
19 the problem with this.

20 **MR. FOREHAND:** That's correct.

21 "Are plans in place for the eventual
22 decommissioning and dismantling of the plant? And
23 "Are there built in attributes to facilitate
24 dismantling?"

25 **WITNESS BRIGHT:** The easy answer to the

1 first question is yes, there are plans to dismantle
2 the plant when our license expires.

3 There are no specific attributes now in the
4 plant to actually facilitate decommissioning. When we
5 built the plant, as other plants back in the early
6 1970s, we built them very sturdy to protect the public
7 and to make the plant very safe for the workers there.
8 So we were more concerned with building the plant and
9 making it sturdy.

10 We are learning from people that are
11 decommissioning their plants now; Trojan plant out in
12 Oregon, Connecticut Yankee up in Connecticut, on how
13 they are decommissioning their plant so we can use the
14 best techniques that we can in order to decommission
15 ours when it's time.

16 One more thing, Wayne. We do come to the
17 Commission every five years with a decommissioning
18 plan for approval for the decommissioning funding that
19 we go through. And at that time we go through the
20 plan of our decommissioning.

21 **MR. FOREHAND:** That's correct, Ron. And I
22 believe last year we did increase the amount that was
23 going into that fund; I believe the number is around
24 20 million a year now toward the decommissioning.

25 **WITNESS BRIGHT:** That's right.

1 **MR. FOREHAND:** Because we do look into the
2 future to determine what the price taking will be,
3 when it's time to shut down the plant at the end of
4 its life.

5 **MR. SHREVE:** Could I make a comment here,
6 too? It doesn't really have to do the with
7 decommissioning, but on the spent fuel, and I think it
8 should be pointed out, I know Power Corp and the other
9 utilities in the state have worked on that, and
10 Commissioner Clark has played a big part in going on
11 that, and we've been involved, but she's played a big
12 part in trying to solve the spent fuel problem which
13 the federal government really has not faced.

14 **MR. FOREHAND:** Thank you.

15 Next question, "Are funds being accumulated
16 specifically for use in safely dismantling the plant
17 when this is required in the future?" You just
18 answered that one. Sorry.

19 "If so, are these funds being generated from
20 or charged against monies derived specifically from
21 the sale of power from the plant?" Let me read that
22 again. "If so, are these funds being generated from
23 or charged against monies derived specifically from
24 sale of power from the plant?"

25 The real answer to that one is it's included

1 in base rates; that's part of our normal base rate and
2 folks that have already been paying that have been
3 paying it ever since the plant came on line.

4 WITNESS BRIGHT: Wayne, I think the question
5 kind of alludes to the spent fuel fund that is funded
6 specifically from electricity from the plant. And he
7 was wondering if we used the same methodology to
8 develop the decommissioning fund, and the answer is
9 no, it's part of the general rates of Florida Power.

10 MR. FOREHAND: Thank you.

11 "What is the projected useful total plant
12 life?" And then the second part "From now?" So I
13 guess --

14 WITNESS BRIGHT: When we start up in
15 December we'll have about 19 years left until the
16 expiration of our license, which is December 3rd,
17 2016. And we do expect to be able to run for those 19
18 years.

19 MR. FOREHAND: One last item that may be
20 important to point out there, too, that ties back in
21 with Mr. Stoerts' question earlier, that plant is a
22 very large component of our generating system. It's a
23 nearly 900-megawatt plant. It's the single largest we
24 have on the system; possibly ranks as one of the
25 largest in the state, I'm not certain.

1 **WITNESS BRIGHT:** One of the largest.

2 **MR. FOREHAND:** And it's an integral part of
3 our generating system.

4 It's also important to know we have that at
5 a very good investment today because we were
6 fortunately one of the utilities across the nation
7 that was able to build that plant before a number of
8 utilities ran into problems with cost escalations on
9 the construction site. We built that plant for
10 roughly \$450 million back then, which is still a good
11 value for us today, which is one of the reasons why
12 when you look at the question of long term do you keep
13 the plant, keep running it, put some money in to fix
14 these issues. Yeah, it's still a good investment for
15 us because of the amount of generation that it
16 accounts for on our system and the price tag we have
17 on it already.

18 **CHAIRMAN JOHNSON:** Thank you. Public
19 Counsel has indicated that there are no additional
20 witnesses that have signed up to testify today.

21 Are there other members of the audience that
22 did not sign up that would like to sign up and provide
23 any more comments to the Commission or to the Company
24 or to Public Counsel today? (No response)

25 **COMMISSIONER GARCIA:** Remember that our toll

1 free number is on this blue sheet. Give us your
2 opinion, send it in on the blue sheet like the
3 Chairman mentioned.

4 **CHAIRMAN JOHNSON:** Well, then with that, I
5 don't think we have any more individuals here who
6 would like to testify.

7 I'd just like to take this opportunity to
8 thank you all for coming out, for providing your
9 testimony and providing those questions for us to
10 respond.

11 And again, if you go home and think of
12 something tonight, there's a 1-800 number you can call
13 any of us. I know the Company, they have members
14 making themselves available to you today. Thank you
15 and the information that you've provided will be a
16 part of our record and considered in our final
17 determination. Thank you.

18 (Thereupon, the hearing concluded at
19 11:11 a.m.)

20 - - - - -

21

22

23

24

25

1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

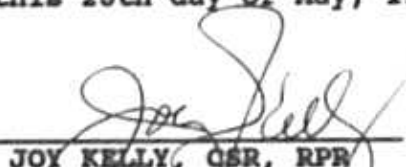
4 I, JOY KELLY, CSR, RPR, Chief, Bureau of
5 Reporting, Official Commission Reporter,

6 DO HEREBY CERTIFY that the Haines City
7 Service Hearing in Docket No. 970261-EI was heard by
8 the Florida Public Service Commission at the time and
9 place herein stated; it is further

10 CERTIFIED that I stenographically reported
11 the said proceedings; that the same has been
12 transcribed under my direct supervision; and that this
13 transcript, consisting of 57 pages, constitutes a true
14 transcription of my notes of said proceedings.

15 DATED this 28th day of May, 1997.

16
17
18
19
20
21
22
23
24
25


JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
Official Commission Reporter
(904) 413-6732

Public Service Commission

Docket #:

DOCKET NO. 970261-EI

BROOKSVILLE CITY SERVICE HEARING: 05/22/1997
DOCUMENT NUMBERS:

BEGINNING: 05487-97

thru

ENDING: 05487-97

Contents:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of :
 :
Review of nuclear outage at : DOCKET NO. 970261-EI
Florida Power Corporation's :
Crystal River Unit 3 :

PROCEEDINGS: BROOKSVILLE CITY SERVICE HEARING

BEFORE: CHAIRMAN JULIA L. JOHNSON
COMMISSIONER J. TERRY DEASON
COMMISSIONER SUSAN F. CLARK
COMMISSIONER JOE GARCIA

DATE: Thursday, May 22nd, 1997

TIME: Commenced at 6:30 p.m.
Concluded at 8:15 p.m.

PLACE: Hernando County Fairgrounds
McKethan Auditorium
U. S. 41 South
Brooksville, Florida

REPORTED BY: EKATERINA L. TROFIMOV, RPR
Eppers Reporting Service, Inc.
14150 Third Street
Dade City, Florida 33525
(352) 567-5484

BUREAU OF REPORTING

RECEIVED 6-2-97

1 APPEARANCES:

2 JAMES A. MCGEE, Florida Power Corporation,
3 Post Office Box 14042, 3201 34th Street South,
4 St. Petersburg, Florida 33733, appearing on behalf of
5 Florida Power Corporation.

6 BOB ELIAS, FPSC Division of Legal Services,
7 Gerald L. Gunter Building, 2540 Shumard Oak Boulevard,
8 Tallahassee, Florida 32399-0850, appearing on behalf of
9 the Commission Staff.

10 JACK SHREVE, Public Counsel, Office of Public
11 Counsel, on c/o The House of Representatives, Claude
12 Pepper Building, Room 812, 111 West Madison Street,
13 Tallahassee, Florida, appearing on behalf of the
14 Citizens of the State of Florida.

15 MICHAEL B. TWOMEY, Route 28, Box 1264,
16 Tallahassee, Florida 32310.

17

18 ALSO PRESENT:

19 WAYNE C. FOREHAND, Vice President, Energy
20 Distribution, Florida Power Corporation.

21 ROBERTA BASS, DAVID WHEELER, JIM BREMAN,
22 FPSC Division of Electric and Gas.

23 MELINDA PACE, FPSC Division of Consumer
24 Affairs.

25 SANDY SIMMONS, FPSC Records and Reporting.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

PAGE

OPENING STATEMENT BY WAYNE C. FOREHAND,
FLORIDA POWER CORPORATION 9

OPENING STATEMENT BY JACK SHREVE, PUBLIC COUNSEL 13

OPENING STATEMENT BY MICHAEL B. TWOMEY, ON BEHALF OF
A HOMEOWNERS ASSOCIATION 16

CUSTOMER STATEMENTS:

DONALD BENJAMIN 20

ALTON MORISI 25

RALPH NEELEY 32

JACK PEEBLES 37

DAVID FIELDS 40

GEORGE RENSCHAW 45

JUDITH WALLER 50

FRED BROOKSHIER 58

ELIZABETH MORGAN 63

THERESA ASCHE 68

MONTE BELOTE 70

JENNIFER SULLIVAN 75

REPORTER'S CERTIFICATE 78

P R O C E E D I N G S

(Hearing convened at 6:30 p.m.)

CHAIRMAN JOHNSON: Ladies and gentlemen, thank you for coming this evening. I'm going to go ahead and call the hearing to order.

Counsel, could you read the notice.

MR. ELIAS: Notice issued by the clerk of the Florida Public Service Commission on April 15th, 1997, advises that a customer service hearing will be held in Docket Number 970261-EI. That is the review of the nuclear outage at Florida Power Corporation's Crystal River Unit 3.

The hearing is to take place at 6:30 p.m., Thursday, May 22nd, 1997, in McKethan Auditorium, located at the Hernando County Fairgrounds, on U.S. 41 South, in Brooksville, Florida.

CHAIRMAN JOHNSON: Thank you. We'll take appearances. And if you could, when you state your name, if you could stand so that the customers in the audience can see who is speaking and who they represent.

MR. MCGEE: Thank you, Madam Chairman.

My name is Jim McGee. My address is Post Office Box 14042, St. Petersburg. I appear on behalf of Florida Power Corporation.

With me, to my right, is Mr. Wayne Forehand.

1 He's Florida Power's Vice President for Energy
2 Distribution. Mr. Forehand will make an opening
3 statement for Florida Power. Thank you.

4 CHAIRMAN JOHNSON: Okay. Public counsel.

5 MR. SHREVE: I'm Jack Shreve, public counsel,
6 representing the citizens of the state of Florida, the
7 customers of Florida Power in opposition to the increase
8 that's been requested by them. My address is Claude
9 Pepper Building, Tallahassee, Florida.

10 MR. ELIAS: My name is Bob Elias. I represent
11 the Commission Staff in this matter.

12 CHAIRMAN JOHNSON: My name is Julia Johnson.
13 I'm the chairperson for the Florida Public Service
14 Commission, and tonight we have most of our
15 commissioners here to hear your concerns and your
16 statement regarding Florida Power Corp.'s quality of
17 service and the outage that has occurred.

18 To my far left is Commissioner Joe Garcia.
19 Seated next to Commissioner Garcia is Commissioner Susan
20 Clark. And to my right is Commissioner Terry Deason.

21 As you entered the room, you probably received
22 a special report. In that report it gives you a little
23 background on the commissioners. It gives you some
24 background on the case and the reason why we're here
25 today.

1 Our purpose here today is to hear from you, to
2 hear your ideas, to hear your concerns, to take your
3 testimony. In order to do so and make it a part of our
4 record and information that we can use to base our final
5 decision, we have a court reporter present. She will be
6 taking down all of your comments to make sure that they
7 are a part of our record.

8 Also, so that your information and your
9 testimony can be relied upon, when it's time for you to
10 testify, I'll have all of the customers stand and I'll
11 swear you in so that we can again use your testimony as
12 the basis of our decision.

13 We have several staff members that are present
14 here today that might help those of you who may have
15 questions but may not want to come forward and provide
16 public testimony. We have engineers, accounting, and
17 several of our staff members.

18 Mr. Bob Elias introduced himself. He's the
19 lead attorney on this case, and he will be working with
20 the commission as our lead attorney as we go through
21 this case.

22 Seated next to him is Roberta Bass. She's one
23 of our technical staff members that's working on the
24 case.

25 We also have David Wheeler and Jim Breman.

1 They're in the back there. They can entertain any
2 questions that you might have.

3 Sandy Simmons and Melinda Pace -- Melinda
4 greeted you as you walked in, and Sandy is also there in
5 the back.

6 We have several commissioners' aides here,
7 Billy Stiles and Curtis Williams, my aide. They're
8 there in the back for you also. We've tried to bring
9 those staff members that might be able to entertain any
10 questions that you might have. So, again, if you don't
11 feel comfortable coming up and providing the public
12 testimony, you can talk to those individual staff
13 members or you can use the same blue information package
14 that we gave you. On the last page there is a place for
15 handwritten comments. If you'd just like to submit
16 handwritten comments, you can draft those tonight and
17 hand them to staff members or you can send them in at a
18 later date.

19 Additionally in the same document we have a
20 1-800 number. If you go home tonight or tomorrow and
21 think of some other questions that you'd like to have
22 addressed, please feel free to use that 1-800 number and
23 call the commission and let us know any concerns that
24 you might have.

25 Now, with that, if you could, I think I'll go

1 ahead and swear in all the customers, after which point
2 in time I'll allow both the company and public counsel
3 and Mr. Twomey to provide some brief opening statements.

4 So if you will stand and remain standing,
5 those of you who wish to testify, raise your right hand.

6 In this matter before the Florida Public
7 Service Commission, do you swear or affirm to tell the
8 truth, the whole truth, and nothing but the truth?

9 (The witnesses were duly sworn.)

10 CHAIRMAN JOHNSON: Thank you. You may be
11 seated.

12 We'll begin the proceeding with an opening
13 statement by the company. And the company understands
14 that I am limiting the company's presentation to no more
15 than five minutes because our real purpose here is to
16 hear from the customers, but we will allow the company
17 an opportunity to set forth their facts and their
18 position as to the investigation.

19 Public counsel will also make some statements,
20 and we will allow Mr. Twomey, who represents some
21 citizens, to make an opening statement.

22 Now, as it relates to the customers, you have
23 no time limit. The only thing that I ask is that you be
24 cautious and courteous to your neighbors, and that
25 perhaps you may want to, out of courtesy, limit your

1 comments, but the commissioners are here to hear what
2 you have to say.

3 With that, I'll allow the company to make
4 their opening statement.

5 MR. FOREHAND: Thanks, Madam Chairman.

6 Good evening, everyone. My name is Wayne
7 Forehand, and I'm Vice President of Energy Distribution
8 for Florida Power Corporation.

9 I appreciate the opportunity to present some
10 information to you tonight about our company and about
11 the situation at our Crystal River nuclear plant. And
12 as the chairman mentioned, we do -- or are cognizant of
13 your time constraints, and I'll try to be very brief
14 tonight.

15 Florida Power employees are mindful of the
16 fact that our residential rates are currently the
17 highest in the state. Despite being in that position,
18 Florida Power's rates are among the lowest in the nation
19 and certainly below the national average.

20 And even though on average we're only about a
21 penny a kilowatt hour higher than our neighboring
22 utilities, those pennies do add up, and we're sensitive
23 to the impact that that's having on our customers.

24 Part of the reason that your bill is
25 temporarily higher right now is the situation at our

1 Crystal River plant.

2 We shut the plant down last September to fix a
3 broken pipe, and at the same time, we determined that a
4 portion of the wide safety margin that we must maintain
5 at that plant had been used up by a combination of
6 several operational and equipment changes over the last
7 several years.

8 The safe operation of our nuclear power plant
9 has never been in question. The Nuclear Regulatory
10 Commission requires operators of nuclear plants to guard
11 against hypothetical emergency situations, some of which
12 may only happen once in eleven billion years.

13 Florida Power must restore that extra margin
14 of safety. And some of the modifications we're making
15 now are just like the modifications made on other
16 nuclear plants throughout the country.

17 In making the modifications, Florida Power and
18 its customers are benefiting from the experience of
19 those other utilities who have gone before us, and we
20 expect to return the Crystal River plant to full
21 operation by the end of this year.

22 You may have heard that the NRC fined Florida
23 Power for several violations at the Crystal River plant.
24 That's correct, they did, and we're not proud of that
25 because we take our obligation to the NRC very

1 seriously. But we are proud to say that we're taking
2 steps to make sure that those violations don't occur
3 again.

4 Let me try to clear up some confusion. The
5 fines and violations have nothing to do with why the
6 plant is shut down at the current time. If it weren't
7 for the broken pipe and the margin-of-safety issue that
8 I discussed earlier, we could have continued operating
9 the plant despite the violations.

10 We shut the plant down to fix the pipe, and we
11 continue to keep it shut down to make the required
12 modifications on the plant. Florida Power is paying for
13 the cost of these modifications which may total now as
14 much as \$145,000,000. We do not plan to seek recovery
15 of those costs through a rate increase to our customers.

16 Florida Power's customers, as of last April,
17 began paying \$2.22 per thousand kilowatt hours to cover
18 the outage at Crystal River, and that's intended to
19 cover the first seven months of the outage. Now, that
20 may be lower than what you've been led to believe or
21 what you've been told, but that's the fact.

22 The portion of the cost for the replacement
23 fuel that the Public Service Commission is allowing us
24 to recover has temporarily added \$2.22 to your monthly
25 bill, which comes to about \$27 a year.

1 As a reminder, Florida Power Corporation makes
2 no profit on the fuel component. It is a straight
3 pass-through.

4 Other factors, unrelated to the Crystal River
5 outage and beyond the company's control, including a tax
6 increase and higher-than-expected oil and natural gas
7 prices, added another \$1.67 to the average bill.

8 We realize, however, that no matter what the
9 reason for those increases, those price increases are
10 not popular. No one wants to pay more for electricity
11 than is absolutely necessary, and for our part, Florida
12 Power employees are dedicated to reducing the cost of
13 generating and distributing electricity both now and in
14 the future.

15 For instance, you may have heard recently
16 about our new Hines Energy Complex under construction in
17 Polk County. When those units come on line next year,
18 they'll be the most cost-efficient generating units in
19 the southeastern United States.

20 In another area of the company we're currently
21 installing computer terminals in the vehicles of our
22 service personnel. They'll provide a direct link with
23 our phone representatives to be able to provide
24 real-time information to our customers, and it will also
25 reduce our operating costs through a more efficient

1 routing practice.

2 For now, however, we're concentrated on
3 getting our Crystal River plant back in service by the
4 end of this year. The cost is an investment in our
5 ability to meet the growing electric needs of the unique
6 service territory we serve here in Florida.

7 We're also working to maintain the trust and
8 confidence of the millions of people that we're
9 privileged to serve, including the folks in this room.

10 Several of our customer service associates are
11 with us today. If you have any service, personal
12 service or billing-related issues, we'd be glad to speak
13 with you about those. We'd also be glad to answer any
14 questions about energy conservation.

15 In closing, just let me repeat that we are
16 grateful for the opportunity to spend some time with you
17 tonight. There's a brochure on the back table that
18 hopefully you've been able to pick up already that
19 explains the situation at the Crystal River plant. And
20 we also welcome the opportunity to hear from you tonight
21 about your concerns. Thanks again.

22 CHAIRMAN JOHNSON: Public counsel.

23 MR. SHREVE: Thank you. It's all right. I'll
24 just stay right here. I will be brief.

25 I do have a couple of messages.

1 Senator Brown-Waite contacted me, would like very much
2 to be here. She's asked me to do everything that we can
3 in our power to represent and help the public here, the
4 same way she was in the Southern States case.

5 The attorney general has decided to intervene
6 in the case. It's my understanding they will be
7 intervening next week, so that should be of a great help
8 there.

9 The 2.22 increase that you see in your bill at
10 this point -- that is the amount that was voted on by
11 the Public Service Commission, but that needs to be
12 explained. That represents \$70,000,000 of which the
13 fuel increase, because of the Crystal River 3 outage,
14 was incurred between September and March. That's
15 already past, and that's \$70,000,000.

16 Routinely the company would come in and ask
17 for a projected amount of under recovery because of that
18 increase during this six months. That would be
19 approximately another sixty or seventy million dollars
20 that is being incurred right now.

21 The plant will not be on line till the end of
22 the year. Hopefully it will be back on line then. The
23 total exposure to the customers is going to be in the
24 neighborhood of \$170,000,000, rather than just the
25 70,000,000 that has been requested up to this point. So

1 this is much more important than just the \$2.22.

2 Had the company asked for this money in the
3 same way that they would normally do routinely in the
4 fuel adjustment hearings, having not collected that
5 under recovery for the first seven months, the bills
6 would have been increased by over \$8 a month right now.

7 The company has made a statement and the press
8 has carried the fact that they say they are going to
9 absorb the cost of the Crystal River 3 outage. The cost
10 that they are talking about is the capital improvements
11 for the modification and the repairs of the plant and
12 the expenses that are related to that. It has
13 absolutely nothing to do with the \$170,000,000 for the
14 fuel under recovery. That is still your exposure.

15 We have carried out an investigation and are
16 continuing to carry out an investigation. We have file
17 testimony, expert testimony, a nuclear engineer, that
18 clearly points the finger at Florida Power as being
19 responsible for this outage because of past management
20 decisions. These specific decisions started in 1987
21 when they were making modifications. Then they redid
22 those in 1990. Then they redid those in 1996 and are
23 now redoing those.

24 Had the decisions been made properly in the
25 first place, the plant would not be out now. There

1 was -- it was true there was an oil line leak that went
2 out, that brought the plant down, but that could have
3 been fixed in a couple of months and it would not still
4 be out at this point. Unless I misunderstand, naturally
5 the Nuclear Regulatory Commission did not say bring the
6 plant down; it came down because of that oil leak; but
7 they won't let it back up now because of the management
8 decisions that were made by Florida Power earlier.

9 We think we put on a solid case that will hold
10 up that would show the Public Service Commission that
11 the cost should not be borne by the customers but should
12 be borne by Florida Power. We think that will also hold
13 up in the supreme court.

14 You're going to hear discussions about
15 problems that we've had in the past and having decisions
16 hold up in the supreme court. I think they were wrong
17 then. We're approaching this in a different way. We're
18 not using documents from the NRC to just put on our
19 case. We're putting on expert testimony, and that
20 testimony says that Florida Power should be responsible
21 and not the customers to the tune of \$170,000,000.

22 Thank you.

23 CHAIRMAN JOHNSON: Mr. Twomey.

24 MR. TWOMEY: Thank you, Madam Chairman,
25 commissioners, ladies and gentlemen. My name is

1 Mike Twomey. I'm an attorney representing a homeowners
2 association in this case. I'm going to file a petition
3 to intervene as a party tomorrow. I expect that
4 petition will be granted and that my clients will be
5 allowed to participate as parties with the rest of the
6 parties to this case.

7 I want to briefly make you aware of some of
8 the concerns of my clients because I think you probably
9 share those concerns.

10 First, I want to say to you the Public Service
11 Commission has approved, on an interim basis, \$2.22 that
12 Mr. Shreve spoke to, which is only a small portion of
13 what you are really liable for potentially here if the
14 utility gets everything that it expects is owed to it
15 from you. And if you don't believe that, ask
16 Mr. Forehand, ask the commissioners, ask the commission
17 staff.

18 Mr. Shreve said it's going to be something in
19 the neighborhood of \$8 instead of 2.22 because the plant
20 is going to be out for some 16 months, for which they
21 will expect to get replacement fuel cost. You're
22 currently only being charged effectively for those
23 moneys for about three and a half months. Okay.

24 Now, the commission is giving you this charge
25 without having made a decision on prudence, or

1 "prudence" as they refer to it, and they're going to
2 make that decision as a result of this case. They made
3 the decision because the procedures they were operating
4 under have been in effect for some twenty years
5 essentially. They followed their procedures.

6 I suggest to you, because of the huge amount
7 of money involved now, that it's time for the commission
8 to reexamine their procedure -- they didn't come up with
9 it -- reexamine the procedure, decide that it's not fair
10 to charge customers for additional moneys until the
11 company has proven its case, that it's entitled to it,
12 and therefore to reverse their decision and not charge
13 you any extra money until the company has made its case
14 in this administrative hearing. So they ought to
15 reverse their ruling there.

16 There's a huge amount of money involved here,
17 as we've spoken. You don't know what you're going to be
18 tagged with, and therefore not as many of you perhaps
19 are here to object to this, even though a lot of you
20 object to the \$2.22 and rightfully so.

21 The major concern that I have is that this
22 case is going entirely too quickly. As Mr. Shreve
23 indicated, the case, if there's a disallowance against
24 the utility, has to survive review by the Florida
25 Supreme Court, because the utility will most assuredly

1 seek review of any adverse decision by the Public
2 Service Commission.

3 It's a very high threshold standard that has
4 to be met by the Public Service Commission if they
5 choose to protect you by disallowing any of these
6 replacement fuel costs the company is seeking.

7 Mr. Shreve's testimony has already been filed
8 on the deadline, the last deadline, that would allow
9 intervenors to file. So if the attorney general gets in
10 the case next week, which we hope he does, under the
11 current schedule, he can't file any testimony. He can
12 just show up. He can't put any evidence in the record.

13 Mr. Shreve's witness, who put together good
14 testimony given the time available to him, says, to
15 start out, that he didn't have enough time. His
16 determinations are preliminary in nature, and he thinks
17 there should be more time allowed.

18 So one of the things that I'm going to do --
19 if I don't do it tomorrow, I'll do it the first of next
20 week -- is file a motion on behalf of my clients, and
21 effectively on behalf of you-all as well, saying that
22 the commission should allow more time for all the
23 parties in this case, including Mr. Shreve, the attorney
24 general, and those of the rest of us that are allowed
25 party status, to fully investigate the circumstances of

1 this case.

2 I thank you for your time.

3 CHAIRMAN JOHNSON: Thank you, Mr. Twomey.
4 Public counsel, if you could call your first
5 witness.

6 MR. SHREVE: Thank you.

7 CHAIRMAN JOHNSON: Thank you.

8 MR. SHREVE: Mr. Donald Benjamin.

9 WITNESS BENJAMIN: Good evening. My name is
10 Donald Benjamin, and I'm a resident of Citrus County,
11 served by Florida Pwer.

12 Thank you for giving Florida Power customers
13 the opportunity to address the commission on the matter
14 of rates and the outage at the Crystal River nuclear
15 plant. First, I believe it is a general public
16 perception that the public service commissioners are in
17 the back pockets of the utility companies and that
18 hearings such as these are a formality to help create
19 the impression that the Public Service Commission is
20 really a neutral body.

21 I would hope that your views of this
22 proceeding will reflect the positive spirit of my
23 remarks and that we are friends to this hearing, not in
24 any way adversaries to the process.

25 Having spent a number of years working in the

1 public relations department of a major public utility
2 holding company, I'm familiar with the internal workings
3 of rate cases as well as a corporate attitude regarding
4 the positions taken by several state public service
5 commissions. Generally speaking, "cynical" could be the
6 operative word.

7 Given Florida Power's heavy-handed and
8 indifferent approach to its rate-paying customers, I
9 doubt that their position is very different as it
10 relates to their request for additional funds to cover
11 the excesses of poor management. The rate payer can do
12 little about corporate management, but the stockholder
13 can.

14 I firmly believe that philosophically Florida
15 Power's management is primarily responsive to the
16 stockholder because it is the stockholder who controls
17 the destiny of the management. Management can be voted
18 in or out with an annual opportunity to exercise the
19 stockholder voting option. The rate payer can do
20 nothing. That is why this meeting is so critical.

21 In this particular instance, to have permitted
22 a situation at any nuclear plant to have gotten as far
23 as this one apparently has, that it takes a year or more
24 to correct the deficiencies, is absolutely
25 unconscionable. The stockholder, the rate payer, and

1 the state of Florida, through this commission, deserves
2 better, a lot better.

3 The rate payer should not have to pick up the
4 tab for poor management. Oh, sure, corporate officers
5 will say that the management problems have been settled.
6 Why? Because they had a scapegoat. Or is it plural,
7 scapegoats? They are no longer with the company. But
8 let's not overlook the management that is still in place
9 that created the environment in which those who were
10 terminated had to work, had to make their decisions.
11 We'll never hear about that, will we?

12 Problems of this apparent magnitude do not
13 instantly develop. They take time. And it is just
14 plain poor senior management that doesn't pay attention
15 or understand the complex system with which they are
16 working when these kinds of errors are happening.

17 As you proceed with your hearings and
18 deliberations about the company's request to have the
19 rate payer subsidize the energy costs for purchased
20 power or fossil fuel generation by Florida Power, I
21 would respectfully request that in the mix of
22 suggestions you no doubt will receive that you also
23 consider the following:

24 1. Review the performance and incentive
25 bonuses, stock options, and other perks offered this

1 management during the last two calendar years. Were
2 there any? If so, did this management deserve what they
3 received, particularly when they are, in effect, asking
4 us to reward them with a bail-out. If they received
5 cash bonuses, then we can be pretty well assured of
6 where management's true interests resided.

7 2. Please review the wholesale power
8 agreements between Florida Power and other electric
9 companies, such as Withlacoochee Electric Co-op. How
10 much electricity does Florida Power sell directly on a
11 daily basis, at what price, and is the co-op or any
12 other retail distributor being asked to pay a surcharge?
13 Is that amount equal to the same percentage as the
14 Florida Power retail customer is being asked to pay?

15 3. When Florida Power gets its nuclear
16 facility up and running, what will their wholesale
17 charges be to wield power to the state and regional
18 producers? Will the local rate payer realize reductions
19 in his and her monthly bills because Florida Power is
20 able to make a profit on its wholesale deliveries? Or
21 will the stockholder only realize the benefit through
22 increased dividends?

23 4. Instead of charging its customers an
24 additional fuel charge on top of the one they already
25 have, why can't Florida Power operate on a credit basis

1 with its wholesale suppliers? Payback to the wholesaler
2 can be achieved by Florida Power increasing its price
3 for the power it generates and sells it wholesale.
4 These are all costs that can be readily established and
5 would become a relatively simple bookkeeping task.

6 5. As part of Florida Power's accounting
7 procedures, is the company making any provision to set
8 aside the moneys saved from their plant and capital
9 equipment depreciation schedule permitted by the IRS?
10 If not, they should be. If they have, then they should
11 be using that reserve to pay for the repairs and to
12 support themselves during operations downtime, not
13 looking to the hapless rate payer.

14 6. When and if Florida Power finally gets its
15 nuclear plant back on line, please consider requiring
16 the company to operate at a higher capacity than they
17 were before shutdown. Sell that excess power at a good
18 market price and use the profits to pay back their own
19 rate payers who have already endured the hardship of the
20 additional expense.

21 In conclusion, Florida Power, like most public
22 utilities, has some very creative financial people.
23 That's why they wear those green eye shades. It keeps
24 the bright lights from blurring the dollar signs.

25 I'm confident that with exhaustive financial

1 review of corporate profit-and-loss sheets, a perusal of
2 their most recent annual report and quarterly statements
3 and thorough look at their security prices over the past
4 year, the financial picture will not appear to be nearly
5 as gloomy as Florida Power would like us all to believe.

6 There are a host of other ways the company can
7 cover the costs of doing business. Asking the
8 rate payer, the consumer, to carry the financial burden
9 really does show a level of contempt that this company
10 has for its public.

11 Please have another careful look at company
12 books and not be swayed by clever lobbyists with big
13 expense accounts. Be smarter than they. Be more
14 creative. And please don't buy into the
15 poor-boy-management line.

16 Finally, Florida Power would like to push this
17 commission into the position of becoming a taxing
18 authority, which I am certain is not part of your
19 charter. I would ask that you come down on the side of
20 the rate payer and deny all company requests to
21 subsidize their mismanagement and, further, that you
22 rescind the additional fuel charges levied this spring.

23 Thank you.

24 CHAIRMAN JOHNSON: Thank you.

25 MR. SHREVE: Thank you, Mr. Benjamin.

1 Al Morisi.

2 WITNESS MORISI: Good evening. My name is
3 Alton Morisi. I'm a resident of Citrus County and a
4 rate payer. I also have 37 years of utility experience,
5 27 in the nuclear business.

6 This evening we are here because of imprudent
7 management by Crystal River. You heard the
8 vice president of energy services, Mr. Forehand, say
9 that if it wasn't for the lubricating pipe break and the
10 decreased margin of safety, Crystal River would be
11 operating.

12 Well, let me explain to you the decreased
13 margin of safety. The company installed an emergency
14 feed-water pump, and they powered it by an emergency
15 diesel. In doing so, they have to perform a safety
16 evaluation. Their safety evaluation must have said it
17 was safe, because they did it.

18 The NRC came along and said, we don't believe
19 the capacity of that diesel can support all of your
20 emergency equipment when you have a loss-of-coolant
21 accident and a loss of offsite power. That's when the
22 emergency diesel generator has to power the emergency
23 equipment.

24 Florida Power's responsibility in the nuclear
25 business is to operate the plant safely. If it cannot

1 be operated safely, it's their responsibility to shut it
2 down and keep it cold.

3 Now, the NRC came along, and these are the
4 magic three words: Unreviewed safety question. That's
5 the margin of safety he was talking about. When you
6 perform a modification at a nuclear power plant, you
7 have to conduct a safety evaluation. If you revise a
8 procedure, you have to conduct a safety evaluation. If
9 you do a maintenance operation, you have to conduct a
10 safety evaluation, and this safety evaluation has to say
11 that what I'm doing does not compromise the margin of
12 safety built into this nuclear power plant when it was
13 licensed to operate.

14 And the NRC said, you are down and you're
15 staying down. Had they been operating and been
16 identified as an unreviewed safety question, they would
17 have had to shut down.

18 Now, a prudent management operation would have
19 identified the problem, would have gone to the NRC with
20 the unreviewed safety question, and said: We have to
21 install an emergency feed water, and we're going to
22 power it off of diesel but it's going to take us a
23 while. We have to design it, come up with the optimum
24 design, go out and get bids, write specifications, hire
25 a contractor to install it, and during an outage, we

1 will tie it in and test it.

2 What have they done? They've shut down,
3 because the NRC told them to shut down, and they are
4 down, to design it, come up with the optimum design,
5 procure it, hire contractors to install it, and test it
6 and put it into service. They could have done all that
7 while they were operating. We are paying for this whole
8 scenario while they are shut down.

9 Let me tell you the other shoe that the NRC
10 dropped. They said since you have a poor operating
11 history, you have to go back and review all of your
12 operational maintenance and modifications since the day
13 we gave you the license to see if you have decreased the
14 margin of safety of this plant in any other fashion.
15 When you have done that, come to us, and we may let you
16 start up.

17 That's going to cost between a hundred and a
18 hundred forty-five million bucks. And I will tell you
19 right now that, unless they're superheroes, they will
20 not start this plant in 1997. They will not generate
21 one kilowatt of power nuclearwise in 1997. They're
22 going to have to go to the NRC and beg and show that
23 they're competent. They're going to have to show that
24 their people understand, especially their engineering
25 organization which made these Band-Aid modifications in

1 the past and now got them in trouble -- that they are
2 competent. That's what they have to do.

3 This is, like, you own an automobile and
4 you're pulled over by a cop. The automobile is owned by
5 Florida Power and the cop is the NRC. They say you've
6 been operating erratically, and, besides that, your
7 vehicle cannot pass the safety inspection; therefore
8 we're taking your keys. When you get it up to snuff,
9 come and see us.

10 So they go and -- put the automobile in their
11 shop, and they go to their insurance agent, the Public
12 Service Commission, and say, "We're going to have to
13 rent an automobile, and we want the customer to pay for
14 it."

15 How many times have you brought your car to
16 Midas and gone out to your insurance agent and asked
17 them to pay for the rental?

18 Now, the other thing is, the NRC, the cop, has
19 gone to them and said we not only want you to make the
20 car safe, we want you to go back and make it the way it
21 was the day you took it out of the shop. That's what
22 they have to do, right now.

23 Let me give a suggestion to the Power Service
24 Commission. They not only ought to be able to take
25 testimony but they ought to set parameters, operating

1 parameters for the Florida Power Company to operate by,
2 yearly: generation, capacity, unit availability. When
3 they meet those targets, you give them a rate increase,
4 a return on the investment.

5 When they don't meet those targets, you don't
6 give them a rate increase. Not only that, you penalize
7 them. You take money out of their pocket.

8 Do you ever know anybody that gets a raise for
9 doing a lousy job? They're letting a CEO go that was
10 given a big bunch of cash, and he did a lousy job as far
11 as I'm concerned. And when their compensation
12 commission is asked why, they say, "We have to give a
13 large salary to hire competent people."

14 Why give a guy a bag of gold? Do you think
15 he's going to do a good job? He's got his money. Give
16 him nothing and tell him if you do a good job, I'll give
17 you a lot of money.

18 This is foolhardy. This is ludicrous.

19 Thank you.

20 MR. SHREVE: Thank you, sir.

21 COMMISSIONER GARCIA: Excuse me.

22 Sir? Could you come back up here for a
23 second? Why don't you turn -- no, just to the mike, so
24 you can be part of the record, and maybe turn that
25 around, since. We're the ones that are going to get to

1 vote in the end anyway, you might want to try to
2 convince us.

3 Your knowledge of this seemed extensive

4 WITNESS MORISI: I was asked if I wanted to go
5 down and analyze the plant for safety conditions prior
6 to start-up.

7 COMMISSIONER GARCIA: You were asked -- I'm
8 sorry.

9 WITNESS MORISI: By a contractor.

10 COMMISSIONER GARCIA: So you -- you stated you
11 had experience. Could you tell me that? I missed it
12 because you -- you were speaking very quickly.

13 A I have 27 years of nuclear experience,
14 37 years of public utility experience. I was the outage
15 manager at Pilgrim Nuclear Power Plant when it was shut
16 down for 33 months, and we spent \$335,000,000 to get it
17 re-started because of these conditions.

18 CHAIRMAN JOHNSON: Where is Pilgrim?
19 Boston -- Plymouth, Massachusetts.

20 COMMISSIONER GARCIA: And forgive me for --
21 your last name -- could you spell it for me?

22 WITNESS MORISI: My last name?

23 COMMISSIONER GARCIA: Yeah.

24 WITNESS MORISI: Morisi, M-o-r-i-s-i. First
25 name, Alton, A-l-t-o-n.

1 CHAIRMAN JOHNSON: Could you -- you stated
2 that what -- what we should do or what the commission
3 should do is set operating parameters for the company.

4 WITNESS MORISI: Set high operating parameters
5 that they must achieve to get a rate of return.

6 CHAIRMAN JOHNSON: Now, is that what they
7 did --

8 WITNESS MORISI: That's what they did. They
9 don't bother taking any more testimony. If the utility
10 has troubles during a year -- act of God, loss of main
11 transformer, equipment problems -- tough. That's your
12 operating experience, not ours.

13 If you have a good capacity factor, if you
14 have a good unit availability, if you're up 85 percent
15 of the time, we'll give you a return on the investment.
16 But if you don't, we're going to take money out of your
17 pocket. That's what you should be doing.

18 CHAIRMAN JOHNSON: Thank you.

19 MR. SHREVE: Thank you, Mr. Morisi.

20 (Momentary recess.)

21 CHAIRMAN JOHNSON: Ladies and gentlemen.
22 We're going to reconvene the hearing, ladies and
23 gentlemen. And public counsel, for the benefit of the
24 court reporter, could you repeat the name of the
25 witness.

1 MR. SHREVE: Mr. Neeley, I believe.

2 CHAIRMAN JOHNSON: Was it Ralph?

3 WITNESS NEELEY: Ralph Neeley. Did you get
4 that far? Okay. And I live in Sugarmill Woods,
5 Homosassa, Florida.

6 And over the past few years, in my residence,
7 I've had a number of power outages. Now, these power
8 outages seem to happen almost solely on the weekend,
9 either on a Saturday or a Sunday and generally in the
10 morning. I've had the power go out as many as three
11 times within a half an hour.

12 I complained to Florida Power about it. I
13 talked to Melodye Hendrix. I talked to a
14 Mr. Moorhead (sic). And they tell me that it's
15 squirrels that are causing the power to go out. I
16 really can't believe that squirrels are causing the
17 power to go out, that they electrocuted three squirrels
18 within 30 minutes on a Sunday morning, and then maybe
19 the next Saturday they did the same thing, and then it
20 was repeated -- I don't believe it.

21 A few months ago I had my second portable
22 telephone to start making a lot of noise, and I couldn't
23 use it. The first one had done the same thing. And I
24 kept -- and then I bought the third one. And I decided,
25 well, instead of throwing them in the trash, I'll take

1 them to a repairman. If it doesn't cost too much to
2 repair, I'll give them to the Florida Boys Ranch -- have
3 them repaired and give them to the Florida Boys Youth
4 Ranch.

5 And so I took them over to a repairman. It
6 took him about five minutes on each one, and he says,
7 "Well, both are beyond economical repair." He says,
8 "You had some power outages that killed both of your
9 sets."

10 The first one cost \$120. The second one cost
11 90. And I still think that Florida Power, although they
12 denied it, they still owe me for both of those
13 telephones.

14 Thank you very much.

15 MR. SHREVE: Thank you, sir.

16 COMMISSIONER CLARK: Mr. Neeley.

17 WITNESS NEELEY: Yes, ma'am.

18 COMMISSIONER CLARK: Do you continue to have
19 those problems?

20 WITNESS NEELEY: I beg your pardon?

21 COMMISSIONER CLARK: Are you continuing to
22 have outage problems?

23 WITNESS NEELEY: This morning at 8:36 my power
24 went off again. And how do I know the power goes off?
25 Because I have five electric clocks, and they start

1 flashing, and I have to go and set them every time. And
2 I recall very clearly the first time this started
3 happening, I went in and set them right away. In a few
4 minutes, out again. I said, "Well, surely it can't
5 happen a third time." I go and set them again. I was
6 wrong. It went out a third time in less than a half an
7 hour. And this is not the first time that it's
8 happened.

9 And I remind you again that this seemingly is
10 only on the weekends, only on a Saturday or Sunday.
11 It's sort of strange that the squirrels only pick
12 Saturday or Sunday to execute themselves.

13 COMMISSIONER CLARK: I agree with you. And I
14 think maybe the power company would like to investigate
15 it further if you're having that kind of outages.

16 Also I'd like our staff to know from Florida
17 Power Corporation what the source of those outages are.

18 Does it -- how many houses in your
19 neighborhood are affected? Is it just your house?

20 WITNESS NEELEY: My next door -- now, I called
21 around my neighbors. It happens to them. Now, how
22 extensive it is, I don't know. I strongly suspect that
23 I'm not the only one who has lost a number of
24 telephones.

25 I know I did call an electrician, and I said,

1 "Hey, is it possible that the power is really knocking
2 these things out?" That's after I had taken these over
3 for repair.

4 And he said, "Well, I lost three so far,
5 myself."

6 COMMISSIONER CLARK: Okay.

7 MR. FOREHAND: Mr. Neeley, would you say
8 those -- those outages -- are they for a few seconds in
9 duration or are they for lengthy time periods?

10 WITNESS NEELEY: It varies. It might be out
11 for a half a second or it might be out for two or three
12 minutes. But within a half an hour -- you can see from
13 what I had told you here, that when it goes off three
14 times in a half an hour, that means it came back on
15 pretty quick.

16 MR. FOREHAND: Right.

17 WITNESS NEELEY: Went off again. Came back on
18 relatively quick. Went off again. That does not allow
19 the repairman time to come out and reset the jack, so it
20 was not, as Florida Power claimed, a squirrel that did
21 this.

22 MR. FOREHAND: Well, it sounds like a
23 protective -- a piece of protective equipment operating
24 on the circuit. It could be caused by an outage
25 somewhere else.

1 Reed Adcock, would you raise your hand back
2 there, please, sir?

3 Mr. Neeley, if you could, make sure we get
4 together before the meeting is over, or at the end,
5 and -- I need a little more information, please, sir.

6 WITNESS NEELEY: I've already gotten with him
7 on this.

8 MR. FOREHAND: Great. Thank you.

9 WITNESS NEELEY: Anything else?

10 CHAIRMAN JOHNSON: No, Mr. Neeley, but what we
11 will do is make sure that after you've met with the
12 gentleman from the company, we'll try to follow up, too,
13 to make sure that that issue has been addressed to the
14 best of the company's abilities. And then if not, if
15 you're not satisfied with that, then make sure that
16 you're in contact with our office.

17 WITNESS NEELEY: Thank you, Madam Chairman.

18 CHAIRMAN JOHNSON: Thank you.

19 MR. SHREVE: Thank you, sir. Jack Peebles.

20 WITNESS PEEBLES: My name is Jack Peebles,
21 4010 West Hazard Street, Dunellon.

22 My question has to do with the PSC. It's my
23 understanding that you're doing a review or an
24 investigation of the management and the rate increases
25 from Florida Power.

1 My question is, who is on this committee, who
2 is it, the entire group or part of the group. And the
3 second part of the question is, what are the
4 qualifications of those doing the investigation,
5 accountingwise or nuclear degrees.

6 CHAIRMAN JOHNSON: Certainly. We've opened an
7 investigation docket. And within that docket we will
8 have testimony by experts from the company and also
9 testimony by experts that public counsel has actually
10 hired.

11 Our staff is also facilitating that process
12 and acting as fact-finders. When I say "our" staff, I
13 mean the staff of the Florida Public Service Commission.
14 We have engineers, we have accountants, we have our
15 research division, all working -- and in addition to
16 attorneys -- all working to collect and analyze
17 discovery and information. We're in contact with the
18 Nuclear Regulatory Commission. We're in contact with
19 both current and past employees of the company, doing an
20 extensive look into what caused the outage and also
21 looking at the cause of the extended outage.

22 Now, after that information is gathered, there
23 will be a hearing at the Public Service Commission, a
24 two-day hearing. The commissioners, all five of us --
25 there's one commissioner, Diane Kiesling -- she's not

1 present here tonight, but she will be a part of the
2 commission that will make a final determination.

3 We will sit as the attorneys actually
4 cross-examine the witnesses, and our staff will also
5 cross-examine the witnesses.

6 After that process is conducted, then staff
7 will make a recommendation. By "staff" I mean those
8 accountants, those engineers, those experts will make a
9 recommendation to the commissioners.

10 Of the five commissioners, four of us are
11 attorneys. One has an accounting background. Several
12 of us have extensive experience in utility regulation.
13 And I -- I've been on the commission for about five
14 years. Some of the commissioners have fifteen years of
15 experience regulating utilities rate cases and are very
16 familiar with even the fuel adjustment process that
17 we've been working with throughout this process.

18 But that's basically our process. Again, the
19 staff members have most of the expertise, and then we'll
20 have the witnesses that will actually come in and
21 provide testimony.

22 WITNESS PEEBLES: When you say "staff
23 members," how many staff members do you have -- how many
24 in accounting, how many in engineering?

25 CHAIRMAN JOHNSON: How many do we have working

1 on this particular case?

2 WITNESS PEEBLES: Yes.

3 CHAIRMAN JOHNSON: Mr. Elias, I think you -- I
4 don't have that sheet with me right now.

5 MR. ELIAS: Fifteen.

6 CHAIRMAN JOHNSON: Fifteen.

7 WITNESS PEEBLES: In what fields are their
8 expertise?

9 MR. ELIAS: Did you want numbers in each area,
10 or --

11 WITNESS PEEBLES: Well, do you have nuclear
12 engineers, do you have accounting that --

13 MR. ELIAS: No. We do have accountants. We
14 have engineers. We have management studies.

15 WITNESS PEEBLES: How closely do your
16 accounting people work with Florida Power accounting
17 people in St. Petersburg?

18 COMMISSIONER CLARK: We will be auditing the
19 books and checking the figures. We regularly do audits
20 of utility companies, not just Florida Power Corporation
21 but the other electric utilities and the water and
22 wastewater companies.

23 WITNESS PEEBLES: All right. Thank you.

24 CHAIRMAN JOHNSON: Thank you.

25 MR. SHREVE: Thank you, Mr. Peebles.

1 David Fields.

2 WITNESS FIELDS: My name is David Fields. I
3 live in Inverness. And like probably everybody in the
4 room, I'm not -- I'm not for this rate increase going
5 through, so I'll just state that up front.

6 I guess I wanted to take exception to what
7 Mr. Forehand said in his opening remarks, that the safe
8 operation has never been in question. I think the
9 Nuclear Regulatory Commission, in their reports, in
10 their inspection reports and in their findings with the
11 violations that they have cited, have very clearly
12 stated that there are some serious safety concerns at
13 the Crystal River nuclear plant.

14 And I -- I believe that that's the reason
15 they're down. You know, it's -- they shut down because
16 of a broken lube oil line on a turbine, which is
17 nothing -- nothing out of the ordinary. But when the
18 question -- or the unreviewed safety questions came up,
19 that was just -- when taken in context with what had
20 happened the previous year at the plant, it was enough
21 for the Nuclear Regulatory Commission to place them on
22 the watch list. And they would not be -- you know, if
23 they had been operating, the Nuclear Regulatory
24 Commission would have shut them down, and they're shut
25 down now because they're on the watch list and they're

1 reexamining all of their systems.

2 Just like Mr. Morisi said, you know, they're
3 trying to make the plant -- trying to validate every
4 system out there. That's not something normally that
5 would happen in a nuclear plant. The public should be
6 assured that all the systems, all the time, are safe.
7 You know, we, the customers, shouldn't have to pay for
8 the nuclear power plant to be out for 18 months or
9 however long it's going to be. I think it's going to be
10 a lot longer than the end of 1997, but -- that's just an
11 opinion, but we shouldn't have to pay for the company to
12 validate whether the systems are safe or not.

13 Now, back in December of '96, when Mr. Beard
14 said -- former Senior Vice President Pat Beard said that
15 the plant was going to stay down until the safety issues
16 were resolved, and that was a prudent decision. He said
17 that the plant was going to be restarted in February,
18 February 1997.

19 Well, within a few days of that, the NRC came
20 in and said, "Well, you're going to be on the watch
21 list, and you're going to stay shut down." That's when
22 these other requirements to validate all the other
23 safety systems, are they safe or not -- that's when
24 those requirements came in.

25 And I agree also with Mr. Morisi when he said

1 that the modifications to the emergency diesel
2 generators and to the emergency feed-water pumps -- they
3 could have been done anytime. I mean, they could have
4 been done five years ago or they could have been done
5 two years in advance.

6 But in any kind of a major project there is a
7 requirement for managers to -- you do the engineering
8 work, buy the equipment, set the specifications, do the
9 prefabrications, whatever is required, while the plant
10 is operating. We're paying -- the rate payers, under
11 this plan, are going to pay for the plant to be shut
12 down and do the modifications, but to do the engineering
13 for the modifications, the planning, all -- the
14 prefabrication -- all of that could have been done while
15 the plant was up. We're also going to be paying for the
16 plant to validate whether all the other systems are safe
17 or not.

18 We also are paying -- you know, it took a long
19 time to reorganize the management out there. You know,
20 it took several months to fire the other guys and hire
21 the new guys. All this time, they did that while the
22 plant was shut down. That's just lots of extra time
23 that's not required. You know, if management had been
24 doing their job, you know, they would know that, okay,
25 we're fairly close to our margins on these diesel

1 generators, and they would have had these modifications
2 in the planning stage, equipment already staged, ready
3 to go in, in case an outage came up -- a scheduled
4 outage.

5 So I guess the bottom line here is, you know,
6 I don't have an objection to, you know, maybe three
7 months, you know, give them a rate increase for three
8 months, but 18 months is too long. Mismanagement is
9 causing the 18 months. You know, the modifications
10 themselves, you know, they're fairly minor. They're not
11 really doing that much to bring the plant back into the
12 safety margins required.

13 The next outage -- after this outage is over
14 and they get up and running, the next outage that comes
15 up with the refueling, that's when the major
16 modifications will happen. You know, if they have to
17 replace the diesel generators, those are major
18 modifications and the rate payers are going to be faced
19 with the same thing, you know, pick up the cost for
20 another six-month outage, eight-month outage, however
21 long it takes to do that.

22 So, you know, Mr. Twomey, I believe, brought
23 up -- we're just looking at a small amount of the cost,
24 but if you look at the overall project, the rate payers
25 are going to be picking up hundreds of millions of

1 dollars, and it all stems from mismanagement.

2 And so, anyway, I'll conclude my remarks
3 with -- that's just my -- that's just my opinion, that I
4 believe it's mismanagement for the bulk of the problems
5 out there and not just, you know, something that's
6 required that they couldn't possibly have foreseen.

7 Thank you.

8 CHAIRMAN JOHNSON: Thank you very much.

9 MR. SHREVE: Thank you, Mr. Fields.

10 Mr. Renshaw.

11 WITNESS RENSHAW: My name is George Renshaw.
12 I'm a resident of Crystal River, and I am a
13 Florida Power rate payer. I'm here because Florida
14 Power's Crystal River plant was near the top of the list
15 on nuclear plants back, oh, in the late '80s, early
16 '90s. Now it's near the bottom of the list.

17 In '92 and '93 some things happened. First of
18 all, there was a rate increase that was granted by the
19 Public Service Commission. Prior to the finals of
20 that -- the final approval of that rate increase, there
21 were some management changes being made. And at that
22 time also, the president of Florida Power & Light --
23 there was a rumor that was out that said there were
24 going to be some layoffs. The Public Service Commission
25 got involved again. They decided to look into it. At

1 that time the president of FP&L went up and told the
2 commission that there would not be any layoffs.

3 COMMISSIONER CLARK: Mr. Renshaw, just to be
4 clear, are you talking about Florida Power Corporation
5 or Florida Power & Light?

6 WITNESS RENSHAW: Florida Power Corporation.
7 Excuse me.

8 COMMISSIONER CLARK: That's all right, but
9 I --

10 WITNESS RENSHAW: The last folks that I dealt
11 with were Florida Power & Light. Excuse me.
12 Florida Power Corp.

13 Right after that, the final approval was given
14 to the rate increase. At that time, Florida Power Corp.
15 started the layoffs. They laid off somewhere between
16 700 and 800 people right after that rate increase was
17 granted.

18 In the nuclear area, they laid off mainly in
19 the engineering department. They had their biggest
20 cutback that the engineering department had seen at that
21 time.

22 Also in that same time frame there was an
23 architect-engineer, Gilbert & Associates, who did all --
24 not all -- most of Florida Power's safety-related design
25 work. They reviewed a lot of it. They did a lot of it.

1 At that time it was decided that they were no longer
2 needed in addition.

3 So what's happening now? Well, right now,
4 since that time, the plant has dropped, as I stated
5 earlier. It's gone from near the top to near the
6 bottom. What's happening out there right now is,
7 they're having to go back through the entire design
8 base line to ensure that they are in compliance with
9 their FASR, their Final Safety Analysis Report.

10 So the cost, right now, of doing that, the
11 reason it is so high is, number one, they're hiring a
12 lot of temporary engineering personnel. These temporary
13 engineering personnel are probably costing two to three
14 times what it would cost for a Florida Power employee.

15 I realize these people are temporary and
16 they're only going to be there approximately a year, but
17 there is a tremendous amount of cost in that area right
18 now.

19 The other thing we're hearing is the base
20 line, the design base line and the safety factor. The
21 emergency diesel generators have been in question since
22 1984 when I first heard about it. They were questioned
23 then. From 1984 until now, the capacity of those diesel
24 generators has been in question. The NRC has questioned
25 them every time there has been a modification which

1 affected the emergency output of the generators.

2 In 1984 there was talk of an additional diesel
3 generator being put in. The cost of that diesel
4 generator in 1984 was somewhere around a hundred million
5 dollars because there had to be an additional building
6 built and all the power lines and everything else run.

7 Since 1984, I couldn't tell you how many
8 studies were conducted trying to prove whether they did
9 not or did need another emergency generator. So right
10 now we know the safety margin out there is in question.

11 Is that in question because they need another
12 generator? It's been talked about for, now, 13 years,
13 and we still haven't got a decision on whether it is or
14 is not needed.

15 Is this because they don't have an
16 architect-engineer who is looking at all their design
17 base line and has been or should have been?

18 Right now, are we in fact going to be able to
19 bring this plant back up at the end of this year?
20 You've heard a lot of people say they don't think so.
21 I've been around the nuclear business since 1957, and I
22 sincerely doubt that we will be able to make the end of
23 this year if we have to go back through and do all the
24 design base line verifications. And that sounds like
25 where we are and where we're going. If that's true, the

1 cost of this outage is going to be a lot more than the
2 \$170,000,000 we're looking at.

3 Thank you.

4 CHAIRMAN JOHNSON: Thank you, sir.

5 MR. FOREHAND: Madam Chairman.

6 CHAIRMAN JOHNSON: Florida Power Corp.

7 MR. FOREHAND: Point of clarification. There
8 seems to be an analogy between the staffing and the
9 performance of the plant. I just want to clarify
10 something.

11 Prior to bringing the plant down for the
12 refueling outage early last year, Crystal River 3 had
13 just come off of two record back-to-back years of
14 performance. I believe at the end of '95, we ran about
15 102 percent capacity factor for the year, which simply
16 means we made more electricity with that plant than the
17 name plate says you can make with it -- a tremendous
18 performance, and, somebody alluded to it earlier, it was
19 in the top four or five in the nation in performance.
20 That was just during the '94-'95 time frame.

21 To give you an idea of the staffing levels of
22 the plant, there is one nuclear power plant at
23 Crystal River, and it's CR 3. There are four coal-fired
24 plants there. And around our system in total we have
25 58 generating units that are not nuclear. There's only

1 one nuclear plant. The staffing level to handle the
2 nuclear power plant is roughly 800 employees. The
3 staffing level to handle and operate all of the other
4 58 plants around the system is a little less than
5 800 employees.

6 So for the one nuclear plant there are as many
7 employees to operate it and do all the design work and
8 the engineering and all those things as there are for
9 all of the other generating fleet within the system. So
10 I think it's important to point that out.

11 Thanks.

12 CHAIRMAN JOHNSON: Thank you.

13 MR. SHREVE: Thank you, sir.

14 Judith Waller.

15 WITNESS WALLER: Good evening, and I thank you
16 for taking the time to come and let us speak.

17 I am a homeowner here in Spring Hill, and I
18 have some questions. I don't understand -- probably I
19 should address you-all -- that how you can go ahead and
20 say we need an 88-million-dollar increase and then turn
21 around the next day and have a cash dividend of
22 52.5 cents per share. I think that was a big slap in
23 the face, and it says to the consumer: We need your
24 money to make us more profitable.

25 And I understand that you've had problems in

1 Crystal River, and I am with you now, too. And, like
2 the gentleman spoke, I have power outages, and I know,
3 because I have a touch lamp, and I can go away, and
4 every time I come back, it's on. My microwave goes on
5 and off, on and off, on and off.

6 I've been told this is dangerous. We have
7 power surges on everything in our house, but what can I
8 do with my refrigerator? I can't even unplug it if it's
9 a bad storm. When we had the storm two years ago that
10 came through -- a lot of the people around us are with
11 Withlacoochee. They had electricity four hours
12 before -- or, some of them, six or seven, before we got
13 our power back.

14 I understand there's no maintenance crews here
15 in Hernando County for us, that they have to be brought
16 in from another county, but I would hope that we have
17 certain people -- that we are the top priority, not the
18 last person on the totem pole.

19 I also have been concerned to think that the
20 PSC probably thinks that, why should we pay for
21 management problems. Anytime you run a business, you're
22 responsible for that management. And if something
23 hasn't been done properly, then the idea is to find out
24 what the problem is and fix it. Before the shut-down,
25 that could have been done. Evidently, from what I'm

1 understanding tonight, there were some maintenance
2 problems. There were other things that could have been
3 incorporated and done prior to this. I don't think we
4 should have to pay because they've got to keep the
5 nuclear plant down.

6 MR. SHREVE: Thank you.

7 CHAIRMAN JOHNSON: Ma'am, did you want -- did
8 you want your questions answered? Were you directing
9 those?

10 The first question was directed to the
11 company. I think your question was regarding the
12 dividends.

13 WITNESS WALLER: Yes.

14 MR. FOREHAND: I'm sorry. I didn't catch your
15 last name. Is it Waller?

16 WITNESS WALLER: Waller, W-a-l-l-e-r.

17 MR. FOREHAND: Ms. Waller, the dividend
18 payment is obviously a decision that's made by the Board
19 of Directors of Florida Progress Corporation, which is
20 the parent company of Florida Power, and that is based
21 on the performance, financial performance of the company
22 during the time period at which it is granted. And the
23 financial issues dealing with the Crystal River plant
24 are basically -- moving into this year, in the '97 year,
25 I think you'll find that the dividends are paid --

1 basically are established on a quarterly basis.

2 And the company is obviously profitable at
3 this point, based on a number of operations, not just on
4 the regulated side of the house but also in -- in the
5 other side, on the energy and transportation side of the
6 business as well.

7 WITNESS WALLER: I understand it's the most
8 expensive one in the state also; isn't that right?

9 MR. FOREHAND: It's correct that our
10 residential rates currently are the highest in the
11 state. Our commercial and industrial rates are among
12 the lowest in the state.

13 The other issue you had mentioned on the
14 response during the storm, I guess, a couple years
15 ago -- was it Aaron, I think was the -- was the one --
16 Hurricane Aaron or Tropical Storm Aaron.

17 WITNESS WALLER: Well, they said it was a
18 tornado that came through Spring Hill two years ago.
19 But, I mean, where we actually reside, we had nothing.
20 I mean, it wasn't very bad at all. I've been in -- up
21 in Maryland, where we came down from, we would have
22 storms that were much worse than that, and we didn't
23 lose electricity.

24 MR. FOREHAND: Obviously it depends on where
25 you're located at any point in time and depending on how

1 bad the damage is in the surrounding area as to how long
2 it would take to restore service. I know just --

3 WITNESS WALLER: The repair crews -- are they
4 here in Hernando, or do you --

5 MR. FOREHAND: We do not have line crews based
6 in Hernando County.

7 WITNESS WALLER: That's what I understood.

8 MR. FOREHAND: We do have servicemen, with
9 bucket trucks, that are -- I believe there are two, two
10 based in Brooksville, with service buckets. And then we
11 have a number of line crew personnel in Inverness that
12 cover this area.

13 I think about a month ago we had -- a fairly
14 major storm went through the state on April 23rd. There
15 were a number of tornadoes cited, I believe fifteen in
16 Hernando County. We had about 57,000 customers out
17 throughout the system, and we were able to mobilize
18 other resources into this area in order to restore
19 service. I believe we've gotten a pretty favorable
20 response on the service restoration during that last
21 storm, which is a fairly large event.

22 Maybe not, but it was a significant amount of
23 damage.

24 We -- one of the advantages we have is being
25 able to mobilize crews from other areas of the system,

1 and we brought an additional 26 bucket units into the
2 operating area that serves this, and I think seven of
3 those ended up in Brooksville.

4 CHAIRMAN JOHNSON: On the outage issue,
5 ma'am -- you, too -- I know that the company will have a
6 representative that will be able to assist you and talk
7 to you with respect to the outage, but our staff would
8 also be interested in making sure that we better
9 understand the issue.

10 And I know I talked to some customers earlier
11 that also complained about problems with outages. The
12 commission is very interested in learning more about
13 that particular problem. If there are others that have
14 a problem -- a chronic problem with outages or just a
15 problem in general, make sure the two gentlemen sitting
16 over to your right, the one just raising -- if you
17 could, let them know your name and your address, and
18 perhaps we can at least investigate and look into the
19 issue. And it appears as if maybe there is some
20 abnormal situation in this county with respect to
21 outages. And if there's anything that we can do to
22 assist and work with the company to make sure that we're
23 doing everything that we can to prevent that from
24 happening, we'll indeed try to accomplish that.

25 COMMISSIONER GARCIA: Also, if you do have any

1 problems during working hours with the companies and you
2 don't feel that they're responding properly, on that
3 blue sheet that you-all have, there's a 1-800 number,
4 and once you've talked to the company and you don't feel
5 they're being responsive, you can call us at that
6 number, and we'll help you with the case. And the
7 company has a certain amount of time in which it must
8 resolve a problem that comes before it on those issues.
9 But if you don't file it with us, we can't -- we
10 don't --

11 WITNESS WALLER: Well, my whole neighborhood
12 has had problems. I know they've called the commission.

13 CHAIRMAN JOHNSON: And you raised one other
14 issue, and that -- that was the issue with respect to
15 the increase, us allowing the fuel cost recovery, and I
16 think that was directed more at the commission.

17 We do have a fuel cost recovery process, and
18 that's the process that we used in this case, but it's
19 important to recognize that this investigation is the
20 investigation that we're using to make a determination
21 as to whether or not management's actions were prudent.

22 It is a process that we go through. We
23 decided to hold the public hearings because of the
24 magnitude of the dollars involved and to better inform
25 you as to what we're trying to do, allow you to hear the

1 company's position and hear what public counsel is
2 doing, but this is all a part of our investigation.

3 Certainly I know that that doesn't provide you
4 with much comfort because your rates have been increased
5 by \$2.22. At least that's the part that relates to this
6 outage. But we do want you to know that this is an
7 interim decision, and those monies are subject to refund
8 with interest if we make a determination and if we find
9 that management was indeed imprudent.

10 Ma'am, I agree with you. If the actions that
11 caused the outage were the fault of management, they
12 should not receive those moneys. We're doing an
13 investigation. We're going to have those witnesses and
14 those experts that I told you about earlier that will
15 provide testimony and enable us to make a decision that
16 will have a foundation that if perhaps we found that
17 they were indeed mismanaging or not prudent, that it
18 could withstand appeal.

19 But this is a formal process that we have to
20 go through. I know several witnesses and several
21 customers that I talked to said it seemed a little
22 awkward and backwards, but it is our process, and it's
23 one that we are hopeful will help us reach a right
24 conclusion to make sure that your rates are fair and
25 that they are reasonable.

1 WITNESS WALLER: Thank you very much. But
2 there have been so many articles about the mismanagement
3 and fines, et cetera, and -- I agree, when you give
4 someone money, it's very hard to get it back. It's much
5 better to have them work for it and then give them the
6 bonus.

7 CHAIRMAN JOHNSON: Thank you, ma'am.

8 MR. SHREVE: Thank you.

9 Mr. Fred Brookshier. Mr. Brookshier. Okay.

10 WITNESS BROOKSHIER: I'm Fred Brookshier from
11 Dunellon. I live in the village of Rainbow Springs up
12 there.

13 COMMISSIONER CLARK: Could you pronounce your
14 last name and spell it?

15 WITNESS BROOKSHIER: Brookshier,
16 B-r-o-o-k-s-h-i-e-r.

17 I'm not much of a speaker, but I've been upset
18 with this. I lived down by an engineer -- I lived in
19 Pinellas County 31 years. And the engineer behind me
20 kept getting raises. He said, "Why shouldn't they give
21 us a raise because they're guaranteed by the state. The
22 more money they pay out, the more money the stockholders
23 make." And I just don't understand this theory, because
24 why should they care then?

25 And I just can't understand why you give them

1 a rate increase when the United States Government says
2 that it was bad management or poor management that
3 was -- caused a lot of this problem.

4 And how they can turn around and ask you for a
5 rate increase to pay for this outage, and the next day
6 they turn around and give the shareholders a raise.

7 Now, this -- the shareholders should be
8 footing this bill, not the customers. If I were a big
9 shareholder, I'd say, "Sure." But I just don't
10 understand why they give them big bonuses and that, when
11 they should be taking them away whenever they got poor
12 business or poor management.

13 And talking about power outages, I've lived up
14 here in Dunellon for eleven years, and I've lost at
15 least six portable phones and six answering machines due
16 to power surges. Now, they did come out, about '93 or
17 '92 or something along in there, and put something on my
18 meter, and left it there for about three or four days to
19 see if I got any power surges. Well, there was a storm
20 cloud come out, and they come out that day -- whether
21 they had planned on it or not, but they come out that
22 day and jerked it off. And, sure enough, I lost another
23 telephone and another answering machine. I didn't get
24 there in time to unplug them. I keep them unplugged
25 most of the time. They're unplugged right now. I don't

1 hardly dare leave my house.

2 Now, I've talked to different engineers, and
3 some of them say it's poor grounding. Now, I have put a
4 pipe down alongside of it, with holes in it, PVC,
5 alongside of my ground rod, and let my air conditioner
6 drip into it to try to give me a better ground, and I
7 think it has helped, but, still, I'm -- I'm upset
8 because, like I say, for 31 years, I lived in Pinellas
9 County and never had any problems with the power
10 outages, but now you have them quite often.

11 And, like I say, if you don't keep your phone
12 unplugged, your portable phones and answering machine,
13 it will wipe them out. In eleven years I've lost, I
14 would say, at least six of each, which -- they should be
15 responsible, I would think, if it was their fault.

16 But, anyway, I thank you, and maybe I'll get
17 some of them -- I'll feel better after getting up and
18 having my say.

19 MR. FOREHAND: Mr. Brookshier, I'd like for
20 Reed or I to be able to talk with you afterwards about
21 that. There's an issue about grounding we may need to
22 talk about on the --

23 WITNESS BROOKSHIER: Right.

24 MR. FOREHAND: -- on the phone issue. Thanks.

25 WITNESS BROOKSHIER: Thank you.

1 MR. SHREVE: Thank you, Mr. Brookshier.
2 That's all that are signed up, Madam Chairman.

3 CHAIRMAN JOHNSON: I'm sorry.

4 MR. SHREVE: That's all the names we have.

5 CHAIRMAN JOHNSON: Okay. Very good.

6 Mr. Forehand, there seems to be -- and not
7 just from the witnesses that testified but several of
8 the witnesses -- or the customers that I had an
9 opportunity to talk to in the audience -- a problem with
10 outages and perhaps power surges.

11 I'd like to request that -- and particularly
12 in Hernando County but throughout this particular
13 service area, if you could send back a report to the
14 commission better delineating and explaining what the
15 problems are and what the solutions will be. And our
16 staff will try to coordinate -- I'm sure several of the
17 customers will talk to our staff directly, but if you
18 could prepare that for the commission and respond back
19 to our staff -- to us, we'd just like to get a better
20 feel for and understanding of that particular problem.

21 MR. FOREHAND: Sure. Chairman Johnson, on the
22 commission's credit, they have recently opened a
23 management audit of reliability issues systemwide, I
24 believe not only for us but for some of the other major
25 utilities in the state.

1 We just recently have completed, probably
2 within the last three or four weeks, compiling a large
3 amount of information on all kinds of reliability
4 indices all around the system, and provided it to the
5 staff folks, and certainly are willing to work through
6 with them with that issue to make sure we get all those
7 questions answered. We may have already provided some
8 of that information, but if we need to get more specific
9 in areas, we certainly can.

10 CHAIRMAN JOHNSON: Do you know offhand, then,
11 if there is a unique problem in this particular area?

12 MR. FOREHAND: There are two areas in
13 particular that we know we've had difficulties with.
14 One of them is called Barony Woods, which is to the
15 south of us.

16 CHAIRMAN JOHNSON: I think those are the
17 people I probably talked to earlier.

18 MR. FOREHAND: Behind the -- behind the
19 airport area. We also have another area called
20 Lake Lindsey, which is up near Floral City, where we've
21 had some issues.

22 The folks -- let me run through that real
23 quickly, if we can. On the Barony Woods, part of the
24 difficulty there is that it's an extremely long way from
25 the substation to these folks who are out on the very

1 end of the line.

2 WITNESS MORGAN: Then we shouldn't have had
3 their service, if we're so far from everything. They
4 should have given us Withlacoochee. Everybody around us
5 has Withlacoochee. Why did they stick Florida Power
6 right in the --

7 CHAIRMAN JOHNSON: Ma'am, you may need to come
8 to the podium so we can better hear you. And if you
9 could just say your -- I know you were sworn in, so --
10 but if you could say your name for the record and your
11 address, because we like to write you back.

12 WITNESS MORGAN: Okay. I'm Elizabeth Morgan,
13 and I live at 11463 Chalk Farm Road in Spring Hill, in
14 Barony Woods. I've been there seven years, and the
15 service has really been very inferior from the time I
16 moved in.

17 My first husband and I, when we moved in,
18 every morning we would get up, everything in the house
19 would be blinking. So I called Florida Power, and I
20 said that I was having this problem.

21 And the young lady that answered the phone
22 told me I should get battery backup units for everything
23 in my house. I said, "Your inferior service -- I am
24 supposed to spend this kind of money to get battery
25 backup units?" That was the first thing.

1 Then the electric went off one night, a
2 Saturday night. So I called the service to tell them
3 that the electric was off, and the man that answered the
4 phone said to me, "What is your account number?"

5 I'm sitting in the pitch black. I said, "Are
6 you crazy? I am in the dark." And I said, "You're
7 sitting there with the computer, and you're asking me my
8 account number."

9 Then he proceeded to tell me that he didn't
10 service my area.

11 I said, "Well, if you're not servicing my
12 area, I don't know why I'm paying you every month."
13 Okay. That started it. Okay.

14 Then I had to replace the compressors in my TV
15 from -- they told me, because of the surges. I've had
16 to replace telephones innumerable times. I called and I
17 was told that birds and squirrels were being
18 electrocuted. Now, this is every day of the week birds
19 and squirrels are being electrocuted -- one right after
20 the other, three and four times in a row, in a
21 half-hour, that they're being electrocuted? Like this
22 gentleman, I fail to see the funny part of that one.

23 Then I was told that it's trees hitting the
24 wires. I said, "Well, why don't you cut down the
25 trees?"

1 "Well, people in Brooksville don't want the
2 trees, their old trees cut down."

3 I said, "You mean to tell me that those people
4 can tell you not to cut trees down?"

5 I lived in New Jersey for 37 years, and if
6 they wanted to cut my tree down, they cut it down. They
7 didn't ask you. They didn't -- didn't worry about
8 whether I cared whether my tree was cut down.

9 We lived in -- like I said, in New Jersey all
10 those years. We had hurricanes. We had hail storms,
11 sleet, snow, what have you. I was never without
12 electricity for nine or twelve hours, never.

13 The one hurricane that the woman was talking
14 about we were without electric for twelve hours. And
15 when I called, they said, well, we didn't have anybody
16 in the area to work on ours until 1:30 in the afternoon.
17 When I got up in the morning at seven o'clock, my
18 electric was off, and it did not come on until a little
19 after seven o'clock that evening.

20 I fail to see the reason why we are last.
21 Because Inverness -- they're there. They don't send
22 anybody over here to do anything about our electric?
23 I'm paying \$197 a month for service which I am not
24 getting.

25 There's also been a petition filled out in our

1 area. I don't know what happened to the fellow. I
2 don't know why he isn't here tonight, but I think
3 everybody in the area did sign that petition.

4 I also contacted the Public Service Commission
5 through all this.

6 I did get -- the answers I got about the birds
7 and the squirrels came from that situation. And I don't
8 feel that you deserve a raise when I'm getting such
9 inferior service.

10 Thank you.

11 CHAIRMAN JOHNSON: Thank you, Ms. Morgan.

12 MR. SHREVE: Thank you.

13 MR. FOREHAND: Let me -- it is obvious we have
14 had some difficulties in that area. I just wanted to
15 tell you about a couple of things that are going on.

16 In the last -- in the last year, I guess,
17 since early '96, we have done an extensive amount of
18 tree-trimming on the feeder into your area, spent
19 roughly \$200,000 on the tree-trimming of that feeder
20 because that was one of the issues that we were dealing
21 with.

22 We also, just this week, have completed a
23 change in our protective arrangements, without getting
24 real technical on it, that will cause -- will cause the
25 problem to pop up and show itself a little easier,

1 because what we're seeing there is repeated operations
2 as well as some of the outages you've had.

3 We are working with -- with one of the
4 homeowners there who has, I guess, kind of been a
5 representative. I think his name is Mr. Schmidt. There
6 is a meeting that we've tentatively arranged for
7 June 4th, I think at the Armory on -- is it Spring Hill
8 Road? Would that be going out by the airport? I don't
9 think most of the residents know that yet because we're
10 trying to work out the details. He is kind of a
11 self-appointed representative, I guess, of that group.

12 But we believe the changes we've made there
13 recently, as well as the tree-trimming that's been
14 completed, will help us solve a lot of that problem.

15 We also have some additional fault-finding
16 devices that are on the line now, and we're continuing
17 to try to isolate whatever problem it is, because if
18 there -- whatever is recurring out there we haven't been
19 able to find, and we're trying to isolate it at this
20 point.

21 CHAIRMAN JOHNSON: Thank you.

22 And what we'll do, for Florida Power Corp.'s
23 information, we will coordinate with our staff and
24 determine if we already have the information in-house or
25 if it's already being collected, and to the extent that

1 it is not, then we will contact you and let you know
2 what additional informations we need.

3 MR. FOREHAND: Thanks.

4 CHAIRMAN JOHNSON: Public counsel.

5 MR. SHREVE: Yes. Would you like to speak?

6 CHAIRMAN JOHNSON: Oh, yes, ma'am. Yes,
7 ma'am.

8 WITNESS ASCHE: My name is Theresa Asche, and
9 I live in the Brooksville area.

10 CHAIRMAN JOHNSON: Could you say that again,
11 your name -- could you say your name again? I'm sorry.
12 We didn't -- I didn't hear you. Here, if you could say
13 your name again. I'm sorry.

14 WITNESS ASCHE: Theresa Asche, and I live in
15 the Brooksville area. And I've lived here for eight
16 years. And prior to that, I lived on the east coast
17 where we had Florida Power & Light. I lived there for
18 forty years. And, believe me, in forty years I never,
19 ever witnessed or heard or read all the derogatory
20 things that I'm witnessing and hearing and reading on
21 the Florida Power. And they're true.

22 I just sat here, wrote down about five things
23 after hearing all the good speeches. Number one, I'm
24 afraid, myself --and, I think, most of the other people
25 the same thing -- these hearings probably are an

1 exercise in futility. They're after the fact, and
2 they're in the summer, in the hot weather, when
3 50 percent of the people are up north. You can say,
4 "Well, look, there's only fifty people here. Nobody
5 cares."

6 Number two, myself, and I think the rest of
7 the people, I think, have developed a very, very cynical
8 attitude toward Florida Power.

9 Number three, even though I realized -- I
10 worked in banking all my life, and I understand that the
11 dividend was paid to Florida Progress. And Florida
12 Power is only part, one of the children of Florida
13 Progress. But it really was like a slap in the face, to
14 the people that have to pay these rates, to have this
15 come out in the paper a couple days later, and also the
16 news in the paper for what the chairman -- or the chief
17 executive officer of Florida Progress -- what he makes
18 in money and in benefits. It's -- for the people like
19 myself that are living on fixed incomes, it's -- it's
20 disgusting. It's almost unbelievable.

21 And, number four, in regard to the repairmen,
22 we had that storm about four weeks ago, the last week in
23 April, and we were out of lights down on the south end,
24 down towards Spring Hill Drive. I believe the lights
25 went off about ten minutes to ten in the morning, and

1 they were still off at six o'clock at night. And I
2 hunted up the repairmen that were working up the road,
3 and they said, "Well, it's going to be fixed." And then
4 they went down in Masaryktown. And I went back there
5 and hunted them up because I had somebody at home that
6 was sick, and we had electric heat, and it was chilly.
7 And as I was talking to him, five trucks went by, going
8 north on 41, Florida Power trucks. And the gentleman
9 said to me, he said, "Well, here comes some help now
10 from St. Petersburg." And that's six o'clock at night,
11 and they're just coming up, and the lights had been off
12 since ten o'clock in the morning.

13 And that's it. That's what I wrote down.
14 Thank you very much for hearing all of this.

15 CHAIRMAN JOHNSON: Thank you very much.

16 MR. SHREVE: Thank you.

17 Mr. Monte Belote would like to speak.

18 CHAIRMAN JOHNSON: Mr. Belote, do I need to
19 swear you in? Were you sworn in earlier?

20 WITNESS BELOTE: No, I was not.

21 CHAIRMAN JOHNSON: If you could raise your
22 right hand.

23 In this matter before the Florida Public
24 Service Commission, do you swear or affirm to tell the
25 truth, the whole truth, and nothing but the truth?

1 WITNESS BELOTE: I do.

2 CHAIRMAN JOHNSON: Thank you.

3 WITNESS BELOTE: Good evening, commissioners.

4 I apologize that -- the roads were a little bit wet this
5 evening.

6 My name is Monte Belote. I serve as executive
7 director of the Florida Consumer Action Network, as you
8 know, a statewide, grass-roots consumer and
9 environmental advocacy organization.

10 We're here this evening to talk specifically
11 to the crux of the matter, prudence. Was it prudent to
12 pass along the cost of replacement power for what
13 Florida Power Corporation calls, quote, totally legal
14 costs? Legal, maybe. Immoral as well.

15 We started by reviewing our files back in
16 1992. And our filing in 1992, in their last full rate
17 case, starts off with the fact that Florida Power
18 Corp.'s Crystal River 3 plant was dubbed a nuclear lemon
19 in 1991 by Ralph Nader's critical mass.

20 As I understand it, the Nuclear Regulatory
21 Commission fined Florida Power Corporation \$50,000 that
22 year, and in 1994, the NRC started looking at a full
23 investigation of Crystal River 3.

24 Since then the NRC has fined Florida Power
25 \$500,000, a fine which Florida Power Corp. did not even

1 protest. I guess they must have thought that their
2 mistakes are just a cost of doing business.

3 Florida Power Corp. is now on the NRC's
4 watch list and have been fined recently yet another
5 \$50,000. Clearly Florida Power has not shown, from 1991
6 to the present, the kind of safety culture that we want
7 to run a nuclear plant and that Crystal River 3 needs in
8 order to pass muster.

9 It's been at least six years, and probably
10 more, and they're still making the same kinds of
11 mistakes. Is it prudent, commissioners, to allow the
12 same kinds of mistakes, time after time after time, yet
13 to force consumers to pay time after time after time?

14 We say it's time to let Florida Power
15 Corporation pay for their own mistakes. Instead, your
16 process rationalizes it.

17 Clearly this process is just as broken as
18 Florida Power Corporation's nuclear plant. You know,
19 Florida Power is a monopoly, and they earn currently
20 between 11 and 13 percent rate of return for virtually
21 no risk. Now, I don't know about you, but I've checked
22 my bank statement recently, and I earn 2.75 percent on
23 my rate of return. It's a great job if you can get it.

24 Common sense, however, would suggest that
25 Florida Power Corp. executives, certainly, would be

1 punished for mismanaging their nuclear woes, but,
2 instead, they've given themselves raises. And with
3 punishment like this, it makes you wonder how much they
4 get paid for properly managing their nuclear plant.

5 In February your staff said that there was no
6 need for an investigation. They said, quote, "Give them
7 the money." And last month, you, yourselves, in less
8 than five minutes, dismissed any hope for
9 reconsideration, hoping instead that this series of
10 public hearings would look for an answer of what we
11 believe is Florida Power Corporation's 88-million-dollar
12 mistake.

13 Now, we've learned that your staff's idea of
14 an investigation is to file absolutely no prefiled
15 testimony whatsoever. Now, I don't know about you -- I
16 mean, I'm not a lawyer. I don't play one on TV. But I
17 can't see how you can possibly rule any other way except
18 to give Florida Power Corp. the money, when, in fact,
19 your investigation file, the testimony, is empty.

20 Florida Power Corporation used to be one of
21 the most progressive, if not the most progressive, of
22 the investor-owned utilities in Florida through a
23 combination of its aggressive load management and
24 providing a positive incentive to decouple their profits
25 from the sale of electricity and to benefit Florida's

1 environment through energy efficiency.

2 But in 1995 they started to renege on
3 consumers, and they've been renegeing ever since. They
4 slashed their load management credits so that only
5 energy hogs ultimately can break, at best, even, while
6 energy misers, across their territory, have conserved
7 and conserved and conserved and ultimately have gotten
8 nothing. It's Robin Hood in reverse.

9 Florida Power should be required to pay for
10 their own mismanagement, and while they're at it,
11 frankly, make a real commitment to clean, renewable
12 energy resources, such as solar electric generation.
13 You know, we talk to people door to door every night
14 across the Tampa Bay area, and we have yet to find
15 people to say ultimately -- you know, I think that this
16 is the Sunshine State, right?

17 But how is it that Florida Power and our
18 utilities only provide less than one-half of one percent
19 of our total emergency needs for solar? I mean, again,
20 this is supposed to be the Sunshine State. Maybe it's
21 time to look elsewhere at other alternatives.

22 To close, we strongly believe that
23 Florida Power should pay for their own mistakes and
24 certainly not Florida's customers. And their
25 shareholders shouldn't be just paying for the cost of

1 fixing Crystal River 3 but also for any replacement cost
2 during their outages.

3 And, finally, we hope that the commissioners
4 will take a serious look and file draft legislation,
5 through their staff, to make sure that mismanaging a
6 Florida Power plant will never, ever again be called a
7 prudent cost.

8 Thank you very much.

9 MR. SHREVE: Thank you, Monte.

10 That's all that we have, unless there is
11 someone else that wishes to speak.

12 WITNESS SULLIVAN: I'd just like to make a
13 brief comment.

14 CHAIRMAN JOHNSON: Ma'am, did I have an
15 opportunity to swear you in?

16 WITNESS SULLIVAN: You could.

17 CHAIRMAN JOHNSON: If you could raise your
18 right hand.

19 In this matter before the Florida Public
20 Service Commission do you swear or affirm to tell the
21 truth, the whole truth, and nothing but the truth?

22 WITNESS SULLIVAN: Yes, I do.

23 CHAIRMAN JOHNSON: Okay. If you could state
24 your name and address for the record, please.

25 WITNESS SULLIVAN: Jennifer Sullivan,

1 9450 Lorendale Circle in Spring Hill. And I just have a
2 brief statement, and basically it is about nuclear
3 power. We were told along -- I had never been a
4 proponent of nuclear power. I prefer solar energy. I
5 thought you had a real good statement, a lot of good
6 comments, a lot of things to back himself up.

7 I'd just like to say, I'm not happy to be
8 living by a nuclear power plant, and it's not news to
9 anyone, I don't think, that they're closing all over the
10 United States. And I don't have it with me, but I do
11 have a chart of all the nuclear power plants that are in
12 the United States and which ones are closed and things.

13 And it's really a poor investment from a
14 business standpoint. And just the fact that all these
15 witnesses are talking about problems that they've had
16 with this particular plant, and it doesn't seem that the
17 efficiency and the safety -- as you say in your
18 brochure, "safe, efficient, reliable, low-cost
19 energy" -- it seems like it's pretty much a denial of
20 all those things.

21 And it just -- I just find it -- it's amazing
22 that it's a consideration. We're pouring this money
23 into this instead of searching for another alternative,
24 because basically a lot of these are going to end up as
25 a monument, closed-up monument to taxpayers' and

1 consumers' money.

2 CHAIRMAN JOHNSON: Thank you very much.

3 MR. SHREVE: Thank you.

4 CHAIRMAN JOHNSON: Ladies and gentlemen, this
5 will conclude our hearing. I'd like to thank you all
6 for coming out and testifying before us today. As I
7 mentioned earlier, because we had an opportunity to
8 swear you in and the information has been recorded by
9 the court reporter, we can use this information to base
10 our final decision.

11 And I'd like to thank particularly those --
12 the nuclear engineer and the folks that have actually
13 worked in the industry -- for their suggestions as to
14 other alternatives that this commission could take to
15 address this particular issue, and thank all of you
16 generally for coming out and sharing your time with us.

17 Thank you very much. And, don't forget, our
18 staff members are here if you have any other issues that
19 you'd like to relay to them.

20 Thank you, much.

21 (Hearing concluded at 8:15 p.m.)

22

23

24

25

1
2
3 STATE OF FLORIDA)
4 :
5 COUNTY OF HERNANDO)
6

CERTIFICATE OF REPORTER

7 I, EKATERINA L. TROFIMOV, Registered
8 Professional Reporter,

9 DO HEREBY CERTIFY that the Hearing in Docket
10 No. 970261-EI was heard by the Florida Public Service
11 Commission at the time and place herein stated; it is
12 further

13 CERTIFIED that I stenographically reported the
14 said proceedings; that the same has been transcribed
15 under my direct supervision; and that this transcript,
16 consisting of 78 pages, constitutes a true transcription
17 of my notes of said proceedings.

18 DATED this 29th day of May 1997.

19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

EKATERINA L. TROFIMOV
EKATERINA L. TROFIMOV

STATE OF FLORIDA)
:
COUNTY OF HERNANDO)

The foregoing certificate was acknowledged
before me this 29th day of May 1997, by EKATERINA L.
TROFIMOV, who is personally known to me.

Robert E. Eppers
ROBERT E. EPPERS