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Subject: Docket No. 110009-EI
Attachments: FIPUG response to deferral request 7.8.pdf

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

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

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b. This filing is made in Docket No. 110009-EI

c. The document is filed on behalf of Florida Industrial Power Users Group.

d. The total pages in the document are 4 pages.

e. The attached document is FIPUG RESPONSE TO PROGRESS ENERGY FLORIDA, INC.'S MOTION FOR DEFERRAL.

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

7/11/2011

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Nuclear Power Plant
Cost Recovery Clause

Docket No. 110009-EI
Filed: July 8, 2011

**FIPUG RESPONSE TO PROGRESS ENERGY FLORIDA, INC.'S
MOTION FOR DEFERRAL**

The Florida Industrial Power Users Group (FIPUG), pursuant to rule 28-106.204, Florida Administrative Code, files this response to Progress Energy Florida, Inc.'s (PEF) Motion for Deferral. FIPUG states:

1. PEF has been engaged in an Extended Power Uprate (EPU) at Crystal River 3 (CR3) nuclear unit which was intended to add additional nuclear power capacity to CR3. It may seem obvious to state, however, it is clear that before any uprate can be made to CR3 and before *any* nuclear energy can be generated as a result of any uprate, CR3 must be up and running.

2. As the Commission is aware, CR3 has been completely out of service since September 2009. Even under PEF's own best scenario, CR3 will not be back on line until some as yet undetermined date in 2014.¹

3. The subject of the occurrences at CR3, the prudence or lack thereof of such events, and the appropriate course of action to be taken as to CR3 – which may include decommissioning – have not yet been determined by the Commission. These matters will be considered in a separate docket, Docket No. 100437-EI², which is not yet even scheduled for hearing. The prudence of the uprate project is clearly related to prudence issues at CR3 which will be determined in Docket No. 100437-EI.

¹ PEF Status Report, Docket No. 100437-EI, filed June 27, 2011. This is a 1 ½ page report providing only the highest level conclusions with no supporting information.

² *In re: Examination of the outage and replacement fuel/power costs associated with the CR3 steam generator replacement project, by Progress Energy Florida.*

4. FIPUG agrees that the subject of the uprate at CR3 and the reasonableness of any costs associated with the uprate should not be considered at this time. Not only should they not be considered, but, of course, no such costs should be collected from ratepayers, unless and until CR3 comes back on line *and* PEF then provides information *at that time* documenting the feasibility and costs and benefits of moving forward with the uprate project, taking into account the extended outage of CR3.

5. Additionally, in its motion, PEF seeks to continue to recover the carrying costs on money spent as well as a prudence determination as to the prior year's carrying costs and charges. It is FIPUG's position that given the very high uncertainty surrounding CR3 itself (including whether it will ever return to service), the ratepayers, at this point in time, should not be required to continue to fund an adjunct project which may never materialize. Until CR3 is (if ever) back on line, the uprate project is essentially in limbo. It cannot go forward on its own; it is simply an appendage, dependent on CR3 for its fate. Therefore, until CR3's status is fully and finally determined, ratepayers should not be required to expend any more funds on the uprate.

6. Finally, rule 25-6.0423(5)(c)5, Florida Administrative Code, provides that a utility seeking recovery "*shall* submit for Commission review and approval a detailed analysis of the long-term feasibility of completing the power plant."³ It appears that PEF cannot or will not comply with this requirement in the 2011 proceeding. Thus, it cannot demonstrate feasibility of the project in the 2011 proceeding and any costs relating to the project should be disallowed.⁴ To the extent that PEF has sought a waiver of the rule and claims that an emergency exists

³ Emphasis supplied.

⁴ PEF's suggestion that it could simply rely on stale, outdated data (Motion at p. 4) lacks merit. The Commission must act taking into account the current status of CR3. PEF's second suggestion that the uprate be taken up after the status of CR3 is determined makes sense, except that ratepayers should not be expected to pay for this uncertainty in the meantime.

requiring the waiver, no demonstration of an emergency has been made nor has PEF demonstrated substantial hardship.⁵

WHEREFORE, unless and until CR3's status is fully and finally determined, the CR3 unit is back on line, and prudence and reasonableness of activities and costs related to CR3 is determined, ratepayers should not be required to expend any more funds on the CR3 uprate.

s/ Vicki Gordon Kaufman
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⁵ While PEF states that the Commission can find substantial hardship, it makes no demonstration of what such hardship is.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FIPUG Response to PEF's Motion for Deferral, was served by Electronic Mail and United States Mail this 8th day of July, 2011, to the following:

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