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CABLE GRANDLAW

PLEASE REPLY TO  
TALLAHASSEE

June 9, 1997

**HAND-DELIVERED**

Blanca S. Bayo, Director  
Division of Records and Reporting  
Gunter Building  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0870

Re: Docket No. 970261-EI

Dear Ms. Bayo:

Enclosed for filing and distribution are the original and fifteen copies of FIPUG's Prehearing Statement in the above docket. I have also enclosed a disk in WordPerfect 5.1 format containing the Prehearing Statement (FIPUG.PHS).

Please acknowledge receipt of the above on the extra copy enclosed herein and return it to me. Thank you for your assistance.

Sincerely,

*Vicki Gordon Kaufman*  
Vicki Gordon Kaufman

VGK/pw  
Encls.

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EPSC JOURNAL OF RECORDS

DOCUMENT NUMBER-D  
05711 JUN-97  
EPSC-RECORDS/REPOR

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In re: Review of Nuclear Outage )  
at Florida Power Corporation's )  
Crystal River Unit No. 3 )  
\_\_\_\_\_ )

Docket No. 970261-EI

File: June 9, 1997

**PREHEARING STATEMENT OF THE FLORIDA INDUSTRIAL POWER USERS GROUP**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-97-0246-PCO-EI, files its Prehearing Statement. FIPUG reserves the right to amend its Prehearing Statement up to and including the time of the Prehearing Conference in this matter.

**A. APPEARANCES:**

JOHN W. MCWHIRTER, JR., McWhirter, Reeves, McGlothlin, Davidson, Rief & Bakas, P.A., 100 North Tampa Street, Suite 2800, Post Office Box 3350, Tampa, Florida 33601-3350 and JOSEPH A. MCGLOTHLIN and VICKI GORDON KAUFMAN, McWhirter, Reeves, McGlothlin, Davidson, Rief & Bakas, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301

**On Behalf of the Florida Industrial Power Users Group.**

**B. WITNESSES:**

None.

**C. EXHIBITS:**

None.

**D. STATEMENT OF BASIC POSITION:**

**Florida Industrial Power Users Group's Statement of Basic Position:**

FPC has failed to support its claim that customers should pay an additional \$88 million through a fuel cost surcharge to pay for replacement fuel purchased for the period between September 1996 and the date of the Commission award as a result

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of the failure of FPC's CR3 nuclear plant. The surcharge should be suspended and the funds collected to date refunded to customers and no further collections allowed for the shutdown period subsequent to the award. FIPUG supports the evidence filed by the Office of Public Counsel demonstrating that FPC's management of the CR3 plant has been inadequate for several years. These management problems have caused the current extended outage of the plant, which provides the least expensive source of energy on FPC's system, and which ratepayers continue to support even though the plant is not in service. Because the outage could have been avoided through the use of prudent management practices, ratepayers should not be responsible for the costs of replacement fuel during the outage.

**E. STATEMENT OF ISSUES AND POSITIONS:**

1. **ISSUE:** Was Florida Power Corporation's decision to shut-down Crystal River Unit No. 3 on September 2, 1996 prudent?

**FIPUG:** No position at this time.

2. **ISSUE:** Did Florida Power Corporation's efforts to reduce costs, including downsizing and reduced reliance on contracted Crystal River Unit No. 3 engineering support inappropriately reduce its attention to safety?

**FIPUG:** Yes.

3. **ISSUE:** Was Florida Power Corporation prudent in its approach of using engineering interim solutions through modifications to the Emergency Diesel Generator loading instead of implementing more permanent solutions?

**FIPUG:** No. FPC should have appropriately analyzed and modified CR3's emergency diesel generator at the outset and avoided the current

problems which have resulted in the extended outage.

4. **ISSUE:** Did Florida Power Corporation respond prudently to information affecting the operation of Crystal River Unit No. 3 including, but not limited to, employee concerns, modifications made at other Babcock & Wilcox plants, Nuclear Regulatory Commission requirements and the results of the company's own problem corrections?

**FIPUG:** No. FPC should have appropriately analyzed and modified CR3's problems at the outset and avoided the current extended outage.

5. **ISSUE:** Should the modifications being performed during the current extended outage have been accomplished during previous planned outages?

**FIPUG:** Yes. If FPC had correctly identified the problems at the plant and responded appropriately, it may have been able to correct them during previous planned outages.

6. **ISSUE:** Did Florida Power Corporation display a pattern of management decisions at Crystal River Unit No. 3 that resulted in the current extended outage?

**FIPUG:** Yes. It is clear that over the past several years management at CR3 has been inadequate. Inadequate management is the primary cause of the current outage.

7. **ISSUE:** Based on the resolution of the previous issues, what amounts of estimated replacement fuel costs, if any, should be disallowed for recovery by Florida Power Corporation?

**FIPUG:** All estimated replacement fuel costs should be disallowed for recovery. FPC should recover only the amount of fuel costs it would have recovered had CR3 been in operation. Further, FPC should refund to ratepayers, with interest, the excess replacement fuel costs it has collected to date.

**F. STIPULATED ISSUES:**

None at this time.

**G. PENDING MOTIONS:**

FIPUG has no pending motions.

**H. OTHER MATTERS:**

None at this time.

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Attorneys for the Florida Industrial  
Power Users Group

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of FIPUG's Prehearing Statement has been furnished by U.S. Mail or by (\*) hand delivery to the following parties of record this 9th day of June, 1997:

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