

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: January 27, 2011
TO: Docket No. 090505-EI
FROM: Ann Cole, Commission Clerk, Office of Commission Clerk
RE: Recommendation

A handwritten signature in black ink, appearing to read "Ann Cole".

The recommendation, DN 08606-10 was filed on October 14, 2010, for the October 26, 2010, Commission Conference. As the vote sheet reflects, this item was deferred. Pursuant to staff's instructions, DN 08606-10 will be placed on the February 8, 2011, Commission Conference Agenda. A copy of this recommendation and staff's instructions are attached to this memorandum.

DOCUMENT NUMBER - DATE

00626 JAN 27 =

FPSC-COMMISSION CLERK

Carol Purvis

From: Mary Anne Helton
Sent: Thursday, January 27, 2011 8:40 AM
To: Jennifer Crawford; Keino Young
Cc: Carol Purvis; Beth Salak; Curt Kiser; Roberta Bass
Subject: RE: Docket No. 090505-EI, Item No. 3

Yes, please place this rec on the next agenda. Only Commissioner Edgar will be voting.

From: Jennifer Crawford
Sent: Thursday, January 27, 2011 8:35 AM
To: Keino Young; Mary Anne Helton
Cc: Carol Purvis
Subject: FW: Docket No. 090505-EI, Item No. 3
Importance: High

This is the FPL Flagami outage motion for reconsideration. I believe this is correct, but I wanted to confirm with you guys before giving Carol the "go" - thanks.

From: Carol Purvis
Sent: Wednesday, January 26, 2011 5:31 PM
To: Jennifer Crawford
Cc: Katie Ely; Mary Macko; Carol Purvis; Ann Cole
Subject: FW: Docket No. 090505-EI, Item No. 3
Importance: High

The most recent instructions I received from you was to put the recommendation in this docket on the February 8, 2011 Commission Conference. Please confirm that the recommendation filed on October 14, 2011 is to be placed on the February 8, 2011 Commission Conference.

From: Carol Purvis
Sent: Wednesday, December 29, 2010 1:24 PM
To: Jennifer Crawford
Cc: Katie Ely; Mary Macko; Carol Purvis
Subject: FW: Docket No. 090505-EI, Item No. 3
Importance: High

As you instructed, this docket will be placed on the January 11, 2011 Commission Conference, using the same recommendation.

From: Carol Purvis
Sent: Wednesday, December 15, 2010 3:12 PM

DOCUMENT NUMBER DATE
00626 JAN 27 =
FPSC-COMMISSION CLERK

1/27/2011

To: Jennifer Crawford; Daniel Lee; Robert Graves
Cc: Katie Ely; Mary Macko; Carol Purvis
Subject: Docket No. 090505-EI, Item No. 3

At the December 14, 2010 Commission Conference, the Commissioners deferred Docket No. 090505-EI, Item No. 3, to the January 11, 2011 Commission Conference.

Please advise **immediately** if this item is to be placed on the January 11, 2010 Conference agenda, and if the same recommendation will be used or if a new one will be filed.

If the recommendation is to be placed on a conference agenda other than the December 14, 2010, please file a revised CASR with Katie Ely by Friday, December 17, 2010.

REVISED

REC'D - 10/14/10

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

OCT 14 AM 11:53

COMMISSION CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: ~~September 30, 2010~~ October 14, 2010

TO: Office of Commission Clerk (Cole)

FROM: Office of the General Counsel (Bennett) *AB*
Division of Economic Regulation (Lee, Roberts) *cc*
Division of Regulatory Analysis (Graves, Matthew) *REG*
cc *for* *JE*
W *AL* *RT*
10/14

RE: Docket No. 090505-EI – Review of replacement fuel costs associated with the February 26, 2008 outage on Florida Power & Light Company's electrical system.

AGENDA: ~~10/12/10~~ 10/26/10 Regular Agenda – Decision on Motion for Reconsideration – Oral Argument Not Requested – Participation at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All

PREHEARING OFFICER: Skop

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Motion for Reconsideration. Pursuant to Section 350.01, F.S., only Commissioners who voted on the final order may vote on reconsideration.

FILE NAME AND LOCATION: S:\PSC\GCL\WP\090505.RCM.DOC

DOCUMENT NUMBER-DATE

08606 OCT 14 e

FPSC-COMMISSION CLERK

Case Background

On February 26, 2008, a fault occurred at Florida Power & Light Company's (FPL) Flagami substation. The fault disrupted service to approximately 596,000 FPL customers and created conditions on the transmission grid that caused three of FPL's fossil-fuel generating units and FPL's Turkey Point Nuclear Units 3 and 4 to trip off-line. The fault and tripping of generators is referred to herein as the "February 26, 2008 outage."

As a result of the February 26, 2008 outage, FPL was required to: (1) operate several less efficient and more costly peaking units, (2) purchase power at a cost greater than the Company's marginal cost of power production, and (3) replace nuclear-fueled generation with more costly fossil-fuel fired generation. Docket No. 090505-EI was established to determine whether FPL should refund customers for the outage. OPC and the Office of the Attorney General (AG) intervened in Docket No. 090505-EI. On December 4, 2009, FPL, OPC, and the AG executed a Proposed Resolution of Issues¹ in which FPL agreed to bear the replacement power costs attributable to the Flagami Transmission Event but disputed the amount to be refunded and how that refund would be made. At the January 26, 2010 Agenda Conference, the Commission approved the parties' Proposed Resolution of Issues.

On March 17 and 18, 2010, the Commission conducted a hearing on the remaining issues. On June 1, 2010, the Commission considered and adopted Commission staff's recommendation. The Commission's Final Order, Order No. PSC-10-0381-FOF-EI (Final Order) was issued on June 15, 2010, and found that FPL was responsible for 131 hours of outage time at Turkey Point Unit 3 and 107 hours of outage time at Turkey Point Unit 4. Based on the outage times, the Final Order required FPL to refund \$13,854,054.63 to its ratepayers.

On June 30, FPL filed its Motion for Reconsideration seeking reconsideration of the Commission's decision to require FPL to refund 131 hours of the 158 hours of outage at Turkey Point Unit 3 and all 107 hours of the outage at Turkey Point Unit 4. It did not file a request for Oral Argument. On July 7, 2010, the OPC, FIPUG and OAG, (jointly Intervenor) filed their response to FPL's Motion for Reconsideration. Intervenor did not request oral argument. Pursuant to Rule 25-22.0022, Florida Administrative Code, oral argument is not permitted unless it is requested by a party at the time of the motion or unless the Commission feels that oral argument will assist it in its decision. Accordingly, no oral argument should be allowed unless the Commission requests.

The Commission has jurisdiction over this subject matter pursuant to the provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.). The Commission is authorized to consider Motions for Reconsideration pursuant to Rule 25-22.060, Florida Administrative Code (F.A.C.).

¹ The February 26, 2008 outage was referred to as the Flagami Transmission Event in the parties' Proposed Resolution of Issues.

Discussion of Issues

Issue 1: Should the Commission reconsider its decision to credit FPL with 27 hours of time associated with the repair of the rod position indication system at Turkey Point Unit 3?

Recommendation: No. The Commission considered and evaluated all the record evidence in reaching its conclusion that the incremental time associated with the repair of the rod position indication system was 27 hours and not 126 hours. Because the Commission did not overlook or fail to consider the evidence in the record, FPL's motion for reconsideration should be denied. (Bennett, Graves)

Staff Analysis:

FPL's Motion

FPL argues that the Commission overlooked or failed to consider facts regarding the duration of the rod position indication system repair. FPL states that the Final Order correctly determined that the duration of the Turkey Point 3 outage must take into account the Company's repair of the rod position indication system. FPL acknowledges that the Commission considered FPL's response to a production of document request in making the Commission's decision in this docket. But FPL contends that the Commission misunderstood the document and also failed to consider undisputed record evidence. According to FPL, that undisputed evidence was that the duration of the rod position indication repair was 126 hours not 27 hours.

FPL states that the document the Commission used is a timeline identifying 18 separate steps in the repair of the rod position indication system. According to FPL, each of the 18 steps have a separate duration, which when added, results in 27 hours, the credit that the Commission gave to FPL for the repair of the rod position indication system repair. FPL argues that this is an unrealistic and incorrect way to measure the repair duration. FPL contends that no witness for FPL or OPC stated that the 27 hours is the actual time required to complete the rod position indication repair. FPL asserts that the 27 hours is directly contradicted by undisputed record evidence that the Final Order does not address.

According to FPL the timeline upon which the Commission relied shows that the repair of the rod position indication system began at 10 p.m. on February 26, 2008 and the final step was completed on March 3, 2008, at 1:59 a.m. FPL states that this 126 hours is the correct duration of the repair time to be credited to FPL.

FPL points to additional interrogatory responses entered into the record supporting its position that 126 hours was the total time it took for the repair and thus the credit. Finally, FPL states that its witness Stall testified that the rod position indication system repair took approximately 127 hours. FPL contends that the Final Order failed to give any consideration to the time that must elapse between the steps on the timeline. FPL asserts that the evidence in the record is undisputed that the 126 hours is the duration of the repairs to the rod position indication system. FPL argues that the Commission may not ignore undisputed record evidence and substitute an unsubstantiated assumption in its stead.

Intervenors' Response

Intervenors state that the standard of review for a motion for reconsideration is whether the motion identifies a point of fact or law which was overlooked or which the Commission failed to consider. Stewart Bonded Warehouse, Inc. v. Bevis, 294 So.2d 315 (Fla. 1974); Diamond Cab Co. v. King, 146 So. 2d 889 (Fla. 1962); Pingree v. Quaintance, 394 So. 2d 161 (1st DCA 1981). Intervenors argue that FPL failed to meet the standard of reconsideration which is "to call to the attention of the court some fact, precedent or rule of law which the court has overlooked in rendering its decision." State ex. Rel. Jaytex Realty Co. v. Green, 105 So. 2d 817 (1st DCA 1959). Intervenors argue that while FPL couches its motion as a mistake of fact concerning the amount of time FPL spent repairing a rod position indicator system at Turkey Point Unit 3, it is actually an attempt to have the Commission change the standard it used to grant FPL a credit against the outage time. FPL asserts that the Commission determined that FPL should be granted a credit for the incremental time the outage was extended due to the repair to the rod position indicator system. Intervenors conclude that FPL wants the Commission to delete the term incremental from the standard it applied and give FPL credit whether or not the outage was extended due to the repair.

Intervenors explain that on February 26, 2008, an FPL field engineer employee tested a circuit switcher at the Flagami substation located in western Miami. Intervenors relate that the FPL employee disabled both the primary circuit protection and the breaker failure protection (secondary level of protection) without advising the load dispatcher that he had disabled the secondary and primary protections. Intervenors state that the load dispatcher failed to tell the system operator at FPL Control Center that any of the protection had been disabled. Intervenors assert that the shunt reactor and its associated circuit switch operated live on the electric system for approximately 37 minutes with two levels of protection disabled.

According to Intervenors, a fault occurred during the FPL engineer's activities which caused a 17-19 second arc, and because both layers of protection had been disabled, a three-phase fault occurred on the 138 kilovolt transmission system to which the Flagami substation was connected. Intervenors assert that this led to significant frequency swings which tripped transmission lines and generators around portions of the lower two-thirds of Florida. Intervenors state that the Flagami episode shut down 4,300 megawatts of generation, including three gas-fired generators and two nuclear plants. Intervenors state that Turkey Point Unit 3 was out of service for 158 hours and Turkey Point Unit 4 was out of service for 107 hours.

Intervenors relate that FPL entered into a proposed resolution of issues with the Intervenors, in which FPL agreed to bear the cost of replacement power attributable to the incident, leaving the Commission to determine the appropriate measure of replacement power costs.

Intervenors argue that even though FPL agreed to bear the cost of the Flagami incident, the Commission gave FPL credit for the incremental time added to the outage due to repairs to the rod position indicator system at Turkey point Unit 3. Intervenors state that the Commission gave FPL 27 hours of credit, thus reducing the time of the outage for which FPL is responsible from 158 hours to 131 hours.

Intervenors assert that FPL wants the Commission to give FPL a credit for 126 of the 158 hours of the outage for Turkey Point Unit 3. According to Intervenors, under the scenario FPL advocates, FPL would assume responsibility for only 32 hours of the outage at Unit 3, while customers would be responsible for approximately four times as much of the outage. Intervenors contend that the record reflects that when power ascension is accounted for, the normal time for restarting two nuclear units falls within the range of 85 to 135 hours without the complexities of additional tasks. Intervenors argue that to treat the entire 126 hours that FPL claims are related to the rod position indicator system repair as incremental to the restart attributable to the Flagami episode would mean that FPL spent only 32 hours on the power ascension. Intervenors conclude that it is therefore clear that much of the time spent working on the repair rod position indicator was concurrent with, and took place in parallel to the restart activities attributable to the Flagami incident. Intervenors assert that FPL wants the Commission to ignore the distinction between the time spent on the rod position indication repair and the impact of that activity on the overall outage.

Intervenors argue that the Commission plainly stated that only the impact of the repair of the rod position indication on the overall outage was relevant to the adjustment of the refund amount for mitigating circumstances. Intervenors assert that the Final Order clearly states that "incremental time added by the repairs would be borne by the ratepayers." Intervenors contend that FPL's motion disregards the intent of the Commission to allow FPL a credit for the incremental portion of the customer refund. Intervenors state that FPL asks that the Commission excuse FPL from the responsibility for the outage related to the repair of the rod position indicator system, even if the repair work had nothing to do with the length of the outage.

Intervenors argue that FPL should not complain about the evidence the Commission used to determine the length of time the outage was extended due to the repair. Intervenors state that FPL did not provide any evidence at hearing, such as a critical path analysis to show the length of time the outage may have been extended due to the repair. Intervenors suggest that a Gantt chart analysis, a critical path analysis, or some other project time management tool analysis might have provided the answer. Intervenors state that FPL chose not to present the evidence and therefore cannot now show how long the outage was extended due to the repair. Intervenors conclude that by crediting FPL with 27 hours against the total restart time, the Commission has already given FPL the "benefit of the doubt" because FPL failed to show that even the 27 hours credited by the Commission were incremental to and not concurrent with other repair efforts for which the Commission did hold FPL accountable. According to Intervenors, if the Commission makes any change to the Final Order, it should be to eliminate the credit for 27 hours.

Staff Analysis

The standard of review for a motion for reconsideration is whether there was a fact or law that the Commission overlooked or failed to consider in reaching its decision. The standard of review for a motion for reconsideration, often cited by the Commission in considering motions for reconsideration, is:

Whether the motion identifies a point of fact or law which was overlooked or which the Commission failed to consider in rendering its order. See, Stewart Bonded Warehouse, Inc. v. Bevis, 294 So. 2d 315 (Fla. 1974); Diamond Cab Co.

v. King, 146 So. 2d 889 (Fla. 1962); and Pingree v. Quaintance, 394 So. 2d 161 (Fla. 1st DCA 1981). In a motion for reconsideration, it is not appropriate to reargue matters that have already been considered. Sherwood v. State, 111 So. 2d 96 (Fla. 3d DCA 1959), citing State ex. rel. Jaytex Realty Co. v. Green, 105 So. 2d 817(Fla. 1st DCA 1958).²

In Diamond Cab, the Court stated:

The purpose of a petition for rehearing is merely to bring to the attention of the trial court, or in this instance, the administrative agency, some point which it overlooked or failed to consider when it rendered its order in the first instance It is not intended as a procedure for re-arguing the whole case merely because the losing party disagrees with the judgment or order

Id. at 891.

In Jaytex Realty, the court sets forth the limited nature of motions for reconsideration, stating:

The sole and only purpose of a petition for rehearing is to call to the attention of the court some fact, precedent or rule of law which the court has overlooked in rendering its decision. Judges are human and subject to the frailties of humans. It follows that there will be occasions when a fact, a controlling decision or a principle of law even though discussed in the brief or pointed out in oral argument will be inadvertently overlooked in rendering the judgment of the court. There may also be occasions when a pertinent decision of the Supreme Court or of another District Court of Appeal may be rendered after the preparation of briefs, and even after oral argument, and not considered by the court. It is to meet these situations that the rules provide for petitions for rehearing as an orderly means of directing the court's attention to its inadvertence.

Jaytex Realty, 105 So. 2d at 818.

Furthermore, the court explained that it is not necessary to respond to every argument and fact raised by each party, stating:

An opinion should never be prepared merely to refute the arguments advanced by the unsuccessful litigant. For this reason it frequently occurs that an opinion will discuss some phases of a case, but will not mention others. Counsel should not

² Order No. PSC-07-0783-FOF-EI, issued September 26, 2007, in Docket No. 050958-EI, In re: Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause by Tampa Electric Company; Order No. PSC-07-0561-FOF-SU; issued July 5, 2007, in Docket No. 060285-SU, In re: Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven; Order No. PSC-06-1028-FOF-EU, issued December 11, 2006, in Docket No. 060635-EU, In re: Petition for determination of need for electrical power plant in Taylor County By Florida Municipal Power Agency, JEA, Reedy Creek Improvement District, and City of Tallahassee.

from this fact draw the conclusion that the matters not discussed were not considered.

It is not the purpose of these remarks to discourage the filing of petitions for rehearing in those cases in which they are justified. If we have, in fact, inadvertently overlooked something that is controlling in a case we welcome an opportunity to correct the mistake. But before filing a petition for rehearing a member of the bar should, as objectively as his position as an advocate will permit, carefully analyze the law as it appears in his and his opponent's brief and the opinion of the court, if one is filed. It is only in those instances in which this analysis leads to an honest conviction that the court did in fact fail to consider (as distinguished from agreeing with) a question of law or fact which, had it been considered, would require a different decision, that a petition for rehearing should be filed.

Id. at 819. FPL contends that the Commission overlooked or failed to consider FPL's testimony that the rod position indication repair took place over 126 hours of the 158 hours of the outage. FPL contends that the only evidence in the record is that the repair of the rod position indication system took 126 hours. While not specifically spelled out in the Final Order, the Commission considered and rejected several different timelines and credits for the outage at Turkey Point 3. The table below identifies the potential outcomes considered by the Commission.

Outage Duration	Credit to FPL	Discussion of position in recommendation	Total Hours to be refunded to customer
158	0	FIPUG and OPC (see page 9 of May 19, 2010, staff recommendation)	158
8	0	FPL. 8-hours reflects the period immediately following the outage until the transmission system stabilized. (see page 4 of May 19, 2010, staff recommendation)	8
158	151	FPL stated that it began repair of the rod position indication system 7 hours after the outage began(see page 10 of May 19, 2010, staff recommendation)	7

Outage Duration	Credit to FPL	Discussion of position in recommendation	Total Hours to be refunded to customer
158	50 <u>48</u>	FPL witness Stall testified that 48 hours is the typical amount of time necessary to bring a single unit back on-line after an unexpected plant shut down (see page 9 of May 19, 2010, staff recommendation)	408 <u>110</u>
158	36 - 84 <u>38 - 86</u>	FPL witness Stall testified that following a dual unit trip, such as the February 26, 2008 outage, it typically takes 3 to 5 days to return the units to service (see page 9 of May 19, 2010, staff recommendation)	72 - 120
158	44 - 74 <u>24 - 74</u>	FPL witness Stall testified that after a dual trip, when adding the time for power ascension, the typical time to restore the dual tripped units to full output is approximately 84 - 134 hours. (see page 9 of May 19, 2010, staff recommendation)	84 - 134
158	27	FPL provided documentation in response to OPC's production of document request that identifies and describes the timing of the rod position indication system. The document provided by FPL identifies 27 hours in which activities related to repairing the rod position indication system were being performed. (see reference to Exhibit 31, BSP 405 on page 10 of May 19, 2010, staff recommendation)	131
158	126	The same document discussed above, Exhibit 31 BSP 405, shows the commencement and conclusion of the repairs. FPL contends that the entire time from commencement to repair is the time the outage was extended due to the rod position indication repair system.	32

It is the last consideration that FPL states the Commission overlooked or failed to consider. FPL was asked by OPC to provide all documents related to the timing of the rod position indication system repair. FPL's response consisted of three pages including a timeline of activities related to the rod position indication system repair. The Commission order was based on this timeline as well as a responses to staff's interrogatories, testimony of witnesses and the deposition of witness Stall. The response to staff's interrogatory number 37 was placed in the record as Exhibit 27. FPL was asked "How long did FPL's repair of the Rod Position Indication system take?" FPL responded:

The Rod Position Indication (RPI) System repair began on February 26, 2008 at 20:00 after the Equipment Clearance Order was issued. The RPI System repair was completed on March 3, 2008 at 01:59 when post maintenance testing was completed.

As described in FPL's motion for reconsideration, 126 hours elapsed between the commencement and conclusion of the RPI repairs. But the record also indicates that work associated with bringing the unit back on-line was happening at the same time. For instance, FPL witness Stall stated during deposition, that the repair of the rod position indication system was not a continuous nature job. Based on this statement, staff recommended and the Commission agreed it was not appropriate to only consider a start and end time.

There were other events (a trip due to the water level in a steam generator) at Turkey Point Unit 4 which the Commission considered as delaying the startup of Turkey Point Unit 3. Although FPL could not confirm that the delay was precisely 30 hours as stated in an FPL event report addressing the water level event, the Company did acknowledge that the event had some impact on the startup of Turkey Point Unit 3. This factor was explained at the June 1, 2010, Agenda Conference during which staff's May 19, 2010 recommendation and the Commission's decision regarding the facts adduced at the hearing, was discussed.

Staff's recommendation and the Commission's Order took into consideration all of the evidence discussed above in reaching the conclusion that FPL was responsible for all but the incremental time associated with the repair of the rod position indication system. The rod position indication system repair was being done simultaneously with other activities, including work on Turkey Point Unit 4, and normal ascension work.

Conclusion

Staff believes that the Commission considered the facts of the record, including the one FPL argues that the Commission overlooked or failed to consider. The Commission determined that only the incremental costs associated with the repair of the rod position indicator were to be credited to FPL. While the exhibit and testimony referenced by FPL does indicate the timeline over which the repairs were done, the evidence also indicates that the repair work was done in conjunction with activities associated with the Flagami Transmission event outage. Staff used the exhibit to determine the amount of time actually spent on the repair work to calculate the incremental costs associated with the repair of the rod position indicated and determined that amount was to be credited to FPL. The Commission approved the staff's recommendation. FPL did not demonstrate a mistake of fact or law by the Commission. FPL's motion to reconsider the

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amount of credit to FPL for repair of the rod position indication system should therefore be denied.

Issue 2: Should the Commission reconsider its decision to require Florida Power & Light Company to refund the full 107 hours of outage at Turkey Point Unit 4, without giving credit for the time required to replace and test a malfunctioning relay in at the reverse power protection system? (Bennett, Graves)

Recommendation: No. The Commission's did not overlook or fail to consider Order No. 23232, issued July 20, 1990, in Docket No. 090001-EI (Order No. 23232), in requiring a refund for the full outage time at Turkey Point Unit 4. The repair for the relay was not a planned outage. In Order No. 23232, a portion of the outage coincided with a planned outage.

Staff Analysis

FPL's Motion: FPL states that on February 28, while Turkey Point Unit 4 was returning to service, an automatic turbine shutdown occurred. According to FPL, a relay for the reverse power protective circuit malfunctioned, specifically, a set of mechanical contacts in the relay failed in the closed position. FPL states the malfunction was a random mechanical failure of the contacts, which was not caused by and occurred independently of the Flagami Transmission event. FPL asserts that replacing and testing the malfunctioning relay and returning to the startup sequence added about eight hours to the Turkey Point Unit 4 (Unit 4) outage. FPL argues that the repair was essential to the operation of Unit 4 and if the repair had not been performed, the shutdown would have occurred the next time Unit 4 came off line.

FPL argues that the Final Order re-affirms the standard enunciated in Order No. 23232 for determining whether the calculation of replacement power costs should give a utility credit for outage time required to address other issues that arise during a power plant outage which are distinct from the issue that initiates the outage. FPL cited Order 23232 to support its point as follows:

The Turkey Point Unit 3 outage commencing March 29, 1989, was attributed to FPL's nuclear operator's failure to pass [an] NRC requalification exam. Because operator training is directly a management function, we find that this outage was the responsibility of FPL's management. However, the outage concurred with a previously scheduled outage for equipment safeguards testing that was set to begin April 1, 1989. During this planned outage, FPL identified and performed essential repairs. Thus, even though management was responsible for the outage, replacement fuel costs were prudently incurred commencing April 1.

Therefore, only replacement fuel costs for the period March 29 through April 1, 1989, should be disallowed.

(emphasis supplied)

According to FPL, the Commission correctly determined that the outage time at Turkey Point Unit 3 should be reduced because of the repair of the rod position indication system but the Commission failed to likewise adjust the replacement power costs by the 8-hour repair of the reverse power protection relay. FPL argues that the rationale used by the Commission, that the failure was typical and not unusual in the operation of nuclear generators, overlooks or

misapprehends Order No. 23232. FPL contends that the replacement of the reverse power protection relay was an essential repair within the meaning of Order No. 23232 and the Final Order in this docket. FPL asserts that nothing in the two orders turns on whether a repair is occasioned by a random mechanical failure. FPL also states that there is nothing in the record to indicate that the malfunction was typical and not unusual in the operation of nuclear generators. FPL urges the Commission to reconsider its vote because the unanticipated problem is important for a utility to correct when a unit is offline and so the utility should receive credit for that additional repair time.

The Intervenor argue that there is no evidence to show that the outage at Unit 4 was incrementally extended by 8 hours due to the relay failure. The Intervenor state the outage time of 107 hours at Unit 4 was well within the typical time frame suggested by FPL for restarting two nuclear units.

Analysis

The Commission determined that consideration would be given to the actions and events which followed the initial tripping of the units but mitigated FPL's refund responsibility based on record evidence. The Commission did consider whether the two additional outages at Turkey Point Unit 4 were mitigating circumstances. The Commission determined that those outages did not rise to the level established in Order No. 23232 or in the Final Order. These outages did not coincide with a prior planned outage as did the outage at Turkey Point Unit 3. Further, the Commission evaluated the two additional shutdowns and determined that they were of a type typical of the restart of nuclear power plant. To confirm that it was correct in its analysis that this was a typical re-start of a dual tripped power plant, the Commission relied on testimony that indicated that the typical time to return two nuclear units to full output was between 84 and 134 hours.

Conclusion

The Commission analyzed the application of prior Order No. 23232 on the problems FPL encountered in bringing Turkey Point 4 back on-line and determined that those operational problems did not rise to the level to mitigate the amount FPL must refund ratepayers for the Flagami Transmission event. The Commission did not overlook or fail to consider Order No. 23232 in making its decision; therefore, FPL's motion for reconsideration should not be granted.

Issue 3: Should the Commission make any corrections to the refund amount established in Order No. PSC-10-0381-EI?

Recommendation: No. The Commission did not overlook or fail to consider the factual and legal issues raised by FPL in reaching the Commission's decision to require a refund of \$13,854,054 to ratepayers as a result of the February 26, 2008 outage. (Bennett, Graves)

Staff Analysis

FPL asserts that the Commission erred in calculating the hours associated with the repair of the rod position indication system and so should reduce the amount of hours of outage at Turkey Point Unit 3 to 32 hours with a resulting customer refund of \$5,418,842 for Turkey Point Unit 3. FPL contends that the Commission erred in calculating the hours associated with the repair of the reverse power protection relay and so should reduce the amount of hours of outage at Turkey Point Unit 4 to 99 with a resulting customer refund of \$437,886. FPL concludes that the total it should refund to customers for the outage as a result of the Flagami Transmission event is \$7,840,675.

Staff believes the Commission did not make an error in its decision. The Commission considered all facts in the record to reach its conclusion that 27 incremental hours were associated with the repair of the rod position indication system. The Commission correctly applied prior precedent in determining that the repair of the reverse power protection relay at Turkey Point Unit 4 did not rise to the standard established in the Final Order and in Order 23232. Accordingly, the refund to customers as established by Order No. PSC-10-0381-EI should remain at \$13,854,054.

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Date: ~~September 30, 2010~~ October 14, 2010

Issue 4: Should this docket be closed?

Recommendation: Yes. Upon expiration of the time for appeal, if no appeal has been taken, this docket should be closed.

Staff Analysis: Upon expiration of the time for appeal, if no appeal has been taken, this docket should be closed.