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Sent: Friday, September 19, 2008 5:09 PM
To: Filings@psc.state.fl.us
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Subject: FIPUG Posthearing statement
Attachments: FIPUG Posthearing positions Docket 080009.doc

1. John W. McWhirter, Jr., PO Box 3350 ,FI 33601-3350, jmcwhirter@mac-law.com is the person responsible for this electronic filing;
2. The filing is to be made in Docket 080009-EI, In re: Nuclear Plant Cost Recovery
3. The filing is made on behalf of the Florida Industrial Power Users Group;
4. The total number of pages is 4; and
5. The attached document is The Florida Industrial Power User Group's Posthearing statement.

9/22/2008

DOCUMENT NUMBER-DATE

08888 SEP 22 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Nuclear Cost Recovery)
Clause.)
_____)

Docket No. 080009-EI

FILED: September 19, 2008

**FIPUG'S POST-HEARING MEMORANDUM BRIEF AND
STATEMENT OF POSITIONS**

In compliance with rule 28-106.215 F.A.C. the Florida Industrial Power Users Group files this post hearing findings of fact and conclusions of law.

SUMMARY OF POSITION

The undersigned attorney for FIPUG doubts that the Florida legislature had the prescience to adequately evaluate the economic impact on Florida consumers when it enacted §366.093 *Florida Statutes*. It had no reason to believe that the utilities would seek approval of nuclear plants that would exceed a reasonable reserve margin for the forecasted number of customers and their demand when the plants are projected to come on line many years from now. Legislators had no way of knowing PEF would propose a nuclear plant that would exceed current customers demand by more than 50% or that the Commission in its wisdom would determine that there is a need for a future plant of this magnitude.

The revenue request filed in this proceeding is prodigious indeed. FIPUG does not take issue with the petition of FPL, because the relative cost of \$223 million to be collected from customers who currently are projected to consume over 106 million MWh of electricity in 2009 will not have a major impact on consumer's bills. On the other hand Progress energy with 2009 projected sales of less than 41 million MWh is seeking to collect over \$419,544,579 from its customers. This increase falls into place behind a projected fuel charge increase of over One

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08888 SEP 22 08

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Billion dollars filed on September 2d in addition to environmental surcharge increases with a base rate case of unknown proportions in the wings. At best customers face and increase in the neighborhood of \$35 per month for each 1000 kWh of energy they consume beginning January 1, 2009

Commissioners may have little “wobble room” to avoid what undersigned believes to be an unfair and unreasonably excessive rate increase to give PEF guaranteed cost recovery through a surcharge on its customer’s bills,, but the need to avoid unanticipated rate shock is great.

ARGUMENT

Time constraints and the dearth of information available for discussion will make this argument short, if not sweet. The Public Counsel and PEF have agreed that full prudency examination will be postponed until next year when the information is more available. That is good, but it doesn’t give any short term relief for the unparalleled rate increase customers will see in next January’s bills.

FIPUG makes but one short suggestion for a reasonable method to deal with the rate shock. The evidence discloses that \$307,648,390 of the money PEF seeks is composed of \$198 million for the actual/estimated 2008 cost pass through and \$109 million is based on estimated of preconstruction cost expenditures plans for 2009. This is not a carrying cost on a utility investment. It is the total cost the company will spend to build facilities that are projected for the future. In a fully studied general rate case, the most the utility would ever receive is the carrying costs on investments it has made. In this case under the legislation that drives your decision. Customers are required to donate this money in advance toward the total cost to build an electric plant that will serve their progeny. To use a currently popular phrase, the utility has “no skin in

the game” with respect to this money.

It will not violate the legislative intent of §366.093 for the Commission to require better proof of the projected expenditures for the rest of this year and the next before shocking the customers with the bill. FIPUG recommends that the Commission disallow \$150 million of the \$308 million sought until better proof of the projections is in hand using the new forms and procedures PEF, the Commission staff and OPC have agreed to in their stipulation to Issue 5A in the prehearing order.

Respectfully submitted.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing the Florida Industrial Power Users Group’s Posthearing Statement has been furnished by e-mail this 19th day of September 2008

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