

UNITED STATES OF AMERICA
ATOMIC ENERGY COMMISSION

In the Matter of)
) Regulatory Control File Cv.
FLORIDA POWER CORPORATION) Docket No. 50-302
) CR 3 15-K-17-1
(Crystal River Unit 3)
Nuclear Generating Plant))

GAINESVILLE'S ANSWER TO FLORIDA POWER CORPORATION'S MOTION TO STRIKE PORTIONS OF INTERVENOR GAINESVILLE'S EXCEPTIONS TO PREHEARING ORDER AND INITIAL DECISION; MOTION FOR HEARING

The City of Gainesville and Gainesville Utilities Department ("Gainesville"), pursuant to Section 2.730(c) of the Commission's Rules of Practice (10 CFR Part 2), hereby respond to the Applicant's motion to strike. (Applicant's Motion dated October 25, 1968.)

1. One issue now before the Atomic Energy Commission ("Commission") is whether the Atomic Safety and Licensing Board ("Board") erred in failing to enlarge the issues for trial to include whether this Crystal River Unit has practical value. (Board Prehearing Order, June 26, 1968; Gainesville Exceptions No. 1, October 14, 1968.) If the project is of such a type then as a matter of law the application should have been filed for a commercial license under Section 103 of the Atomic Energy Act of 1954 (42 U.S.C. 2133).

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2. The purpose of bringing to the Commission's attention the latest data concerning the practical value of the Connecticut Yankee Project (Appendix A of Gainesville's Exceptions) was to give it background information necessary to help it determine whether the Board should have review and a hearing held as to whether this plant has practical value and a license under the terms and conditions of practical value be issued.

Florida Power Corporations objections have failed to recognize, on this aspect of the case, that there is not involved any question of receiving additional evidence in this proceeding, nor the Commission's duty in having to consider the matter under that concept. The hearing never got to practical value. The question before the Commission now is whether they should set the hearing down as to practical value.

3. Moreover, the information contained in Appendix A to Gainesville's exceptions, which shows that the New England Power Company is purchasing atomic energy from Connecticut Yankee at a lower cost than it is purchasing fossil-fuel energy from Boston Edison and Consolidated Edison, did not become available to Gainesville until a month after the hearings at Crystal River were closed. The important thing is, that the Commission in its continuing jurisdiction over the matter of practical

value wants to be apprised of the current operating performance of pressurized water reactors. The Securities and Exchange Commission in its findings and opinion granting initial issuance of securities used to finance the Connecticut Yankee project noted: "In contrast to the Mass Yankee plant, which was undertaken as an experimental and developmental project, Conn Yankee's plant was conceived as a large commercial source of electric power at competitive costs . . ."

(SEC Findings and Opinion, Holding Company Act Release No. 14968, p. 3, dated November 15, 1963.) No doubt this same operating data from the Connecticut Yankee plant is available in the AEC's files. ^{1/} Gainesville is endeavoring to show that the Commission is concerned whether the point of practical value has been passed.

Accordingly, in order that the Commission can keep abreast of the further developments, we are including in Appendix A attached hereto a copy of a speech presented by Roger J. Coe, Vice President, Yankee Atomic Electric Company in which he discusses the operating experiences of the Yankee Atomic Electric Company and the Connecticut Yankee Atomic Power Company plants. ^{2/} This was presented at a meeting in Washington

^{1/} Connecticut Yankee Form 5 Reports (Electric Utilities Monthly Statement of Operating Revenues and Income) filed with the Federal Power Commission.

^{2/} The Vision of Hindsight: How Good Have The Forecasts Been?, Briefing Conference On Nuclear Power, sponsored by the Federal Bar Association and Atomic Industrial Form, Washington, D. C., September 5-6, 1968.

on September 5th and 6th, 1968 and as the first sentence points out the AEC's Assistant General Counsel for Licensing and Regulation arranged for this presentation. As the talk indicates Connecticut Yankee power costs have been 6.62 mills per kwh for the initial seven months, which upon adjustment for capacity factor and depreciation are shown as 5.62 mills per kwh in contrast to a prediction of 5.33 mills per kwh. In four of the seven months of operation plant capacity factor has exceeded the forecast of 80% and obtained a cumulative average of 66%. It is significant to note also that the outages experienced in March and April were due to the turbine generator not the nuclear portion of the system.

5. We have done some further analysis. Taking the Form 5 reports which Connecticut Yankee has filed with the Federal Power Commission for the months of January through August 1968, we find that the average selling price of the Connecticut Yankee output is 6.68 mills per kilowatt hour.^{3/} (Mr. Coe's figures only go through July of 1968.) The first eight months data is sufficient to show the commercial competitiveness of these pressurized water nuclear units. Like any new station there is a shakedown period in which various problems need to be worked out. Shakedown notwithstanding, a ready cost comparison can be made with energy purchases by New England Power Company

<u>3/</u> Eight months operation:	Income from sales:	\$11,996,304
	Sales - KWH:	1,795,772,000
	Unit Income:	6.68 mills/kwh

under a unit sales contract from Boston Edison's New Boston Station. In 1967 New England Power purchased 571,299,000 kwh (under a contract demand of 100,000 kw) for 6.5 mills/kwh.^{4/} This contrasts with the 6.62 mills/kwh figure supplied by Mr. Coe for actual Connecticut Yankee performance for seven months and the adjusted cost shown in Appendix A (Figure 8) of 5.62 mills/kwh.

6. This evidence on Connecticut Yankee was not available at the time of hearing and therefore the Commission should and Gainesville hereby so moves to reopen the hearings to take into testimony the latest available evidence as to the Connecticut Yankee Plant. This would be with relation to the jurisdictional issue that was actually set for hearing at Crystal River as to whether this present application could be considered at all under Section 104(b), which would depend on whether or not it is a research and development project leading to a demonstration of practical value.

7. On this matter which is of great national importance, it is vital that this regulatory agency base its determinations on current

^{4/} Annual Report of New England Power Company, Federal Power Commission Form No. 1, pp. 422-423, 1967.

information and that it be aided in obtaining these facts. The Commission has an affirmative duty to seek out facts of this sort which are essential to the jurisdictional question here involved. Scenic Hudson Preservation Conference v. Federal Power Commission, 354 F. 2d 608, 620 (2nd Cir. 1965), cert. denied, 384 U.S. 941.

WHEREFORE, the City of Gainesville and Gainesville Utilities Department pray that the Commission: 1) deny the Applicant's motion to strike Appendix A and the designated portions (Applicant's Motion pp. 1-2) of Gainesville's exceptions; and 2) grant a hearing on the matter of practical value in light of the foregoing information.

Respectfully submitted,

CITY OF GAINESVILLE, FLORIDA
and
GAINESVILLE UTILITIES DEPARTMENT

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