River Bend working at full power

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Although Gulf States Utilities Co.'s River Bend nuclear power plant apparently is in full commercial operation, GSU must wait for a ruling from Texas regulators and the Public Service Commission before the plant is officially declared in service, a GSU attorney told the PSC Tuesday.

Attorney Tom Phillips said GSU is "now in a position to file an application with the Public Utility Commission of Texas, asking for determination of commercial operation." While the Texas commission has created a series of rules by which a utility may be declared in commercial operation, the PSC here has not yet created the same rules. The hearing Tuesday was an attempt by the PSC to "dovetail" its decision on the commercial operation status of River Bend along with the decision of the Public Utility Commission of Texas.

"It looks like it's important for the PSC to cooperate with the PUCT on this issue only," Lambert said. "We're taking the position that we (the PSC) are going to determine when it (River Bend) is commercial, not when they (GSU) say it is." River Bend "is and has been operating, essentially, at full power," Phillips said. Texas apparently is claiming the right to "decide when the plant is commercial." GSU will "advise the PUCT that all criteria have been met and will apply for determination of commercial operation," he said.

The PSC wants "to control the process" by which River Bend is declared commercial, Lambert said. Therefore, the PSC needs to establish its own rules to govern when a plant is declared commercial.

GSU will file its request for commercial designation of River Bend with the PUCT this week and will file the same information with the PSC, Phillips said. "I'm instructing our lawyers today to immediately contact the PUCT," in order to coordinate decisions on River Bend between the two commissions, Lambert said.

William Cahill, GSU's senior vice president for River Bend, said the Nuclear Regulatory Commission has found no problems with the testing phase of River Bend. But the NRC has no say in when a nuclear plant is declared commercial, he said.

Just saying the plant is ready for commercial operation, or is on-line, means a lot to GSU and to its 30 percent partner in River Bend, Cajun Electric Power Cooperative.

Cajun's general manager, David Mohre, said his company's contract with GSU calls for GSU to "pay all the bills" for River Bend for the first year of its commercial operation.

"The contract says that when the plant is ready for commercial operation," GSU will begin to honor its contract with Cajun, Mohre said. He stressed that to Cajun, the time has come for GSU to begin fulfilling the terms of its contract with Cajun. "They (GSU) could have set any commercial date from May 31 (1986) through today," Mohre said Tuesday. "They chose to pick today.

As part of the contract between GSU and Cajun, GSU will pay all fixed and variable costs for the complete operation of River Bend for the first year of operation. GSU will pay two-thirds of those costs for the second year and one-third for the third year, Mohre said.

Cajun, which is financially strapped because of its decision to invest in River Bend, needs the financial break that will come from GSU picking up all the costs of the $4.5 billion nuclear plant, Mohre said.

Also, once River Bend is officially declared in commercial operation, it no longer can write off certain costs of the plant, since the plant no longer will be listed on GSU's books as "under construction" but rather "in service."

GSU has asked the PSC for a special accounting order so GSU can defer certain costs of River Bend for inclusion in GSU's rate base, until the time that the PSC decides how much, if any, of those costs may be passed on to the utility company's customers.

Lambert, the only member of the PSC at Tuesday's hearings, said the accounting order request is "low priority" for the commission. The PSC probably will have one more hearing before it decides whether or not to declare River Bend commercial, Lambert said.

Also he said he feels confident that the state court hearing GSU's appeal of the PSC's rejection of its rate increase package for River Bend will side with the PSC.

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