

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of ) DOCKET NO. 950596-EQ  
Voluntary Curtailment Agreement ) ORDER NO. PSC-95-1088-FOF-EQ  
between Florida Power ) ISSUED: August 31, 1995  
Corporation and Orlando Cogen )  
Limited. )  
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The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING VOLUNTARY CURTAILMENT AGREEMENT

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On July 1, 1991, in Order No. 24734, the Commission approved, for cost recovery, the negotiated contract for the purchase of firm capacity and energy between Florida Power Corporation (FPC) and Orlando Cogen Limited (OCL). In Order No. PSC-95-0540-FOF-EQ issued May 2, 1995, in Docket No. 940797-EQ, we established criteria to determine whether or not actions relating to cogeneration contracts required formal review and approval. In that order, we also approved certain actions, modifications, and agreements associated with FPC's cogeneration contracts.

We decided that routine changes to cogeneration contracts, or changes explicitly contemplated in the original contract, do not require further review. We also decided, that some post-contract actions not contemplated by the original order approving the contracts must be submitted for our review and approval. The threshold question is whether the subsequent actions, modifications, and agreements are material in nature and constitute a contract modification or change that may affect: 1) the

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continuing cost-effectiveness to the ratepayers; 2) the viability of the project; 3) the primary fuel source of the qualifying facility (QF); 4) the utility's capacity import capability into the state due to a change in location of a qualifying facility; or, 5) the reliability of the electric grid.

On May 24, 1995, FPC filed a petition asking us to approve the voluntary curtailment agreement between FPC and OCL. The agreement provides for the reduction in output by OCL when minimum load conditions occur on FPC's utility system. Because the reliability of the electric grid is affected, the curtailment agreement requires our review and approval pursuant to Order No. PSC-95-0540-FOF-EQ.

A minimum load, or low-load condition, occurs on a utility system when the combined supply of electricity from the utility, QFs, and other utility purchases exceeds the demand for electricity. This typically occurs during the hours of midnight to 6:00 a.m. when system demand is low. FPC is currently experiencing these conditions due to a number of factors, including lower than anticipated growth of minimum load, and greater than projected QF capacity. FPC has several written and informal verbal agreements with QFs to reduce output during minimum load conditions. We approved a number of the formal agreements in Order No. PSC-95-0540-FOF-EQ.

OCL's 115.2 megawatt natural gas-fired cogeneration unit began service in 1993. OCL is contractually committed to provide 79.2 megawatts to FPC and 35 megawatts to the Reedy Creek Improvement District. The voluntary curtailment agreement allows OCL to designate periods of curtailment of no less than two weeks in duration. During these periods, OCL will operate its facility at no more than 97.2 megawatts during FPC's low-load hours. OCL has Reedy Creek's commitment that it will take no less than 23 megawatts during FPC's low load hours. Thus, FPC will receive between 62.2 and 74.2 megawatts depending upon the amount of energy Reedy Creek accepts during curtailment periods. The agreement also provides that during these curtailment periods, OCL will be treated as a Group A non-utility generator under FPC's Generation Curtailment Plan for Minimum Load Conditions.

FPC maintains that the voluntary curtailment agreement does not change the direct costs associated with the negotiated contract. If and when OCL curtails pursuant to this agreement, however, FPC states that savings will be associated with the avoidance of cycling its oil and gas-fired intermediate and peaking units.

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We approve the voluntary curtailment agreement because it will provide FPC flexibility in meeting minimum load conditions. It will also increase system reliability, which benefits FPC's ratepayers.

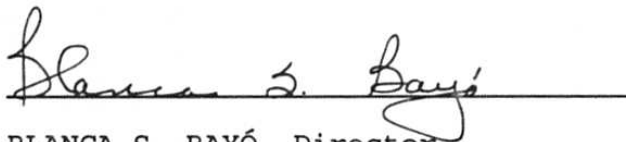
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation and Orlando Cogen Limited's voluntary curtailment agreement is approved. It is further

ORDERED that this Order shall become final and effective unless an appropriate petition is filed in accordance with the "Notice of Further Proceedings or Judicial Review" as set forth below. It is further

ORDERED that in the event this Order becomes final, this Docket should be closed.

By ORDER of the Florida Public Service Commission, this 31st day of August, 1995.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a solid horizontal line.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 21, 1995.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.