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PLEASE REPLY TO:
Florida

November 2, 1990

Mr. Steve C. Tribble
Director, Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: ~~Encl No. 900796-FI~~

Dear Mr. Tribble:

Enclosed for filing are the original and fifteen (15) copies of the Coalition of Local Governments' Preliminary List of Issues in the referenced proceeding.

Respectfully submitted,

Frederick J. Murrell

Attorney for the
Coalition of Local Governments

- ACK
- AFA 1
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG 1
- LIN 6
- OPC _____
- RCH _____
- SEC 1
- W/S _____
- OTH _____

Enclosure

cc: Parties of Record

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FLORIDA PUBLIC
SERVICE COMMISSION

DOCUMENT NUMBER-DATE

09921 NOV-6 1990

FPSC-RECORDS/REPORTING

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition of Florida Power)
and Light Company For the Inclusion)
Scherer Unit No. 4 Purchase in Rate)
Base, Including an Acquisition)
Adjustment.)

Docket No. 900796-EI

Submitted for filing:
November 2, 1990

**COALITION OF LOCAL GOVERNMENT'S
PRELIMINARY LIST OF ISSUES**

COALITION OF LOCAL GOVERNMENT ("CLG") hereby submits its preliminary list of issues to be taken up at the hearing scheduled to commence on December 11, 1990 in the above docket. CLG also requests that the issues in this matter remain open and subject to amendments pending reasonable discovery in this docket, as requested below.

Issue No. 1: Is the amount proposed to be paid for the unit in question an appropriate and prudent amount, such that it would be appropriate to include any portion of the amount in the petitioner's rate base?

CLG Position: CLG has not yet seen FPL's filing materials in this case, and believes that extensive study and discovery will be required before this issue can be reasonably addressed. CLG has not seen sufficient information that would lead it to believe that the unit should be included in FPL's rate base. (Witness: H.G. Wells; others to be nominated following discovery.)

Issue No. 2: Under what circumstances should the portion of the purchase price of assets in excess of book value be included in FPL's rate base, if at all?

CLG Position: CLG has not yet seen FPL's filing materials in this case, and believes that extensive study and discovery will be required before this issue can be reasonably addressed. CLG has not seen sufficient information that would lead it to believe that the substantial amount of money paid for the unit in excess of book value should be included in FPL's rate base. (Witness: H.G. Wells; others to be nominated following discovery.)

DOCUMENT NUMBER-DATE
09921 NOV -6 1990
FPSC-RECORDS/REPORTING

Issue No. 3: Under what operating contract terms and conditions will the unit be operated following the purchase of the unit by FPL?

CLG Position: The contract for operating the unit should be carefully reviewed to determine whether the intended method of operation will be at least as cost competitive as if the unit was operated by FPL itself. The operating contract should be reviewed to determine if the included terms and conditions are reasonable and prudent. CLG has not yet seen the contract, and additional discovery will be required. (Witness: H.G. Wells; others to be nominated following discovery.)

Issue No. 4: Are the fuel supply and transportation contracts for Scherer Unit No. 4 reasonable and prudent?

CLG Position: Due to the fact that fuel and fuel transportation costs constitute such a large part of the cost of power to a company, the prudence of the fuel supply and fuel transportation contracts should be reviewed to determine if the contracts are prudent. In the event that no contracts are currently in place or have been previously committed to, the specific intentions of FPL should be reviewed regarding how the company intends to procure coal for the unit in question. Additional discovery will be required regarding this issue. (Witness: H.G. Wells; others to be nominated following discovery.)

Issue No. 5: Has the unit been sited in such a manner as to assure the ability to supply the required fuel to the plant at a reasonable cost?

CLG Position: CLG understands that the unit will require New Source Performance Standard coal (1.20 pound SO₂/MMBtu). CLG also understands that the unit has been located on the Norfolk-Southern Railway, which may be found to have insufficient access to reasonably priced compliance coal, requiring that the unit's coal may have to be purchased from western coal producing states, such as Wyoming and Colorado. If such is the case, the purchase of the unit in question should be reviewed to determine that fuel can be supplied over the life of the unit at reasonable cost to the company's rate payers. Additional discovery will be required before this issue may be completely addressed. (Witness: H.G. Wells; others to be nominated following discovery.)

Issue No. 6: Is the capacity represented by Scherer Unit Number 4 needed by the petitioner and the state's ratepayers? If so, is this purchase of Scherer Unit Number 4 the best solution for this situation?

CLG Position: CLG has not been provided with any information regarding the power requirements of the petitioner, the need for additional generation capacity. This issue should be the subject of discovery and further review. (Witness: H.G. Wells; others to be nominated following discovery.)

Issue No. 7: Have the costs of wheeling, additional transmission facilities and electrical loss costs been included in the analysis?

CLG Position: CLG has not seen the filing of the petitioner in this matter, and is unaware of whether such costs as the outlined in Issue No. 7 have been addressed by the company. If not, this should be done, and discovery should be allowed to provide the data needed to evaluate such factors. (Witness: H.G. Wells; others to be nominated following discovery.)

Issue No. 8: What are the expected costs of any retrofits required by the recently enacted "acid rain" amendments to the Federal Clean Air Act?

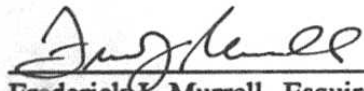
CLG Position: CLG has not yet seen the filed materials from the company, but believes that this issue should be the subject of substantial discovery and review to determine the likely cost of compliance with the recent amendments to the clean air act. (Witness: H.G. Wells; others to be nominated following discovery.)

Issue No. 9: What will be the impact of this purchase on the "oil backout charge" which FPL is permitted to charge?

CLG Position: CLG is not certain how FPL intends to treat the "oil backout charge" that it is currently permitted to collect. If this purchase will tend to reduce the ratepayer liability for oil backout, this should be made clear and made a part of the analysis of the proposed purchase of Scherer Unit Number 4.

Wherefore, having provided the foregoing Preliminary List of Issues, CLG requests that the Public Service Commission permit this matter (including the listing of issues) to remain open and pending until such time as a reasonable opportunity to conduct discovery may be provided to the parties, and to keep the issues in this docket open and subject to reasonable amendments, to permit parties to join, adopt or oppose the issues raised by Staff, other intervenors and the company.

Respectfully submitted this 2d day of November, 1990.



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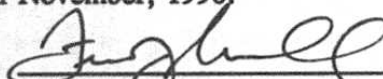
Attorneys for the
Coalition of Local Governments

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CERTIFICATE OF SERVICE

I Frederick J. Murrell, hereby certify that I have this day served the foregoing Petition for Leave to Intervene by hand delivery or mailing it first-class, postage prepaid to parties on the service list shown below.

Dated at Bradenton, Florida this 2d day of November, 1990.


Frederick J. Murrell, Esquire

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