

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

**ORIGINAL
FILE COPY**

**COALITION OF LOCAL GOVERNMENTS'
PREHEARING STATEMENT**

COALITION OF LOCAL GOVERNMENTS ("CLG") hereby submits its prehearing statement in this docket.

a. All Known Witnesses

The witnesses published in testimony by the parties, including for CLG H.G. "Pat" Wells, Post Office Box 4748, Clearwater, Florida 34618.

b. All Known Exhibits

The only known exhibits are those attendant to the testimony of the published witnesses, including the Wells Document 1, attached to the testimony of H. G. "Pat" Wells, witness for CLG.

c. CLG's Statement of Basic Position

It is the basic position of CLG that the need to acquire Robert Scherer Unit Number 4 has not been demonstrated. The alternatives of load shaving, peaking units and Florida based generation should be more thoroughly investigated before committing to a project the size and expense of the Scherer acquisition. The cost of fuel for the plant remains an important and unanswered question at this time.

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d. CLG's Position on the Issues

ISSUE 1: Should the difference between FPL's purchase price and Georgia Power's net original cost of Scherer Unit 4 be given rate base treatment as an acquisition adjustment on a pro rata basis consistent with the phased purchase of the unit?

CLG: FPL's petition should be denied at this time in its entirety because the acquisition of Robert Scherer Number 4 is not the best cost alternative for meeting the generation requirements of FPL.

ISSUE 2: Does FPL, as an individual utility interconnected with the statewide grid, exhibit a need for the additional capacity provided by Scherer Unit 4?

CLG: No. FPL has not yet initiated sufficient incentives or demand side management toward shaping its load curves, both from a demand and energy perspective.

ISSUE 3: Is the capacity to be provided by the purchase of Scherer Unit 4 reasonably consistent with the needs of Peninsular Florida, taking into consideration timing, impacts on the reliability and integrity of the Peninsular Florida grid, cost, fuel diversity and other relevant factors?

CLG: No. FPL has not yet initiated sufficient incentives or demand side management toward shaping its load curves, both from a demand and energy perspective. Additionally, the proposed purchase is not the best cost alternative for meeting the generation requirements of FPL, which has not apparently carefully considered additional peaking generation.

ISSUE 4: How will the proposed purchase of Scherer Unit 4 affect the reliability and integrity of FPL's electric system?

CLG: No position at this time.

ISSUE 5: How will the proposed purchase of Scherer Unit 4 affect the adequacy of the fuel diversity for FPL's system?

CLG: The proposed purchase of Scherer Unit 4 will provide no better fuel diversity for FPL than coal by wire. Therefore, there would be no improvement realized by this proposed acquisition.

ISSUE 6: Has FPL reasonably considered alternative supply side sources of capacity?

CLG: No. The proposed purchase is not the best cost alternative for meeting the generation requirements of FPL, which has not apparently carefully considered additional peaking generation.

ISSUE 7: Does FPL's power supply plan reasonably consider the ability of conservation or other demand side alternatives to mitigate the need for the capacity represented by the purchase of Scherer Unit 4?

CLG: No. FPL has not yet initiated sufficient incentives or demand side management toward shaping its load curves, both from a demand and energy perspective.

ISSUE 8: Is the purchase of Scherer Unit 4 the most cost-effective means of meeting FPL's capacity needs, taking into account risk factors that are part of the cost-effectiveness analysis?

CLG: No. FPL has not yet initiated sufficient incentives or demand side management toward shaping its load curves, both from a demand and energy perspective. Additionally, the proposed purchase is not the best cost alternative for meeting the generation requirements of FPL, which has not apparently carefully considered additional peaking generation. The proposed acquisition does not improve the transmission risks currently attendant to the current purchase of "coal by wire".

ISSUE 9: Will FPL be able to deliver electricity from Scherer Unit No. 4 to its load centers in the same time frames in which it is proposing to add investment to rate base?

CLG: No position at this time.

ISSUE 10: If any transmission facilities and/or upgrades are required to accommodate the purchases of energy and capacity already under contract to FPL and the proposed Scherer purchase, what is the cost of such transmission facilities and/or upgrades and who will bear such cost?

CLG: No position at this time.

ISSUE 11: Are the fuel supply and transportation costs presented in FPL's economic analysis for Scherer Unit 4 reasonable and prudent?

CLG: No. The assumptions developed by FPL in presenting its economic analysis do not appear to be well founded. The costs are not consistent with the recent experience of coal and transportation procurement officials in Florida.

ISSUE 12: Does the schedule being following by the Commission in this case afford all interested parties adequate opportunity to protect their interests?

CLG: No. The schedule has not afforded reasonable period of time to review the material provided by FPL in response to the data inquiries of the parties in this extremely important potential procurement. We have not yet received the information from our initial round of

discovery, and will be unable to fully assimilate that and other data made available by the time testimony will be offered in this docket.

ISSUE 13: What effect, if any, does the Scherer Unit 4 purchase have on the Southern/Florida interface?

CLG: The proposed acquisition does not improve the interface in any manner.

ISSUE 14: Under what circumstances should the portion of the purchase price of assets in excess of book value (the "acquisition adjustment") be given "rate base treatment," such that amortization may be included in operating expenses and the unamortized acquisition adjustment may be included in rate base?

CLG: No position at this time.

LEGAL ISSUES:

ISSUE 15: Can the Commission authorize the inclusion of the projected investment in Scherer Unit No. 4 in FPL's rate base in advance of FPL's assumption of ownership of the unit?

CLG: No position at this time.

ISSUE 16: Should the Commission address in this docket transmission access disputes that may arise from the Scherer Unit 4 purchase?

CLG: No position at this time.

Respectfully submitted this 27th day of November, 1990.



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CERTIFICATE OF SERVICE

I Frederick J. Murrell, hereby certify that I have this day served the foregoing Coalition of Local Governments' Prehearing Statement by mailing it first-class, postage prepaid to parties on the service list shown below.

Dated at Bradenton, Florida this 27th day of November, 1990.


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