

FLORIDA PUBLIC SERVICE COMMISSION  
Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

JULY 22, 1993

TO :DIRECTOR OF RECORDS AND REPORTING

FROM :DIVISION OF APPEALS (RULE)  
DIVISION OF LEGAL SERVICES (PALECKI)  
DIVISION OF ELECTRIC AND GAS (FLOYD, BALLINGER)  
DIVISION OF RESEARCH AND REGULATORY REVIEW (HOPPE, HEWITT)

RE :DOCKET NO. 921288-EU, PROPOSED AMENDMENT OF RULE 25-22.081,  
F.A.C., CONTENTS OF PETITION; AND PROPOSED NEW RULE  
25-22.082, F.A.C., SELECTION OF GENERATING CAPACITY.

AGENDA:AUGUST 3, 1993 - CONTROVERSIAL AGENDA - PARTIES MAY PARTICIPATE

PANEL:FULL COMMISSION

CRITICAL DATES:NONE

SPECIAL INSTRUCTIONS: I:\PSC\APP\WP\921288.RCM

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CASE BACKGROUND

In 1992 the Commission considered the joint petition to determine need filed by Cypress Energy Partners, L.P. and Florida Power & Light Company (FPL). During the proceedings, the Commissioners expressed frustration that the process used by FPL to evaluate proposed power projects did not facilitate the Commission's statutory responsibility to determine the most cost-effective generating unit under Section 403.519, Florida Statutes. The Commissioners were particularly concerned about the need for closure of the selection process, and therefore directed staff to develop a rule instructing utilities in the procedures by which they select between competing providers of capacity and energy.

Staff developed a rule that required electric utilities to solicit bids for additional generating capacity. The draft rule did not represent a staff consensus on the best selection procedure, and staff believed that further investigation was necessary before recommending a rule for proposal. The rule was presented to the Commission for discussion purposes at the January 19, 1993 agenda conference. The Commission directed staff to hold a workshop, which was held on February 24, 1993. The workshop was attended by representatives from Florida Power Corporation, Florida Power & Light Company, Gulf Power Company and Tampa Electric Company, as well as municipal and cooperative utilities, numerous nonutility generators,

and others. Participants were invited to file post-workshop comments.

After the workshop, staff redrafted the rule, which is attached. The economic impact of the rules is discussed at the end of the recommendation, and an economic impact statement is attached.

### **DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission propose the attached amendments to Rule 25-22.081, Florida Administrative Code, Contents of Petition?

**RECOMMENDATION:** Yes.

**STAFF ANALYSIS:** Rule 25-22.081 directs utilities to include certain information in a petition for a proceeding to determine the need for a proposed electrical power plant. Staff recommends three changes to the rule.

First, references to Chapter 25-2, F.A.C., should be updated to refer to Chapter 25-22, F.A.C. Next, subsection (4), which requires petitions to include a summary discussion of the major available generating alternatives which were examined and evaluated, should be amended to require a complete description of the selection process used pursuant to 25-22.082 in arriving at the decision to pursue the proposed generating unit.

Finally, technical staff believes that the Commission should continue to evaluate the various considerations required by the National Energy Policy Act of 1992 each time it makes a determination of need. Therefore, need determination petitions should include the following information whenever the generation addition is the result of a purchased power agreement between a utility and a non-utility generator: a discussion of the potential for increases or decreases in the purchasing utility's cost of capital, the effect of the seller's financing arrangements on the purchasing utility's system reliability, any competitive advantage to the seller resulting from the seller's financing arrangements and the adequacy of the seller's fuel supply.

**ISSUE 2:** Should the Commission propose the adoption of Rule 25-22.082, Florida Administrative Code, Selection of Generating Capacity?

**RECOMMENDATION:** Yes.

**STAFF ANALYSIS:** Staff originally believed the Commission should require utilities to solicit bids for the addition of new generating capacity. Cogenerators have complained that Florida utilities may

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unfairly select nonutility generators that are subsidiaries of major out-of-state investor-owned utilities. Therefore, staff's draft rule required utilities to provide a complete power sales agreement upon which competing providers would bid. The agreement would be awarded to the lowest bidder, on a price basis only. Factors such as the provider's past history of performance and viability could not be weighed. Staff anticipated that these factors would be taken care of by monetary deposits and completion security in the power sales agreement. The rule also included a provision that would allow utilities to beat the lowest bid by 3% in order to allow utilities to continue to build some new generating facilities.

The draft rule found little support among either utilities or non-utility generators. Both groups strenuously objected to the provision that allowed utilities to beat the bid, and neither group was satisfied with the "price only" bid procedure.

Staff still believes that bidding should be encouraged as a method of selecting a provider of additional generating capacity. However, rather than impose bidding as the only available selection process, staff recommends that the Commission propose the attached rule, which would allow utilities to employ any fair selection procedure. The rule allows the Commission to waive the procedural requirements of this rule upon a showing by the utility that a waiver would facilitate the selection process without impairing its fairness.

The rule requires utilities to employ a selection process that provides a clear point of entry for nonutility generators. Utilities must keep a mailing list of nonutility generators and notify those on the list of the need and the selection procedures at least two years before the required construction start date. The two year period should allow enough time for contract negotiations and plant certification.

Nonutility generators must be allowed to participate in the selection process on a nondiscriminatory basis. In its selection process, a utility must ensure that projects are capable of providing reliable electric service and that the selected project will be timely completed.

The rule neither requires nor prohibits selection of a nonutility generator to provide needed generating capacity additions. However, in order to ensure that utilities fairly examine all alternatives, the rule requires them to furnish the Commission with either a signed purchased power agreement or an explanation as to why no such agreement was found to be beneficial to the utility's general body of ratepayers.

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Staff believes that any selection process should provide for closure. Nonutility generators that would like their projects considered for selection should be required to participate in the selection process. Accordingly, the rule provides that only those who participated in the selection process may contest its outcome in a power plant siting proceeding.

**Economic Impact:**

Costs to the Commission and other state or local government entities, costs and benefits to parties directly affected by the rule amendments, and reasonable alternative methods are discussed in the attached economic impact statement.

**ISSUE 3:** Should the rules be filed with the Secretary of State and the docket closed if there are no comments or requests for hearing?

**RECOMMENDATION:** No. The Commission should hold a hearing to consider these rules beginning on September 29, 1993.

**STAFF ANALYSIS:** Typically, if no comments or requests for hearing are timely filed after the Commission proposes rules, the rules are filed for adoption with the Secretary of State and the docket is closed. If a rule hearing is requested, it is usually held before a staff hearing officer. However, because Rule 25-22.082 represents a significant change in Commission policy, staff believes that a rule hearing should be held before the Commission, beginning on September 29, 1993. The hearing will also provide an opportunity for interested persons to comment on the standards outlined in Section 712 of the National Energy Policy Act. On May 10, 1993, the Commission issued Order No. PSC-93-0710-FOF-EU in Docket No. 930331-EU in which it found that the subject matter of this rulemaking docket was closely related to the issues in Section 712 of the National Energy Policy Act requiring determinations by the Commission. The Commission ordered that these issues would be considered in this rulemaking docket.

Attachments:  
Proposed rules  
Economic impact statement

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1 25-22.051 Contents of Petition. Petitions submitted to commence a proceeding to determine the need for a proposed electrical power plant or responses to the Commission's order  
2 commencing such a proceeding shall comply with the other requirements of Chapter 25-22, F.A.C. Chapter 25-2, F.A.C. as to form and style except that a utility may, at its  
3 option, submit its petition in the same format and style as its application for site certification pursuant to Sections 403.501 through 403.517, F.S., so long as the informational  
4 requirements of this rule and Chapter 25-22, F.A.C. Chapter 25-2, F.A.C. are satisfied. The petition, to allow the Commission to take into account the need for electric system  
5 reliability and integrity, the need for adequate reasonable cost electricity, and the need to determine whether the proposed plant is the most cost effective alternative available, shall contain  
6 the following information:

7 (1) A general description of the utility or utilities primarily affected, including the load and electrical characteristics, generating capability, and interconnections.

8 (2) A general description of the proposed electrical power plant, including the size, number of units, fuel type and supply modes, the approximate costs, and projected  
9 in-service date or dates.

10 (3) A statement of the specific conditions, contingencies or other factors which indicate a need for the proposed electrical power plant including the general time within  
11 which the generating units will be needed. Documentation shall include historical and forecasted summer and winter peaks, number of customers, net energy for load, and load factors  
12 with a discussion of the more critical operating conditions. Load forecasts shall identify the model or models on which they were based and shall include sufficient detail to permit  
13 analysis of the model or models. If a determination is sought on some basis in addition to or in lieu of capacity needs, such as oil backup, then detailed analysis and supporting  
14 documentation of the costs and benefits is required.

15 (4) A summary discussion of the major available generating alternatives which were examined and evaluated including a complete description of the selection process  
16 used pursuant to 25-22.052 in arriving at the decision to pursue the proposed generating unit. The discussion shall include a general description of the generating unit alternatives,  
17 including purchases where appropriate, and an evaluation of each alternative in terms of economics, reliability, long-term flexibility and usefulness and any other relevant factors.  
18 These major generating technologies generally available and potentially appropriate for the timing of the proposed plan and other conditions specific to it shall be discussed.

19 (5) A discussion of viable nongenerating alternatives including an evaluation of the nature and extent of reductions in the growth rates of peak demand, FWH  
..... 20 consumption and oil consumption resulting from the goals and programs adopted pursuant to the Florida Energy Efficiency and Conservation Act both historically and prospectively  
21 and the effects on the timing and size of the proposed plant.

22 (6) An evaluation of the adverse consequences which will result if the proposed electrical power plant is not added in the approximate size sought or in the approximate  
23 time sought.

24 (7) If the generation addition is the result of a purchased power agreement, the petition shall include a discussion of the potential for increases or decreases in the

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*CO.D.L.N.G.* Words underlined are additions; words in  
~~struck through type~~ are deletions from existing law.

1 purchasing utility's cost of capital, the effect of the seller's financing arrangements on the purchasing utility's system reliability, any competitive advantage to the seller resulting from

2 the seller's financing arrangements and the adequacy of the seller's fuel supply.

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25 *CCD.LNG: Words underlined are additions; words in*

*strikethrough type are deletions from existing law.*

25-29 C.S.S. Selection of Generating Capacity

(1) After a utility identifies a need for additional generating capacity it shall select a provider of the generating capacity by employing a fair selection procedure. The selection process implemented shall contain, at a minimum, provisions which are sufficient to:

(a) provide a clear point of entry for nonutility generators within two years before the required construction start date of the generation addition, to allow for contract negotiations and plant certification, by notifying the nonutility generators on the mailing list kept pursuant to subsection (3), below of the need and procedures to follow to participate in the selection process;

(b) allow nonutility generators to participate in the selection process on a nondiscriminatory basis;

(c) ensure that projects prepared by nonutility generators are capable of providing reliable electric service over the life of the project; and

(d) ensure timely completion of any generating capacity addition in order to meet the demands of the utility's customers.

(2) Bidding is encouraged as a selection method. However, utilities may use any selection method that complies with the provisions of this rule.

(3) Each utility shall maintain a mailing list of nonutility generators that contact the utility regarding power sales. (4) Within one year from the commencement of the selection process, the electric utility shall furnish the Commission with either a signed purchased power agreement or an explanation as to why no purchased power agreement was found to be beneficial to the utility's general body of ratepayers.

(5) The Commission shall not allow nonutility generators that did not participate in the selection process to contest the outcome of the selection process in a power plant siting proceeding.

(6) The Commission may waive the procedural requirements of this rule upon a showing by the utility that it will facilitate the selection process without impairing its fairness.

C.D.S.G.: Words underlined are additions; words in  
~~struck through~~ type are deletions from existing law.

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M E M O R A N D U M

July 12, 1993

TO: DIVISION OF APPEALS (RULE)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT)

SUBJECT: ECONOMIC IMPACT STATEMENT FOR DOCKET NO. 921288; PROPOSED REVISIONS TO  
RULE 25-22.081, FAC, CONTENTS OF PETITION; PROPOSED NEW RULE 25-22.082,  
FAC, SELECTION OF GENERATING CAPACITY

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SUMMARY OF THE RULE

Currently, Rule 25-22.081 defines the requirements to submit a petition to commence a proceeding to determine the need for a proposed electrical power plant or respond to the Commission's order to commence such a proceeding. The proposed rule amendment 25-22.081(7) would require the utility to address the items raised in the National Energy Policy Act of 1992 relating to rate regulated purchase of long-term wholesale power supplies. Proposed Rule 25-22.082 would provide additional guidance and requirements for electric utilities seeking a need determination to add generation capacity or acquire long-term power supplies.

DIRECT COSTS TO THE AGENCY AND OTHER STATE OR LOCAL GOVERNMENT ENTITIES

The additional reporting requirements of the proposed rule revisions would increase the amount of paperwork the Commission receives and handles. Additional analysis and hearing time is likely but the total workload increase will depend on many factors including the growth in total energy demand, amount and types of additional capacity, number of petitions, and so forth. The total dollar costs are unquantifiable beforehand but could be significant depending on the above factors.



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The additional reporting requirements would also add to the amount of material other state agencies would handle in their roles in the power plant siting procedure. The Department of Environmental Protection and the Department of Community Affairs as well as the Governor and Cabinet are parties in new power plant development and siting and would share in the increase in paperwork handling.

Some of the proposed rule changes address requirements of amendments to the Public Utility Regulatory Policies Act of 1978 that are contained in the National Energy Policy Act of 1992 (NEPA). The Commission must evaluate the effects of purchases of long-term wholesale power supplies by utilities it has ratemaking authority over (investor-owned utilities) and the effects of the capital structure of exempt wholesale generators. The additional information required of utilities may benefit the various state agencies in carrying out their assigned duties as well as benefit the Commission.

In addition, some of the affected parties would be local government entities that have municipal electric utilities. Those utilities are required to comply with the proposed rule changes when adding generating capacity.

Data requests were sent to affected municipal utilities and their replies concerning the cost and benefit impacts of the proposed revisions are contained in Table 1.

COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

All Florida electric utilities seeking a need determination for additional generating capacity would be directly affected by the proposed rule amendments and the new rule. Included are investor-owned utilities (IOUs), municipal electric utilities, and electric cooperatives. Nonutility generators (NUGs) would be affected if they desire to supply electric energy to Florida regulated electric utilities. Ratepayers of the directly affected utilities would eventually benefit if the proposed changes ensured the lowest possible cost for new power supplies.

Additional costs and benefits from the proposed rule changes are in most instances difficult to quantify. As mentioned above, each addition to generating capacity has different parameters, depending on the needs of the individual electric utility, and involves plant size, generator type, fuel type, financing arrangements, etc. Therefore, many estimates of possible economic impacts are qualitative and directional in nature rather than a dollar amount.

Municipal utility estimates are given in Table 1, IOU estimates in Table 2, and NUG estimates in Table 3.

### ***Municipal Utilities***

The Florida Municipal Electric Association (FMEA) also responded with language problems with the proposed rule changes. A basic problem is that a number of municipal utilities buy all or a substantial portion of their power at wholesale, under purchase power agreements. However, FMEA believes the proposed rule and rule changes are directed to independent power producers (IPPs) and cogeneration types of purchased power arrangements, not wholesale buyers. Other responding municipal utilities said that parts of the proposed rule changes should be clarified or changed to exclude municipals due to impractical (i.e., expensive) consequences.

Most of the substantial or significant costs listed by the municipal utilities are derived from these areas.

### ***Investor-Owned Utilities***

The IOU responses are found in Table 2. Most of the quantifiable

additional costs estimated are offset to some degree due to the benefits obtained by the utilities and the Commission. Total costs quantified would be no more than \$300,000 per petition if no additional hearings are involved and \$2,000 per year recurring costs for one utility. Benefits were not quantified but indications were that there would be significant savings if fewer hearings were held, there was a reduction in litigation, and there was finality to the process.

### ***Electric Cooperatives***

Seminole Electric Cooperative is the sole power supplier to eleven member distribution cooperatives and responded for them as well as itself. Seminole has been actively bidding its additional capacity needs and believes that the process has resulted in the least cost options to meet its future power requirements. Seminole has already implemented the major provisions of the proposed rule changes or what it believes is the intent of the changes. Therefore, Seminole does not estimate there would be additional costs as a result of the proposals and the potential benefits are currently being realized by Seminole.

Alabama Electric Cooperative (AEC) responded that it is a wholesale power supplier for some Florida cooperative distributors and has a 10 MW combustion turbine generating unit in Florida. AEC has no foreseeable plans to build additional generation in Florida but believes it is already generally complying with the requirements of the proposed rule and that there would be no substantial costs or benefits associated with the rule revisions.

### ***Nonutility Generators***

Responses were also filed by three NUGs (Table 3). The responses were qualitative and unquantified and essentially gave their positions on the proposed amendments.

One, J. Makowski Associates, was mainly concerned with the proposed rule amendment addressing purchased power agreements. It gave its position on the effects of purchases of long-term nonutility power with examples but no net costs or benefits of the proposed amendment were offered. It had no comments or

estimates on the other issues and so was not included in the table.

Another main concern of the NUGs is that they be involved in the search for additional power capacity in the beginning stage of the process, rather than after the need and provider have been determined. Also, they are concerned that the conditions contained in Section 712 of the NEPA concerning long-term wholesale power contracts that the Commission is to evaluate, are to be unilaterally discussed by the utility at the back end of the process.

#### REASONABLE ALTERNATIVE METHODS

Alternative methods have been suggested in lieu of the proposed rule changes. One suggestion is that the existing regulatory framework works well and the Commission has ample authority to ensure that new generation is attained using the least cost approach. This alternative is echoed by a municipal utility that believes its customers/citizens presently enjoy the lowest cost power it can provide. However, staff believes that third party power providers should be able to participate in the consideration of determination and supply of additional power needs. The proposed rule changes would provide the additional guidance to the utilities petitioning for a need determination.

The IPPs suggested a competitive procurement rule with a Commission-approved assessment of need, based on a comparative review of all competing power supply alternatives. A need determination hearing including alternative power providers at the beginning of the process would, in the IPPs' opinion, resolve disputed issues and any challenges before a choice of supply was made. But, allowing any and all IPPs to make a full rate case presentation for every need determination would substantially increase the time and expense for the utilities and their ratepayers and for the Commission as well.

One of the NUGs advocated no change to rules on account of alleged effects of purchases on utility cost of capital, the effect of a leveraged capital structure, or any change concerning reasonable assurances of fuel supply. However, the Commission is required by the NEPA to evaluate exactly these issues.

There was concern by one IOU that the time limit of one year from the

commencement of a selection process may be too short to provide a signed contract.

The IOU suggested that it would be more reasonable to notify the Commission of selection of a winning project and then commencement of negotiations within a year.

This alternative would give the utility complete control of the selection process which would negate the intent of the rule changes for a fair and open selection process.

Another IOU suggested a cap on the amount of purchased power based on the utility's reserve margin. At present, the amount of purchased power by IOUs is not significant enough to be capped; but, possible impacts of purchased power are addressed under the proposed rules, including reliability.

For the proposed rule amendment requiring each utility to maintain a mailing list of nonutility generators that contact the utility regarding power sales, two respondents suggested using an advertisement in certain industry publications. And, to keep the mailing list current, utilities would periodically write listed parties for confirmation of their desire to continue on the list.

Another utility suggested that it should be the responsibility of those on the list to contact the utility to stay on the mailing list. These alternatives would involve additional costs above simply maintaining a mailing list of NUGs to be notified of future projects.

#### IMPACT ON SMALL BUSINESSES

No direct impact on small businesses is foreseen as none of the affected utilities or responding IPPs qualifies as a small business as defined in Section 288.703(1), Florida Statutes (1991).

#### IMPACT ON COMPETITION

The thrust of the proposed rule changes to provide for a fair and open capacity selection process could increase the competitiveness of the electric power generation industry. If effective, a level playing field for participants for incremental power units and power purchases should ensure that added capacity is obtained at the most reasonable cost to ratepayers.

#### IMPACT ON EMPLOYMENT

The proposed rule changes would increase the amount of utility staff time, legal services, consulting services, and Commission time spent preparing, analyzing, hearing, and considering the petitions for provision of additional electrical energy or capacity. The extent of additional employment will depend on the number, size, and complexity of petitions for additions. Some of the additional hours and days of work will be covered by existing levels of workers.

Some of the additional work will be farmed out to consultants. At some incremental level of activity, additional workers will be hired. The exact amount of additional labor needed will depend on many exogenous factors including population growth, per capita consumption of electric energy, tourism growth, and so forth, and cannot be quantified at present.

#### METHODOLOGY

Workshops were held to gather participants' input concerning the proposed rule and rule changes. Data requests were sent to all electric utilities and selected IPPs concerning the impacts of the draft rule changes. Standard economic analysis was used to assess the economic impact on directly affected parties.

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TABLE 1  
 MUNICIPAL UTILITIES

1. Additional costs and benefits to include a complete description of the selection process used. Costs include additional utility staff and attorney costs to write the description.

	<u>Costs</u>		<u>Benefits</u>
Jacksonville Electric	None		None
Lakeland E&G	Negligible	None	
Orlando Utilities	\$640		None listed
Tallahassee	Insignificant	None listed	
Vero Beach	Immaterial		None

2. Additional costs and benefits to include a discussion of the potential for increases or decreases in the purchasing utility's cost of capital, the effect of the seller's financing arrangements on the purchasing utility's reliability, any competitive advantage to the seller resulting from the seller's financing arrangements and the adequacy of the seller's fuel supply. Examples of cost include utility staff time to gather data and fees for outside bond rating agencies to determine the cost of capital effects. Also, utility staff time and additional attorney time would be necessary to prepare and review the filing. There were no benefits identified.

	<u>Costs</u>		<u>Benefits</u>
Jacksonville Electric	None	None	
Lakeland E&G	\$25,000+	None	
Orlando Utilities	NA	NA	
Tallahassee	Insignificant	Insignificant	
Vero Beach	Staff time & legal	None	

3. Additional costs and benefits associated with the proposed requirements for a fair selection procedure and minimum provisions, e.g., two-year lead time. Costs listed included adding two years to the lead time of a project and staff time to develop a process to meet the rule plus legal fees. Benefits would potentially include lower costs to utility rate payers.

	<u>Costs</u>		<u>Benefits</u>
Jacksonville Electric	\$300,000	None listed	
Lakeland E&G	Significant	None listed	
Orlando Utilities	\$120,000 net	None listed	

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Tallahassee  
Vero Beach

None  
\$100,000+ bidding

None listed  
Case-by-case



4. Additional costs and benefits to maintain a mailing list of nonutility generators. Costs would include continuing administrative staff costs. No benefits are given.

	<u>Costs</u>	<u>Benefits</u>
Jacksonville Electric	None	None
Lakeland E&G	None	None
Orlando Utilities	\$192	None
Tallahassee	None	None
Vero Beach	Minimal	None

5. Additional costs and benefits associated with reporting within a year a signed purchase power agreement or an explanation as to why no purchase power agreement was found to be beneficial to the utility's general body of ratepayers. The costs identified were some staff time and legal services.

	<u>Costs</u>	<u>Benefits</u>
Jacksonville Electric	1 yr. of information	No answer
Lakeland E&G	Depends on format	No answer
Orlando Utilities	No answer	No answer
Tallahassee	Some staff time	None identified
Vero Beach	Immaterial	None

6. Additional costs and benefits of the requirement that nonparticipants may not contest the outcome of the selection process in a power plant siting procedure. An example of additional cost would be if there was an increase in participants just to protect their options. Benefits would be the significant hearing costs prevented by limiting late objections to the outcome and closure.

	<u>Costs</u>	<u>Benefits</u>
Jacksonville Electric	Up if more participants	Stopping late protests
Lakeland E&G	None	Significant
Orlando Utilities	NA	NA
Tallahassee	None listed	Unquantifiable but significant
Vero Beach	None	\$100,000+

NA = Not applicable

TABLE 2  
 INVESTOR-OWNED UTILITIES

1. Additional costs and benefits to include a complete description of the selection process used. Examples of costs would be the additional administration, clerical, and professional time involved in preparing a complete description of the selection process. Costs would depend on the complexity and detail of the description and whether or not additional detail is necessary over what is currently submitted in a need determination process. Benefits would be any additional documentation and detail that would aid in evaluating and preparing proposals. Also, it would be a significant benefit for all parties if additional hearings regarding which project is selected, are not required.

	<u>Costs</u>	<u>Benefits</u>
Florida Power Corp	\$100,000	Significant - fewer
hearings		
Gulf Power	Minimal to \$10,000+	Public documentation
Florida Power & Light	None	None
Tampa Electric	None	Informational

2. Additional costs and benefits to include a discussion of the potential for increases or decreases in the purchasing utility's cost of capital, the effect of the seller's financing arrangements on the purchasing utility's reliability, any competitive advantage to the seller resulting from the seller's financing arrangements, and the adequacy of the seller's fuel supply. Examples of additional costs are expert witnesses, such as financial and bond rating consultants that would be hired for a need determination petition. Benefits would include the resulting level playing field for utilities and NUGs in the case of selecting a bidding method and the potential for reducing the risk of a downgrading of debt ratings.

	<u>Costs</u>	<u>Benefits</u>
Florida Power Corp	\$50,000	Levelized playing field
Gulf Power	Unquantified	Informational
Florida Power & Light	None	Informational
Tampa Electric	Case-by-case \$0 to \$75-100,000	None listed

3. Additional costs and benefits associated with the proposed requirements for a fair selection procedure and minimum provisions. Examples of cost would include the time added to the decision process and the associated labor costs. Benefits would be the offsetting reduction of time spent in litigation over capacity option selections from late intervenors.

	<u>Costs</u>	<u>Benefits</u>
Florida Power Corp	\$150,000	Significant - fewer
hearings	Gulf Power	Adds 2.5 yrs. No answer
Florida Power & Light	None	Reduction in litigation
Tampa Electric	Variable	Unquantifiable

4. Additional costs and benefits to maintain a mailing list of nonutility generators. Costs would include the clerical time necessary to maintain a list. Benefits would be the availability of a list of potential suppliers when needed, saving one to two weeks of time.

	<u>Costs</u>	<u>Benefits</u>
Florida Power Corp	\$2,000/yr.	Minimal
Gulf Power	< \$100/yr.	Availability
Florida Power & Light	None listed	None listed
Tampa Electric	\$1,196	Unquantifiable

5. Additional costs and benefits associated with reporting within a year a signed purchase power agreement or an explanation as to why no purchase power agreement was found to be beneficial to the utility's general body of ratepayers. Costs would include the preparation of a report or, if a hearing was necessary, all the associated costs of a hearing; also, if the one-year time limit places a negotiating constraint on a utility, costly concessions may result. Benefits would include the awareness of the Commission of the status of purchase power agreements.

	<u>Costs</u>	<u>Benefits</u>
Florida Power Corp	Minimal if no hearing	Periodic updates
Gulf Power	\$1000 to \$10,000+	Informational
Florida Power & Light	Possible constraint	None listed
Tampa Electric	Nominal to substantial	Unquantifiable

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6. Additional costs and benefits of the requirement that nonparticipants may not contest the outcome of the selection process in a power plant siting procedure. Costs could include those for litigation if this proposed rule change is challenged. Benefits would include the reduction of litigation from late intervenors and an elimination of delays with a closure to the process.

	<u>Costs</u>	<u>Benefits</u>
Florida Power Corp	None	Finality
Gulf Power	None	Less delay; closure
Florida Power & Light	None	Potential time saving
Tampa Electric	Possible litigation	Finality

TABLE 3  
 NONUTILITY GENERATORS

1. Additional costs and benefits to include a complete description of the selection process used. Costs mentioned relate to the process timing the rule would generate; i.e., the Commission would have a hearing after the new power supply and supplier was chosen. If the Commission did not approve, the process would have to start over.

	<u>Costs</u>	<u>Benefits</u>
Falcon Seaboard	Expensive; inefficient	NR
Ark Energy	NA	NA

2. Additional costs and benefits to include a discussion of the potential for increases or decreases in the purchasing utility's cost of capital, the effect of the seller's financing arrangements on the purchasing utility's reliability, any competitive advantage to the seller resulting from the seller's financing arrangements, and the adequacy of the seller's fuel supply. Costs are expected from allowing the utility to make unilateral decisions when discussing these factors, with no delineation of standards, thus possibly increasing litigation. Alternatively, additional costs would be borne by the NUGs in providing additional information to the utilities. Benefits would be increased knowledge to consider total impacts from power supplied by NUGs.

	<u>Costs</u>	<u>Benefits</u>
Falcon Seaboard	Iterative, expensive	NR
Ark Energy	Unquantified	Knowledge

3. Additional costs and benefits associated with the proposed requirements for a fair selection procedure and minimum provisions. Costs could arise from the omission of an entry point in the beginning of the process. Benefits could be cost savings to ratepayers through price and nonprice competition.

	<u>Costs</u>	<u>Benefits</u>
Falcon Seaboard	Expensive; inefficient	NR
Ark Energy	Unquantified	Significant

4. Additional costs and benefits to maintain a mailing list of nonutility generators.

	<u>Costs</u>	<u>Benefits</u>
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Falcon Seaboard	NR	NR
Ark Energy	Unquantified	NR

5. Additional costs and benefits associated with reporting within a year a signed purchase power agreement or an explanation as to why no purchase power agreement was found to be beneficial to the utility's general body of ratepayers. Benefits would be the orderly process of procuring new generating capacity with sufficient time to obtain the necessary permits and licenses.

	<u>Costs</u>	<u>Benefits</u>
Falcon Seaboard	NR	NR
Ark Energy	Minimal	Unquantified

6. Additional costs and benefits of the requirement that nonparticipants may not contest the outcome of the selection process in a power plant siting procedure. A possible cost of preventing contesting the outcome would be the foreclosure of other viable competitors' proposals from consideration. Benefits include the closure of the process thus saving time and money for all parties.

	<u>Costs</u>	<u>Benefits</u>
Falcon Seaboard	NR	NR
Ark Energy	Foreclosure	Unquantified

NR = Not reported  
 NA = Not applicable