

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light.

Docket No. 000824-EI

In re: Review of Florida Power & Light Company's proposed merger with Entergy Corporation, the formation of a Florida transmission company ("Florida transco"), and their effect on FPL's retail rates.

Docket No. 001148-EI

In re: Review of Tampa Electric Company and impact of its participation in GridFlorida, a Florida Transmission Company, on TECO's retail ratepayers.

Docket No. 010577-EI  
Filed: July 12, 2001

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**Proposed Consolidated Issues of Calpine Corporation, Duke Energy North America and Mirant Americas Development, Inc.**

COMES NOW Calpine Corporation, Duke Energy North America, and Mirant Americas Development, Inc. (collectively Intervenors), by and through their undersigned counsel and submit their Proposed Consolidated Issues for consideration in these proceedings and as grounds therefore state:

1. Intervenors have filed agreed Petitions to Intervene in the above-styled dockets in Phase I of these proceedings relating to GridFlorida issues. While party status has not been granted by Order of the Florida Public Service Commission, Intervenors have actively participated in these proceedings related to GridFlorida issues and have a substantial interest in the outcome of these proceedings.

2. Intervenors seek a meaningful resolution of matters related to Phase I of these proceedings. To date, the parties have been unable to agree on the relevant and necessary

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issues to be considered by the Commission in Phase 1. The disagreement has the potential for impeding or arresting the development of GridFlorida—an eventuality that is not in the best interests of any person or entity. By focusing on the statements and documents in the record of these proceedings related to GridFlorida, Intervenors hope to elucidate the intended inquiry.

3. First, it is apparent that these proceedings were intended to address prudence relative to creation of and participation in GridFlorida. Reference to the May 24, 2001, Staff Recommendation (Staff Recommendation), the May 29, 2001, transcript of hearing on the Joint Motion to Establish a Separate Generic Docket to Determine on an Expedited Basis the Prudence of Formation of and Participation in GridFlorida, Inc. (Transcript), the Petitions filed by the utilities, the Petitions filed by the Intervenors, and the Order Granting in part and Denying in part Joint Motion to Establish a Docket as to the Prudence of the Formation of and Participation in GridFlorida, Inc., Order No. PSC-01-1372-PCO-EI issued June 27, 2001 (Order), makes it abundantly clear that the Commission's, the Staff's, and the parties' intention was that issues related to prudence be considered in these proceedings.

Commission Staff recognized that the purpose of the separate consideration of GridFlorida issues was “to determine the prudence and impact of individual participation in the RTO.” Staff Recommendation, pg. 4. Staff further acknowledged that “when assessing the impact of the RTO on ratepayers, there are two basic issues which the Commission must address—prudence and cost recovery.” Staff Recommendation, pg. 5. Likewise, during the course of the hearing on the Joint Motion, Staff recognized that the issues related to GridFlorida are “[w]hether each regulated utility's planned involvement

in the GridFlorida RTO is prudent, cost effective, and in the best interests of its ratepayers.” Transcript (TR) p. 5 at 7-10. See also TR p. 71 at 12-17.

The Order reflects the Commissioners’ directives and the Staff’s recommendations on the relevancy of a prudency finding. The Order states: “Once the issue of prudence of costs has been addressed, the second issue is: Who should pay – ratepayers or stockholders?” Order, pg. 4. Clearly, the issue of prudence of formation of and participation in GridFlorida is a relevant inquiry in Phase I of these proceedings.

4. Second, to the greatest extent possible, the issues to be considered in Phase I of these proceedings should include the issues proffered by Staff, intervenors and the utilities. The Commission specifically recognized the need for the utilities to participate in the initiation of the inquiry in Phase I of these proceedings;

Phase I will deal with the RTO related issues, and proceed on an expedited basis. We will not change retail rates or allocate any of the costs or benefits associated with GridFlorida in Phase 1. Each utility will file a petition specifically setting forth the issues it wants the Commission to decide, and the relief it seeks. Each petition should indicate the decisions that the utility believes it needs to proceed forward on the implementation of GridFlorida. The burden is on the utilities.

Order, pg. 5. In short, the utilities have been charged with the burden of going forward with their cases relative to GridFlorida and should be allowed to participate in the framing of their cases.

Likewise, issues raised by Staff and Intervenors are critical to the full and fair resolution of these dockets. Staff seeks evidence intended to quantify net benefits of the utilities’ participation in GridFlorida. The quantification of costs and benefits was specifically identified by the Commission to be within the general scope of these

proceedings.<sup>1</sup> Order, pg. 4. In addition, Intervenor's policy issues address critical threshold questions of a nature that the Public Service Commission is uniquely qualified to answer.

5. The purpose of Issue Identification meetings is to attempt to achieve consensus between the parties and Staff regarding the relevant issues. Standard Commission practice with respect to Issue Identification is to be inclusive while avoiding redundancy. In keeping with Commission practice, Intervenor's propose the following list of issues for consideration in Phase I of these proceedings. These issues are representative of issues presented by the utilities, Staff, Intervenor's and Public Counsel and are intended to address the concerns of parties and Staff raised at the July 9, 2001, Issue Identification Prehearing Conference.

### **Ultimate Issues**

1. Is the utility's decision to participate in a RTO the most prudent alternative in light of FERC's Order 2000?
2. Is the utility's decision to participate in GridFlorida prudent given the parameters established by FERC in its Order No. 2000?
3. Is the utility's decision to participate in GridFlorida in the best interests of its ratepayers?

### **Issues of Fact**

4. What costs will be incurred by the utility as a result of its participation in GridFlorida?
  - A. What are the estimated costs to the utility's retail customers for their participation in GridFlorida?
  - B. When will the costs identified herein be incurred?

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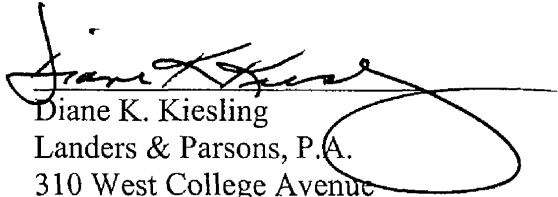
<sup>1</sup> Intervenor's take no position regarding whether Staff's quantification issues should be addressed in Phase I or Phase 2 of these proceedings.

- C. How should the costs identified herein be recovered?
  - D. From whom should the costs identified herein be recovered?
5. What benefits will be realized by the utility and the State of Florida, as a result of the utility's participation in GridFlorida?
- A. What are the expected benefits attributable to the elimination of discrimination through open transmission access resulting from the utility's participation in GridFlorida?
  - B. What are the expected benefits attributable to economies of scale and scope resulting from the utility's participation in GridFlorida?
  - C. Will the establishment of GridFlorida stimulate the development of a competitive wholesale electricity market in Florida?
  - D. What are the benefits to the utility's retail customers of a robust, competitive wholesale power market?
  - E. Will the establishment of GridFlorida provide benefits related to adequacy, reliability, and cost of electric transmission capacity in the Florida market?
  - F. When will the benefits identified herein be realized?
  - G. How should the benefits identified herein be realized for the retail customers?
6. Will the benefits of the utility's participation in GridFlorida outweigh the costs?
- A. What is the impact of the utility's participation in GridFlorida on retail ratepayers?
7. Should cost recovery from retail ratepayers be timed to occur when the benefits are realized?
8. Should the Florida Public Service Commission adopt a policy position related to the formation of GridFlorida? If so, what should that policy position be?
9. What factors support the utility's decision to transfer ownership and/or control of its transmission facilities of 69 kV and above to GridFlorida?

## Issues of Law

10. Is participation in an RTO by a FERC jurisdictional utility voluntary?
11. Is FPSC authorization required before the utility can unbundle electric service?
12. Is FPSC authorization required before the utility can stop providing retail transmission service?
13. Is FPSC authorization required before the utility can sell its retail transmission assets?

**WHEREFORE**, Calpine Corporation, Duke Energy North America and Mirant Americas Development, Inc. respectfully request the Prehearing Officer of the Florida Public Service Commission to enter an Order establishing issues for Phase I of these proceedings as set forth herein.



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## CERTIFICATE OF SERVICE

I HERBY CERTIFY that a true and correct copy of the foregoing has been furnished by \*Hand-delivery, facsimile transmission (\*\*) and U.S. Mail to the following parties on this 12<sup>th</sup> day of July, 2001.

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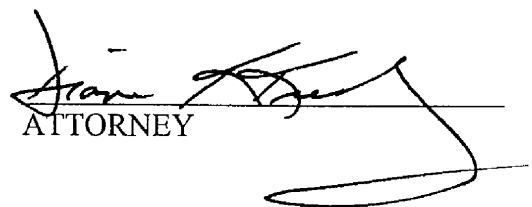
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