

ORIGINAL

**MCWHIRTER REEVES**  
ATTORNEYS AT LAW

TAMPA OFFICE:  
400 NORTH TAMPA STREET, SUITE 2450  
TAMPA, FLORIDA 33602  
P. O. BOX 3350 TAMPA, FL 33601-3350  
(813) 224-0866 (813) 221-1854 FAX

PLEASE REPLY TO:  
  
TALLAHASSEE

TALLAHASSEE OFFICE:  
117 SOUTH GADSDEN  
TALLAHASSEE, FLORIDA 32301  
(850) 222-2525  
(850) 222-5606 FAX

July 17, 2001

**VIA HAND DELIVERY**

Blanca S. Bayo, Director  
Division of Records and Reporting  
Betty Easley Conference Center  
4075 Esplanade Way  
Tallahassee, Florida 32399-0870

RECEIVED-FPSC  
01 JUL 17 PM 3:50  
COMMISSION  
CLERK

Re: Docket No.: 010827-EI

Dear Ms. Bayo:

On behalf of the Florida Industrial Power Users Group (FIPUG), enclosed for filing and distribution are the original and 15 copies of the following:

- The Florida Industrial Power Users Group's Proposed Issues List.

Please acknowledge receipt of the above on the extra copy of each and return the stamped copies to me. Thank you for your assistance.

Sincerely,

*Vicki Gordon Kaufman*  
Vicki Gordon Kaufman

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MCWHIRTER, REEVES, MCGLOTHLIN, DAVIDSON, DECKER, KAUFMAN, ARNC

DOCUMENT NUMBER - DATE

08700 JUL 17 01

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Gulf Power Company's Petition for  
Approval of Purchased Power Arrangement  
Regarding Smith Unit 3 for Cost Recovery  
Through Recovery Clauses Dealing with  
Purchased Capacity and Purchased Energy.

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Docket No.: 010827-EI

Filed: July 17, 2001

**FLORIDA INDUSTRIAL POWER USER GROUP'S PROPOSED ISSUE LIST**

Pursuant to the agreed upon schedule, the Florida Industrial Power Users Group (FIPUG)<sup>1</sup> files its proposed list of issues. FIPUG reserves the right to add issues to this list.

1. Should Gulf be required to file MFRs for the year 2002 so that the Commission will have a fair understanding of the impact of Smith 3 upon consumers if it is placed in the rate base prior to a decision on Gulf's petition so that Gulf's entire financial situation can be evaluated and an informed decision made as to the most appropriate treatment for Smith Unit 3?

2. What is the projected electrical output of Smith Unit 3 compared to the projected electrical demand of Gulf's customers?

3. If the projected excess available power from Smith Unit 3 is sold on the wholesale market, what will be the impact on retail consumers,

a. If Smith Unit 3 is in the rate base?

b. If Smith Unit 3 is not in the rate base?

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<sup>1</sup> FIPUG filed a Petition to Intervene in this matter on July 13, 2001.

4. What is the appropriate rate of return for Gulf Power for the year 2002?
5. What is the projected return on equity for Gulf Power for the year 2002?
6. If Gulf's return is adjusted to its current equity return midpoint what will be the revenue impact on Gulf's customers of adding Smith Unit 3 to the retail rate base?
7. What is the nature of the voltage benefit Smith Unit 3 brings to Gulf's system?
8. Section 366.04(2)(c), Florida Statutes, gives the Commission the authority to require Florida regulated utilities to provide emergency and operational reliability within the state. What are the restrictions, if any, on the Commission requiring the excess power from Smith Unit 3 to be made available to the rest of Florida rather than to the Grid South RTO?
9. What authority will the Commission have over the disposition of excess power from Smith Unit 3 into the Florida grid,
  - a. If Smith Unit 3 is in the rate base of a Florida utility?
  - b. If Smith Unit 3 is owned by Southern Power Company, a foreign corporation?
10. How much has been expended by Gulf to date on the construction of Smith Unit 3?
11. What has been the AFUDC return authorized on Smith Unit 3 expenditures?
12. How did Gulf's expenditures toward Smith Unit 3 construction impact its revenue sharing obligation under the current rate stipulation?
13. Does Smith Unit 3 account for any CWIP in Gulf's surveillance reports?
14. Smith Unit 3 is being constructed on land owned by Gulf. What will Gulf be paid for the land use or sale and how will Gulf's retail consumers be impacted?
15. Does Southern Power plan to use transmission lines that are in the retail rate base?

16. If the answer to Issue 15 is yes, what separation of assets is planned and how will it affect retail rates?

17. If Gulf justified the need for the construction of a 575 MW power plant in 1999 to serve its retail customers, what has changed in the interim to justify buying power in the wholesale market instead?

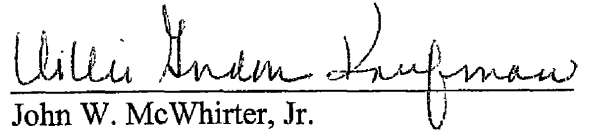
18. As a matter of public policy, should a Florida regulated utility be allowed to construct a power plant for the benefit of a non-regulated affiliate when independent power producers are not eligible to build?

19. Did Gulf seek competitive bids for the purchase of power and voltage regulation before entering into the contract with Southern Power? If not, should it have?

20. Is it more beneficial for ratepayers for Smith Unit 3 to be placed in rate base or for its output to be purchased by Gulf via a purchase power contract with its affiliate, Southern Power Company?

21. What risks and benefits to retail ratepayers should the Commission consider in deciding whether to approve Gulf's request for approval of a purchased power arrangement regarding Smith Unit 3?

22. If Gulf's request is approved, should any conditions, including but not limited to reporting conditions, be imposed on Gulf due to the affiliate relationship between Gulf and Southern Power?



John W. McWhirter, Jr.  
McWhirter Reeves McGlothlin Davidson  
Decker Kaufman Arnold & Steen, P.A.  
400 North Tampa Street, Suite 2450  
Tampa, Florida 33601-3350  
(813) 224-0866 Telephone  
(813) 221-1854 Telefax

Joseph A. McGlothlin  
Vicki Gordon Kaufman  
McWhirter, Reeves, McGlothlin, Davidson,  
Decker, Kaufman, Arnold & Steen, P.A.  
117 South Gadsden Street  
Tallahassee, Florida 32301  
(850) 222-2525 Telephone  
(850) 222-5606 TeleFax

Attorneys for the Florida Industrial  
Power Users Group

## CERTIFICATE OF SERVICE

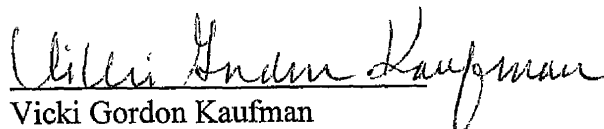
I HEREBY CERTIFY that a true and correct copy of the foregoing FIPUG's Proposed Issues List has been furnished by (\*) hand delivery, (\*\*) fax, or U.S. Mail this 17th day of July, 2001, to the following:

(\*) Marlene Stern  
Florida Public Service Commission  
Division of Legal Services  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

(\*\*) Jeffery Stone  
Beggs & Lane Law Firm  
Post Office Box 12950  
Pensacola, Florida 32576-2950

(\*\*) Jack Shreve  
Roger Howe  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, Florida 32399-1400

Ronald C. LaFace  
Greenberg Traurig, P.A.  
P.O. Drawer 1838  
Tallahassee, FL 32303

  
Vicki Gordon Kaufman