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FEDERAL EXPRESS

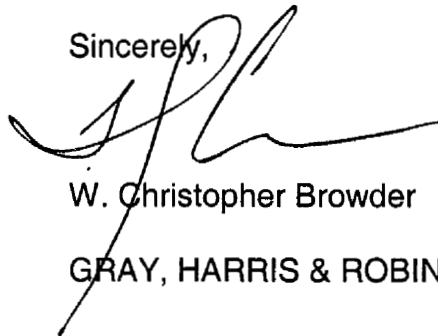
Blanca S. Bayó, Director
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0870

Re: Docket No. 001148 -EI
Post-Hearing Statement of Dynegy Mid-Stream Services, Limited
Partnership and Dynegy Inc.

Dear Ms. Bayó:

Enclosed please find the original and fifteen (15) copies of the Combined Post-Hearing Statement of Dynegy Mid-Stream Services, Limited Partnership and Dynegy Inc. in the above-referenced docket. A copy of this filing has also been provided on a 1.44MB floppy disc in Word Perfect 8.

Sincerely,



W. Christopher Browder

GRAY, HARRIS & ROBINSON, P.A.

WCB:gcj
Enclosures

cc: All individuals on docketing service list

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Review of the Retail Rates of FPL

Docket No.: 001148-EI

Filed: October 11, 2001

COMBINED POST-HEARING STATEMENT OF DYNEGY MID-STREAM SERVICES, LIMITED PARTNERSHIP and DYNEGY INC.

Dynegy Mid-Stream Services, Limited Partnership and Dynegy Inc., together ("Dynegy"), in compliance with Florida Public Service Commission (the "Commission") Order No. PSC-01-1959-PHO-EI (the "Order"), hereby files the following as its post-hearing statement of positions with respect to the issues addressed in the Commission hearings held on October 3-5, 2001, on the above referenced docket (the "Phase 1 Hearing"):

Issue 1: What are the benefits to Peninsular Florida associated with the utility's (FPC, FPL, or TECO) participation in GridFlorida?

Dynegy: *Having a single, unbiased regional transmission organization ("RTO") operating the transmission system in the state will provide better reliability to retail and wholesale electric customers within Florida by providing more effective transmission congestion control, loop flow control, interconnection planning, and emergency management, and more timely ancillary services to generators. Further, by promoting more wholesale electric competition, wholesale retail electric service rates may be lowered as well.*

Issue 2: What are the benefits to the utility’s ratepayers of its participation in GridFlorida?

Dynegy: *There are long term cost benefits to be derived by wholesale and retail electric customers, transmission customers, municipal utilities, independent power producers and electric cooperatives from the formation of GridFlorida in that “pancaked” transmission costs would be phased out over a period of years thereby lower priced wholesale electric generation sources more attractive. Other cost savings may be realized through coordinated transmission system upgrade costs and by spreading the costs of system improvements to all system users.*

Issue 3: What are the estimated costs to the utility’s ratepayers of its participation in GridFlorida?

Dynegy: *Dynegy has no position on this point.*

Issue 4: Is FPC’s decision to transfer operational control of its transmission facilities of 69 kV and above to GridFlorida while retaining ownership appropriate?

Dynegy: *Dynegy has no position on this point.*

Issue 5: Is a Regional Transmission Organization for the Southeast region of the United States a better alternative for Florida than the GridFlorida RTO.

Dynegy: *Dynegy has no position on this point.*

Issue 6: Is participation in a regional transmission organization (RTO) pursuant to FERC Order No. 2000 voluntary?

Dynegy: *FERC Order 2000 was worded in a manner which initially made participation in an RTO for a FERC regulated utility voluntary. FERC also, however, made it clear that ultimately all FERC regulated utilities would have to participate in RTOs and that those that did not would suffer economic detriment and have merger issues if they failed to “voluntarily” do so. Given this choice, a prudent utility would see participation as mandatory.*

Issue 7: Is Commission authorization required before the utility can unbundle its retail electric service?

Dynegy: *Since FERC has established its jurisdiction over the formation and form of GridFlorida, Commission authorization is not required before the utility can unbundle its retail electric service with respect to transmission. The Commission’s authority with respect to the rates charged at the retail level for transmission by the retail provider of bundled or unbundled services remains in tact even with formation of the RTO.*

Issue 8: Is Commission authorization required before the utility can stop providing retail transmission service?

Dynegy: *To the extent that retail transmission service is being terminated by one provider and turned over to a FERC approved RTO, the Commission’s authorization is not required. The rates charged to the retail customer for

transmission service by the retail electric service provider are subject to Commission authorization.*

Issue 9: Is Commission authorization required before the FPC can transfer operational control of its retail transmission assets?

Dynegy: *To the extent that control of retail transmission assets is being turned over to GridFlorida or another FERC approved RTO, the Commission's authorization is not required. The accounting treatment of the transfer of those assets in the rate design of FPC is subject to Commission authorization.*

Issue 10: Is Commission authorization required before FPL/TECO can sell its retail transmission assets?

Dynegy: *To the extent that ownership of retail transmission assets is being transferred pursuant to a FERC approved RTO, the Commission's authorization is not required. The accounting treatment of the transfer of those assets in the rate design of FPL and TECO are subject to the approval of the Commission.*

Issue 11: What policy position should the Commission adopt regarding the formation of GridFlorida?

Dynegy: *The Commission should (1) recognize the authority of the FERC over RTO formation within Florida, (2) recognize the coercive nature of the requirement that FERC regulated utilities form or join in an RTO, (3) acknowledge that some of the RTO formation costs are prudent cost expenditures, (4) moderate the cost impact of RTO costs on utility rates,

and (5) maintain reliable and unbiased transmission availability in a manner which promotes wholesale competition.*

Issue 12: Is TECO's/FPL's decision to transfer ownership and control of its transmission facilities of 69 kV and above to GridFlorida appropriate?

Dynegy: *FPL's and TECO's decision to transfer ownership and control of their transmission lines of 69kV and above to GridFlorida, while not the only option, is appropriate. It will help to assure that GridFlorida is financially sound, an acceptable credit risk for contracting with third parties, bond agencies and lenders, and will force GridFlorida to be concerned with the cost, reliability and upkeep of its transmission assets as its primary means of income.*

Issue 13: Is the utility's decision to participate in GridFlorida prudent?

Dynegy: *Given the unique peninsular geography of the State of Florida and the natural market created by that geography and the general policy of FERC to establish and require RTO participation by all FERC regulated utilities, the utility's decision to participate in GridFlorida is prudent. *

WHEREFORE, Dynegy files this Phase I post-hearing statement as required in the Order.



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I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Facsimile to the following parties of record and interested parties, this 10th day of October, 2001:

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