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September 11, 2002

D. BRUCE MAY, JR.
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VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

SEP 11 PM 4:28
COMMISSION CLERK

Re: In re: Petition to determine need for an electrical power plant in Martin County by Florida Power & Light Company, Docket No. 020262-EI

In re: Petition to determine need for an electrical power plant in Manatee County by Florida Power & Light Company, Docket No. 020263-EI

Dear Ms. Bayo:

On behalf of South Pond Energy Park, LLC ("South Pond") enclosed for filing in the captioned matters are the original and fifteen (15) copies of South Pond's Prehearing Statement.

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DOCUMENT NUMBER-DATE
09652 SEP 11 02
FPSC-COMMISSION CLERK

Blanca S. Bayo
April 29, 2002
Page 2

For our records, please acknowledge your receipt of this filing on the enclosed copy of this letter. Thank you for your consideration.

Sincerely,

HOLLAND & KNIGHT LLP



D. Bruce May

DBM:kjg
Enclosures

cc: Parties of Record
Mr. R. L. Wolfinger

TAL1 #256378 v1

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to determine
need for electrical power plant
in Martin County by
Florida Power & Light Company

Docket No. 020262-EI
Filed: September 11, 2002

In re: Petition to determine
need for an electrical power plant
in Manatee County by
Florida Power & Light Company

Docket No. 020263-EI

**SOUTH POND ENERGY PARK, LLC'S
PREHEARING STATEMENT**

South Pond Energy Park, LLC ("South Pond"), by and through undersigned counsel, pursuant to the Order Establishing Procedure, Order No. PSC-02-0992-PCO-EI, hereby submits its Prehearing Statement in these proceedings. South Pond reserves the right to supplement and revise the matters contained in this Prehearing Statement.

A. APPEARANCES

D. Bruce May, Jr.
Holland & Knight LLP
315 S. Calhoun Street
Suite 600
Tallahassee, Florida 32301

On behalf of South Pond Energy Park, LLC.

B. WITNESSES

South Pond does not intend to call its own witnesses in this proceeding.

DOCUMENT NUMBER-DATE

09652 SEP 11 08

FPSC-COMMISSION CLERK

C. EXHIBITS

None at this time; however, South Pond may introduce exhibits, not identified herein, in its cross-examination of other witnesses in this proceeding.

D. BASIC POSITION

The way that Florida Power & Light Company (“FPL”) evaluated the cost effectiveness of its self-build options was so fundamentally flawed that the Commission cannot conclude with confidence that the self-build options that FPL selected are the most cost-effective alternatives available.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Is the output of FPL’s Martin Unit 8 fully committed for use by Florida retail electric customers?

SOUTH POND: No position at this time.

ISSUE 2: Is the output of FPL’s Manatee Unit 3 fully committed for use by Florida retail electric customers?

SOUTH POND: No position at this time.

NEED FOR ADDITIONAL GENERATING CAPACITY

ISSUE 3: Does FPL have a need for Martin Unit 8, taking into account the need for electric system reliability and integrity?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 4: Does FPL have a need for Manatee Unit 3, taking into account the need for electric system reliability and integrity?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 5: Does FPL have a need for Martin Unit 8, taking into account the need for adequate electricity at a reasonable cost?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 6: Does FPL have a need for Manatee Unit 3, taking into account the need for adequate electricity at a reasonable cost?

SOUTH POND: South Pond adopts the position of PACE.

CONSERVATION

ISSUE 7: Are there any conservation measures taken by or reasonably available to FPL that might mitigate the need for Martin Unit 8?

SOUTH POND: No position.

ISSUE 8: Are there any conservation measures taken by or reasonably available to FPL that might mitigate the need for Manatee Unit 3?

SOUTH POND: No position.

FUEL AVAILABILITY

ISSUE 9: Has FPL adequately ensured the availability of fuel commodity and transportation to serve Martin Unit 8?

SOUTH POND: No position.

ISSUE 10: Has FPL adequately ensured the availability of fuel commodity and transportation to serve Manatee Unit 3?

SOUTH POND: No position.

COST-EFFECTIVENESS

ISSUE 11: Did FPL properly and accurately value the use of existing infrastructure at the Martin plant site in determining the construction cost of Martin Unit 8?

SOUTH POND: No position at this time.

ISSUE 12: Did FPL properly and accurately value the use of existing infrastructure at the Manatee plant site in determining the construction cost of Manatee Unit 3?

SOUTH POND: No position at this time.

ISSUE 13: Did FPL's Supplemental Request for Proposals, issued on April 26, 2002, satisfy the requirements of Rule 25-22.082, Florida Administrative Code?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 14: Was FPL's decision not to consider proposals to construct generating capacity on property owned by FPL appropriate?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 15: Was the process used by FPL to evaluate Martin Unit 8, Manatee Unit 3, and projects submitted in response to its Supplemental Request for Proposals, issued on April 26, 2002, fair, reasonable, and appropriate?

(a) Did FPL administer the evaluation process so as to provide to non-FPL participants a fair opportunity to win the RFP?

SOUTH POND: South Pond adopts the position of CPV Cana and CPV Gulfcoast.

(b) Did FPL apply to its self-build options the standards and criteria that it applied to respondents?

SOUTH POND: South Pond adopts the position of PACE.

- (c) Were the evaluation criteria used by FPL in evaluating the bids disclosed to the bidders prior to the submission of bids?

SOUTH POND: South Pond adopts the position of CPV Cana.

ISSUE 16:

In its evaluation of Martin Unit 8, Manatee Unit 3, and projects filed in response to its Supplemental Request for Proposals, issued on April 26, 2002, did FPL employ fair and reasonable assumptions and methodologies?

- (a) Were the assumptions regarding operating parameters that FPL assigned to its own proposed units reasonable and appropriate?

SOUTH POND: South Pond adopts the position of PACE.

- (b) When modeling and quantifying the costs of all options, did FPL appropriately and consistently quantify and take into account the impact of variable O&M costs associated with bidders' proposals and variable O&M costs associated with its own self-build options, so as to result in a fair comparison of purchased and self-built alternatives?

SOUTH POND: South Pond adopts the position of PACE.

- (c) When modeling and quantifying the costs of all options, did FPL fairly and appropriately compare the costs of projects having different durations?

SOUTH POND: South Pond adopts the position of PACE.

- (d) When modeling and quantifying the costs of all options, did FPL employ assumptions regarding the

gas transportation costs for the proposals that were fair, reasonable, and appropriate?

SOUTH POND: South Pond adopts the position of PACE.

- (e) When modeling and quantifying the costs of all options, including its own, did FPL appropriately and adequately take cycling and start-up costs into account?

SOUTH POND: South Pond adopts the position of PACE.

- (f) When modeling and quantifying the costs of all options, did FPL appropriately and adequately take into account the impact of seasonal variations on heat rate and unit output?

SOUTH POND: South Pond adopts the position of PACE.

- (g) Did FPL act in a fair, reasonable and appropriate manner in not considering further a proposal from TECO on the basis that TECO's reserve margin requirements might be impaired?

SOUTH POND: No position.

ISSUE 17: Was FPL's decision to apply an equity penalty cost to projects filed in response to its Supplemental Request for Proposals appropriate? If so, was the amount properly calculated?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 18: Did FPL negotiate with the short-listed bidders in good faith?

SOUTH POND: No position.

ISSUE 19: If the Commission grants FPL's petition for a determination of need authorizing it to construct its proposed Manatee 3 and Martin 8 units, should FPL be

required to limit any requested rate base increase to the amount bid?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 20: If the answer to the above issue is no, is each of FPL's proposals based on sound and reasonable estimates, such that the Commission may conclude that the Commission and FPL's ratepayers may realistically expect FPL to implement the non-binding proposal at the stated cost?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 21: If the Commission grants FPL's proposal to construct Manatee 3 and/or Martin 8, are consumers estopped from challenging the prudence of the investment in any subsequent rate case?

SOUTH POND: No.

ISSUE 22: Has FPL met its burden of proof to demonstrate that it has fairly chosen the most cost-effective alternatives available?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 23: What would be the impact on ratepayers if the Commission were to deny either or both of FPL's petitions?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 24: Is FPL's Martin Unit 8 the most cost-effective alternative available?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 25: Is FPL's Manatee Unit 3 the most cost-effective alternative available?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 26: Based on the resolution of the foregoing issues, should the Commission grant FPL's petition for determination of need for Martin Unit 8?

SOUTH POND: South Pond adopts the position of PACE.

ISSUE 27: Based on the resolution of the foregoing issues, should the Commission grant FPL's petition for determination of need for Manatee Unit 3?

SOUTH POND: South Pond adopts the position of PACE.

F. STIPULATED ISSUES

None at this time.

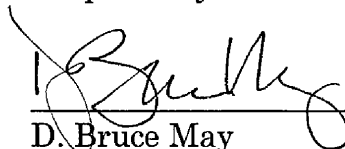
G. PENDING MOTIONS

South Pond has none.

H. OTHER MATTERS

None at this time.

Respectfully submitted,

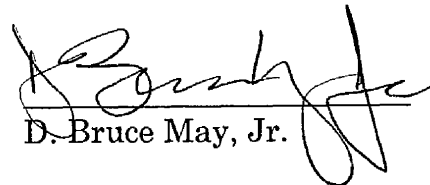


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**Attorneys for South Pond Energy Park,
LLC**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished via hand delivery (*) or U.S. Mail to all parties as shown on the attached list this 11th day of September, 2002.


D. Bruce May, Jr.

CERTIFICATE OF SERVICE LIST

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