

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Planning Hearings on load	)	DOCKET NO. 900004-EU
forecasts, generation expansion plans,	)	ORDER NO. 23234
and cogeneration prices for Peninsular	)	ISSUED: 7/23/90
Florida's electric utilities.	)	
	)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 BETTY EASLEY  
 GERALD L. GUNTER  
 THOMAS M. BEARD

ORDER ON RECONSIDERATION

BY THE COMMISSION:

At our agenda of March 6, 1990, we denied the Florida Industrial Cogeneration Association's motion for reconsideration filed on January 10, 1990, but voted on our own motion to reconsider our decision in Order No. 22341, issued on December 26, 1989, in conjunction with our consideration of proposed changes to our cogeneration pricing rules. As a result of this decision to reconsider on our own motion, Commission Beard will be eligible to participate in this reconsideration.

Having reviewed the record developed during the hearing in this docket, we find that the statewide avoided unit should be one 500 MW coal-fired unit with an in-service date of 1996. This coal plant is identified in the record in the Avoided Unit Study prepared by the Florida Electric Power Coordinating Group (FCG) as the first statewide base-load plant. Consistent with our actions in Orders Nos. 13247 and 17480, (1983 and 1986 APH orders) we will not designate a peninsular utility for pricing purposes, but will use the parameters included in our Staff's September 8, 1989 recommendation for a 1996 coal unit. These parameters are:

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1996 GENERIC COAL UNIT COST PARAMETERS

a. Type of Fuel	coal
b. Average Annual Heat Rate	9790 Btu/kWh
c. Cost of fuel	Delivered coal at Big Bend #4
d. 1988 Construction Cost \$/k	\$1023
e. Construction Escalation Rate	5.6%
f. In-Service Cost (\$/kW)	\$1689 (1996\$)
g. Incremental Captial Structure	
1. Debt	44%
2. Preferred Stock	9%
3. Common Stock	47%
h. Cost of Capital	
1. Debt	9.8%
2. Preferred Stock	8.8%
3. Common Stock	14.2%
i. Book Life	30 Years
j. AFUDC Rate	11.82%
k. Effective Tax Rates	37.63%
l. Other Taxes	1.5%
m. Discount Rate	10.18%
n. 1996 Fixed O&M Costs (\$/kW/yr)	\$31.41 (\$/kW/yr)
p. 1996 Variable O&M Costs (\$/MWh)	\$6.78 (\$/MWh)
q.O&M Escalation Rate	5.4%
r. Value of K	1.572

These parameters are based on the Electrical Power Research Institute's (EPRI) Technical Assistance Guide (TAG) document which were used by the FCG to provide the cost parameters for both the 1989 Avoided Unit and Generation Expansion Studies. Fuel prices for the statewide avoided unit shall be computed using the delivered price of fuel to the St. John's River Power Park coal units.

Although we are concerned that the standard offer contract is limited to 500 MW, we will not designate a subsequent avoided unit at this time, but instead will deal with that issue at such time as the standard offer is fully subscribed. In Order No. 22341 we approved the allocation of the 385 MW of 1993 combined cycle statewide avoided unit to each individual peninsular Florida utility based on each utility's demand. The allocation to each individual utility was our attempt to more closely match each utility's need for capacity on a

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statewide basis. We are now convinced that allocation is not consistent with the legislative mandate of Section 366.81, Florida Statutes, and eliminate it. We will, however, at least for the present, limit the subscription of the standard offer to 500 MW on a statewide basis. The import of our decision is to require all peninsular Florida utilities to honor negotiated and standard offer contracts until the 500 MW limit has been reached on a statewide basis.

Finally, we are concerned that Gulf Power Company (Gulf) is not modelled as part of the FCG's avoided unit study and thus does not have a standard offer contract based on the 500 MW 1996 coal plant available for cogenerators in its service territory. We realize that the decision to exclude Gulf from the peninsular Florida avoided unit study was made as part of our approval of the FCG's Work Plan in the early part of 1988. However, we intend to further evaluate whether Gulf should be required to participate with the state's other electric utilities in the statewide standard offer. That being the case, we direct our Staff to investigate the possibility of incorporating Gulf's generation expansion plans into those of the other peninsular electric utilities for use in the next statewide planning hearing.

Therefore, it is

ORDERED by the Florida Public Service Commission that Order No. 22341 is hereby reconsidered on the Commission's own motion so that the statewide avoided unit for the pricing of cogenerated power pursuant to Rule 25-17.083, Florida Administrative Code, is one 500 MW coal plant with an in-service date of January 1, 1996. It is further

ORDERED that the electric utilities subject to the provisions of Rule 25-17.080-.087, Florida Administrative Code, shall file standard offer contracts and standard offer tariffs (COG-2) using the parameters associated with the 1996 500 MW statewide avoided coal unit within 10 days of the state of this vote, or by June 4, 1990. It is further

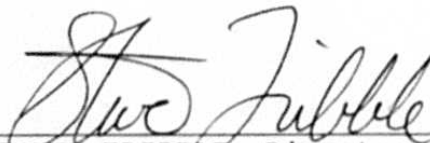
ORDERED that if such filings are found to be in compliance with this order, they shall be administratively approved without further action by the Commission. It is further

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ORDERED that the allocation of the 500 MW 1996 statewide avoided unit to individual peninsular Florida utilities is hereby eliminated, but that the amount of MW which can be subscribed by either standard offer or negotiated contracts be limited to the 500 MW 1996 statewide avoided unit. It is further

ORDERED that Order No. 22341, with the exception of the changes discussed in the body of this order, is hereby reaffirmed.

By ORDER of the Florida Public Service Commission,  
this 23rd day of JULY, 1990.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen

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(15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.