BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Determination of Need for Electrical Power Plant (Amelia Island Cogeneration Facility) by Nassau Power Corporation	DOCKET NO. 910816-EQ ORDER NO. 25808 ISSUED: 02/25/92

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK

ORDER DENYING PETITION FOR DETERMINATION OF NEED

BY THE COMMISSION:

Case Background

On June 13, 1990, Nassau Power Corporation (Nassau) filed with the Commission an executed standard offer power sales agreement designed to meet 435 megawatts of the identified 500 megawatt 1996 statewide avoided unit. This contract identified Florida Power and Light Company (FPL) as the purchasing utility. On July 31, 1991, Nassau filed a Petition for Determination of Need pursuant to section 403.519, Florida Statutes, for a proposed 435 megawatt natural gas fired cogeneration facility. The proposed facility is to be located on Amelia Island in Nassau County, Florida. By letter dated August 6, 1991, Nassau waived the time scheduling requirements of Rule 25-22.080(2), Florida Administrative Code, to permit a final decision no later than January 28, 1992. On August 8, 1991, FPL filed its Notice of Appearance in this docket. Florida Power Corporation (FPC), the Jacksonville Electrical Authority (JEA) and the City of Fernandina Beach (FB) filed separate requests to intervene in this docket which were granted without objection.

At the Prehearing Conference held on October 23, 24 and 25, 1991, the parties identified thirty seven issues for resolution in this docket. The Hearing was held on November 5, 6 and 7, 1991.

The parties submitted post-hearing briefs and statements of issues and positions. FPL submitted 163 proposed Findings of Fact. On January 6, 1992, Nassau file a Motion to Strike portions of FPL's Brief. On January 7, 1992, Nassau filed a Request for

Official Notice of certain matters contained in a Florida Power and Light Company filing with the Commission prior to this hearing in another matter. Florida Power and Light Company filed a response to both these motions on January 13, 1992. We issued Order Nos. 25748 and 25749 on February 18, 1992, ruling on each of these motions.

Having reviewed the pleadings, the transcript, the exhibits, the post hearing filings and other evidence of record, we now enter our Final Order.

Rulings on the specific proposed Findings of Fact submitted by Florida Power and Light Company are attached to this Order as Appendix I.

Stipulated Issues

The parties have stipulated that the reliability criteria used by FPL are adequate for planning purposes. These stipulated planning criteria are a .1 day/year loss of load probability (LOLP) and a 15% summer reserve margin. The parties have also stipulated that the Commission should not deny an affirmative determination of need simply because of an absence of signed letters of intent or an absence of contracts that assure availability of natural gas delivered to the site. We accept and approve these stipulations.

Completeness of Data

In compliance with Rule 25-22.081, Florida Administrative Code, Nassau provided detailed information concerning the Amelia Island site, plant technology type, load and conservation forecasts (as well as the status of project development), fuel supply agreements, steam sales agreement, plant construction agreement, and financing arrangements. In addition to providing the above information, Nassau established certain milestones which it believed would be critical to the successful development of the proposed project. The milestones are as follows: fuel supply agreements by early 1993, before financial closing; financial closing by June 1993; and construction started by January 1994. We find that meeting these milestones would be critical to the project's successful completion, and that these milestones would provide assistance in monitoring the project. We also find that Nassau provided sufficient information on the site, technology, and

status of project development concerning the Nassau Power Project to enable us to evaluate Nassau's proposal.

There are certain aspects of the Nassau project which will not be finalized until after the need determination proceeding has concluded. For instance, Nassau set a milestone of June 1993 to have the financial closing for the project. Nassau's Witness, Mr. Dacey, testified that financing arrangements for the Nassau project would not start until the contracts for fuel and equipment have been finalized. We find that Nassau has not provided sufficient information on its Nassau Power Project to enable us to evaluate the project's financial viability, because the information needed to fully evaluate the project's financial viability will not be available until the need determination proceeding has concluded. However, Nassau provided information which demonstrates its ability to obtain financing for other projects. Subsidiaries of Nassau's parent company, Falcon Seaboard, have successfully brought one facility on line, and these subsidiaries are currently finalizing the financing arrangements for another project. We have approved other cogeneration projects without complete financial information, and we see no reason why we should treat Nassau differently in this instance.

Nassau has received two written offers for gas supply, although Nassau has yet to accept either offer. Nassau also has its own gas available. It could be imprudent for Nassau to lock in to a gas price this far in advance of start-up, especially since current offers are flexible and open to negotiation. For these reasons, we find that Nassau has provided appropriate assurances that there will be an adequate gas supply available for its project.

The parties agree that insufficient pipeline capacity exists today to supply the proposed project's anticipated natural gas needs. However, pipeline companies have expressed an interest in providing the necessary pipeline capacity. If we were to make an affirmative decision on the need for the project, Nassau expects pipeline construction to be completed by mid-1995. We find that there is not adequate capacity on existing pipelines which would allow the necessary volumes of gas to flow to the proposed pipeline extensions at this time. However, we believe the necessary pipelines would be constructed if Nassau's project is certified.

Nassau has received two transportation offers. One offer is from Florida Gas Transmission (FGT) for 90,000 MMBtu/D firm. The other offer is from Sonat Exploration Company, acting through its agent, Sonat Marketing Company (SONAT), for 35,000 MMBtu/D firm

plus interruptible transportation above 35,000 MMBtu/Day. As of the hearing, Nassau had accepted neither offer. We find that FGT and SONAT's offers to build a pipeline constitute appropriate assurances that there will be adequate transportation available to transport gas to Nassau's project.

In summary, we find that Nassau has provided sufficient information on its agreements with the steam host, equipment suppliers, and fuel suppliers for the Nassau Power Project to enable us to evaluate its proposal.

Assumptions/Ground Rules

The capacity proposed in the Standard Offer Contract is 435 MW. However, the record indicates that the proposed facility may be as large as 480 MW. Unless the capacity used for modelling is inconsistent, this difference in capacity is not problematic. On some exhibits, Nassau contends the proposed facility will be 435 MW; however, other exhibits state the proposed facility will be 480 MW. The 70% capacity factor in the contract is based on 435 MW. Any MW capability higher than 435 MW would enable Nassau to meet the 70% capacity factor requirement more easily. Because Nassau used different capacities for modelling, 435 MW and 480 MW, this difference in capacities does create some difficulties in evaluating the impact the Nassau Project would have.

We decline to determine the electrical load, if any, that Nassau would propose FPL to serve the Nassau project. Nassau proposed serving all of its internal electrical load; however, it would rely on either FPL or FPUC to supply backup or standby power when the proposed unit returns from an outage. We find that this issue can not be answered at this time because it is unclear whether backup power will be served by FPL or FPUC.

At issue in this proceeding is which set of FPL's planning assumptions and what adjustments, if any, are the appropriate planning assumptions to use in our evaluation of the need for the Nassau Project. Nassau recommended that we use FPL's 1990 planning assumptions, with the following modifications:

1. Decrease Turkey Point Nuclear Availability,
2. Reduce Tie-Line Assistance from JEA, and
3. Change additional third 500 KV transmission line from 1996 to 1997.

Because we have previously rejected, in Docket No. 910004-EU by Order No. 24989, Nassau's first and second proposed

modifications to FPL's 1990 planning assumptions, we also reject the first two modifications for this proceeding. However, we accept Nassau's third modification, which we find is also reflected in FPL's 1991 planning assumptions.

Well after Nassau filed its case, FPL completed its annual planning update and arrived at a new set of planning assumptions for 1991. FPL proposed using its 1991 planning assumptions. Differences between the 1990 and 1991 planning assumptions include the following:

1. Load Forecast,
2. Fuel Price Forecast,
3. Economic Assumptions,
4. Cost Parameters used for Supply Side Options,
5. Cogeneration Under Contract,
6. Fossil Unit Equivalent Forced Outage Rate,
7. Nuclear System Equivalent Availability,
8. Conservation and Load Management, and
9. Move third 500 KV Transmission Line from 1996 to 1997.

We accept FPL's 1991 planning assumptions with no adjustments for the purposes of this proceeding.

The problem in determining the appropriate planning assumptions to use is timing. Because of the time frame involved, the following dates indicate the difficulty Nassau would have in using FPL's 1991 planning assumptions:

1990 APH Planning Hearing	3/18/91
Nassau Files Petition	7/31/91
1990 APH Planning Docket Agenda Vote	8/9/91
1991 FPL Planning Assumptions Filed	10/14/91
Nassau Need Hearing	11/6/91

Because it would be unduly burdensome for Nassau if we were to use the 1991 planning assumptions only, we find that it is appropriate to use both the 1990 (accepting only Nassau's third modification) and the 1991 planning assumptions in evaluating the need and the cost effectiveness of the project. The most recent information available should be used to the extent that it is reasonable in preparing for the proceeding. This is because ratepayers are best protected when the best data is used, and we find that this data set is the best data set available. Using either set of assumptions alone would yield a similar result as to the question of need for the project.

Nassau adopted FPL's conservation and cogeneration forecast contained in the 1990 APH planning assumptions, which were approved by the Commission in Order No. 24989, issued August 29, 1991. Because there are changes between the 1990 and the 1991 forecasts, we believe it is best to use all the changes instead of singling out a load or conservation forecast. We find that FPL's power supply plan reviewed by us in Docket 910004-EU reasonably considers the effects of conservation and other demand side alternatives for purposes of this proceeding.

We accept the fuel forecasts presented by Nassau. We find that these fuel forecasts represent price risk uncertainties to Nassau and that they reflect strategies actively pursued by Nassau. In so doing, we note that Nassau is in the natural gas business and that it has access to natural gas holdings and it is also pursuing fixed long term contracts from others sources. These forecasts were prepared by reputable sources, and they were developed for planning purposes related to this project. Accordingly, we find Nassau's natural gas forecast to be reasonable for evaluating the Nassau Power Project.

FPL's system is primarily fueled by oil and gas. The capacity payments pursuant to the Nassau Standard Offer Contract are based on a coal fired unit, and the fuel payments are tied to coal prices as well. We find that the natural gas fired/coal priced Nassau Power project will minimally impact fuel diversity on FPL's system.

We find several associated facilities, including fuel delivery facilities, would be required in conjunction with the Nassau Power project. These facilities are a looped electrical interconnection, waste water facilities for cooling water, and a natural gas lateral. Nassau proposed constructing a single circuit, 12 mile 230 KV line from the project site to the FPL's Yulee substation where it would interconnect. However, all of FPL's 400 MW class units have a looped (two circuit) interconnection for overall reliability and continuity of power supply purposes. Accordingly, Nassau should also construct a looped interconnection. Nassau plans to use waste water produced by ITT Rayonier and/or the City of Fernandina Beach municipal water treatment plant for cooling water. We find these cooling facilities to be appropriate. As mentioned above, FGT and SONAT are interested in providing the necessary pipeline capacity required for the Nassau Power Project. FGT projects Nassau would be required to pay approximately $48 million in constructing a lateral. We find that an on-site No. 2 oil storage is necessary in the event of a natural gas interruption, particularly during peak periods. If the petition were approved, these facilities would be required at Nassau's expense.

There are other aspects of Nassau Power's proposed project that constitute matters within our jurisdiction which are relevant to our decision. If the Nassau Power Project is approved, the construction of an additional natural gas pipeline in the northeast corner of the State is likely. This would increase the availability of natural gas in Florida. However, we find that the possibility of this increased natural gas availability is outweighed by the adverse reliability and economic impacts of the Nassau Power Project as discussed further in this Order.

The JEA raised an issue asking the Commission to delay issuance of a determination of need in this proceeding pending FPL's contracting with JEA for transfer of a portion of JEA's import capability. However, an impasse would be reached if we were to delay the proceeding until the JEA and FPL can negotiate a transmission capacity arrangement. This is because the JEA has stated it is waiting for FPL to approach the municipality, whereas FPL has testified that it would not approach the JEA until Nassau has been granted a need determination. Accordingly, we find that we should not delay the issuance of a determination in this case because acquisition of transmission capacity by FPL must be completed before any sales are made to FPL.

Analysis

We find there are no adverse consequences to FPL and its customers if the proposed Nassau Project is not completed in the approximate time frame provided in the contract. Based on FPL's current generation expansion plan, FPL does not need additional capacity in 1996 to satisfy its reliability requirements. FPL's current generation expansion plan does not require additional capacity until 1998. Hence, we foresee no adverse consequences.

We find that the proposed project would contribute less to FPL's system reliability than FPL's current generation expansion plans. The addition of this project located near the Florida-Georgia interface would result in a reduction in total state import capability of approximately 300 MW. The net impact of the Nassau facility on FPL's system at the North East Central Corridor (NECC) is approximately a net increase of 145 MW as shown in the chart below. This is due to the fact that the 435 MW from Nassau would "split" at the Duval substation so that 348 MW would flow over the NECC 500 kV system and the remaining 87 MW would flow over the 230 kV system along the west coast. A net increase of 145 MW would not

alter FPL's generation expansion plans because load is projected to grow at a rate of approximately 400 MW per year.

TOTAL CAPABILITY OF NECC BEFORE AND AFTER NASSAU

	W/O NASSAU	W/ NASSAU	CHANGE
FIRM PURCH.	2369	2717	348
NON-FIRM PURCH.	495	296	197
TOTAL CAPABILITY	2868	3013	145

Aside from displacing economy energy purchases, the purchase of Nassau's power would result in the ratepayers paying for 435 MW but receiving only 145 MW of reliability, while a similar plant built at the Martin site would contribute a full 435 MW. Thus, the Nassau Power Project will not contribute as much to the reliability and integrity of FPL's electric system as a facility built near FPL's load center. Therefore, FPL, as an individual utility interconnected with the statewide grid, does not have a need by 1996 for the additional 435 MW of capacity represented by the Nassau Power Project. One proposal to mitigate the effect of this additional loading of the NECC suggested additional transmission facilities would have to be constructed at a cost of approximately $270 million. Another suggested means of reducing the impact on FPL's system is the purchase of uncommitted import capability from JEA. We find that this would not mitigate the adverse impact of the project on FPL's system reliability.

We find that the Florida transmission network is adequate to accommodate the delivery of electrical power generated by Nassau Power's proposed project. However, to do so would displace non-firm capability and increase costs to FPL's ratepayers.

FPL's transmission system is currently constrained. Any increase in firm purchases would decrease non-firm power which would likely increase the costs to the ratepayers. Accordingly, we find there is not currently adequate transmission capacity on FPL's system to reliably and cost-effectively transport the power from the proposed Nassau Power Project in North Florida to FPL's load centers in South Florida.

We find that the state does not currently show a need for 435 MW of base load capacity in 1996. When the Standard Offer Contract that Nassau signed was developed, the capacity payments were based on a 500 MW coal unit with an in-service date of 1996 and a 20% discount factor. At that time, there appeared to be a "need" on a state wide basis for base loaded capacity. However; this statewide

"need" was satisfied by the ICL/FPL (Order No. 24268) need determination and the Scherer/FPL (Order No. 24165) power purchase agreements.

The most recent compilation of statewide data by the Florida Electric Power Coordinating Group (FCG) does not show a planned addition of any base loaded capacity in 1996.

Nassau's witness testified that the proposed project was needed to maintain statewide winter reserve margins. Nassau is not contemplating purchasing sufficient quantities of firm gas to allow the unit to operate at full capacity during the winter months. While this may make good business sense from Nassau's view point, we question the contribution to winter reserves if the unit is relying on interruptible gas during the winter months, especially given that Nassau is only contractually obligated to operate at a 70% twelve month rolling average capacity factor.

We find that the proposed Nassau Power Project is not needed for reliability in 1996 and is not cost-effective when compared to FPL's own generation expansion plans. If all other 1990 FPL planning assumptions remain unchanged but the inservice date of the third 500 KV line is changed from 1996 to 1997, FPL's LOLP criterion are violated in 1996 and suggests a need for approximately 400 MW. Beginning in 1997 (with the activation of the third 500 KV line) FPL's LOLP criteria is not violated. Thus, the capacity shortfall, if any, is a one year problem. If some action is required, a long term commitment to additional capacity is inappropriate to fix a one year problem.

In support of the position that the proposed project is cost-effective, Nassau submitted numerous economic analyses. Nassau alleges that the project is less expensive than FPL's plan by 440 million dollars. Exhibit 59 models the proposed project's operating characteristics at a 93.7% capacity factor during the summer months and approximately 55% during the winter months. While these operating characteristics make sense in the fact that they would allow Nassau to take advantage of seasonal price swings in natural gas, the project is not contractually committed to operate at anything other than a 70% capacity factor. The project is most fairly evaluated based on its contractual commitments, and not on what might be feasible/desirable/show the greatest benefit.

It appears Nassau has no economic incentive to operate at a greater than 70% 12 month rolling average capacity factor. Nassau maintains that since the capacity payments are greater than Nassau's cost of construction, this would offset the fuel cost,

which Nassau projects to be greater than the energy payments under the standard offer contract. Nassau agrees that the projects variable cost of production, particularly the cost of gas, is greater than the energy component of the standard offer. This is offset by the steam sales revenue which is minimal compared to the total revenue stream. Logic indicates that since the capacity payments are fixed and the variable costs are greater than the variable revenues, any operation over the minimum amount would only cut into profits. With Nassau modeled at a level 70% capacity factor, the project is more expensive than FPL's own planned cost.

Exhibit 59 is also flawed because the analysis was done on a revenue requirements basis. Since the term of the Nassau Standard Offer contract is 20 years, a proper approach would be to compare the two alternatives on a value of deferral basis. A correct analysis indicates that the Nassau project would actually increase FPL's costs by approximately $175 million.

In summary, considering the impact on electric system reliability and integrity; the need for adequate electricity at a reasonable cost; the cost-effectiveness of this alternative compared to others which are available; and the conservation measures which might mitigate the need for the project we find the petition for determination of need should be and is denied.

Legal Issues

As previously indicated, the Nassau project would, if approved, adversely impact the transmission networks of both Florida as a whole and Florida Power and Light Company. An issue was raised concerning the responsibility for the cost of transmission payments to JEA and/or the costs of constructing new transmission facilities to reliably incorporate the Nassau Power Project's output into FPL's system. We find that under the standard offer contract at issue in this docket, FPL and its ratepayers should be responsible for any transmission costs; however, transmission costs and the impact that integrating the proposed project would have must be evaluated vis a vis the cost-effectiveness of the project and its impact on system reliability and integrity.

When a cogenerator is ready to provide electricity to a utility, the cogenerator is obligated to interconnect to the utility's system. See Rule 25-17.087, F.A.C. Interconnection to

a utility's system is not the same as the cogenerator being "reliably incorporated" into a utility's system.

In this instance, there would be substantial degradation to FPL's system and the statewide import capability if Nassau were to interconnect. However, Nassau could not be charged for any improvements to FPL's system as proposed by FPL, as the terms of the standard offer designed to meet the 1996 need do not provide for such a charge. Instead, these costs must be considered when the Commission determines whether Nassau would provide adequate electricity at reasonable costs and how Nassau would affect system reliability as mandated by Section 403.519, Florida Statutes.

Because Nassau plans to interconnect directly with FPL at the Yulee substation, no transmission service is required. Because there is no transmission service required, no transmission costs will be incurred. Therefore, no party would be responsible for the costs of transmission service.

FPL has alleged that Nassau does not have a valid standard offer contract and interconnection agreement with FPL for the Nassau Power Project. FPL suggests that certain additions made by Nassau to FPL's form interconnection agreement invalidate that agreement, which is referenced in the standard offer contract. FPL argues that under contract law and, if applicable, the Uniform Commercial Code, these additions void the contract that Nassau executed. We find that the contract Nassau submitted meets the requirements of applicable law. The "modifications" to the interconnection agreement that FPL alleges invalidate the contract are required by the nature of the interconnection agreement, reflect the language of and/or are consistent with the rule mandating the utility's duty to interconnect with a qualifying facility.

At the same time it signed and filed its Standard Offer contract with FPL, Nassau executed an "Interconnection Agreement for Qualifying Facilities" which had been promulgated by FPL as part of its Tariff. Nassau added language to two of the provisions in the agreement, and included four attachments detailing estimates and costs of the equipment needed to interconnect with FPL at the Yulee substation.

Section 2 of the Interconnection Agreement (Construction Activities) states in part:

> "QF agrees to pay FPL all expenses incurred by FPL to design, construct, operate, maintain, and repair the interconnection facilities

> necessary for integration of the Facility into FPL's electrical system. Such interconnection costs shall not include any costs which FPL would otherwise incur if it were not engaged in interconnected operations with QF, but instead simply provided the electric power requirements of the Facility with electricity either generated by FPL or purchased from another source."

Nassau has added: "The above expenses to be paid by the QF shall be those reasonably agreed upon by both parties as reasonably necessary to both parties for the interconnection of the facility."

Section 5 of the Interconnection Agreement (Interconnection Facilities) states in part

> "The interconnection facilities shall include the items listed in the attached document entitled "Interconnection Facilities" which is attached hereto and hereby made an integral part of this Agreement."

Nassau has added: "See Attachments 3 and 4. If upon negotiation, FPL demonstrates that additional facilities are reasonably required to accomplish the interconnection, this list will be modified upon mutual agreement of the parties."

Attachment 1 (prepared by Nassau) is titled "QF Interconnection Cost Estimate." Attachment 2 (prepared by Nassau) is also titled "QF Interconnection Cost Estimate." Attachment 3 (prepared by Nassau) is titled "Interconnection Facilities by FPL." Attachment 4 (prepared by Nassau) is titled "Interconnection Facilities by NPC."

The duty of a Utility to interconnect with a Qualifying Facility is clear under the Commission's rule on the subject. Rule 25-17.087(1), F.A.C. states:

> "Each utility **shall** interconnect with **any** qualifying facility which:
> (a) is in its service area;
> (b) requests interconnection;
> (c) agrees to meet system standards specified in this rule;
> (d) agrees to pay the cost of interconnection; and
> (e) signs an interconnection agreement. (emphasis added)"

The rule affords the utility the right to evaluate each request for interconnection on its own merits and to modify the general standards in the rule to reflect the result of such evaluation. Further, the rule gives the QF the right to require the utility to affirmatively demonstrate before the Commission that the utility's requested actions to accomplish interconnection are "reasonable."

The interconnection of a facility this size to a system as large as FPL's near a heavily used transmission corridor as proposed is no simple "unilateral" act. Given that the contract Nassau executed is the standard offer contract, the utility's obligation to interconnect is clear. It is highly unlikely that any prefiled interconnection agreement could have been executed without change by Nassau which would contain sufficient detail to preclude the requirement for further modification, discussion, negotiation and/or the exercise of the parties rights under the Commission Rule. Indeed, Nassau and FPL would need to negotiate extensively before signing a contract for interconnection of a facility this size. To require that extensive negotiations of a QF before executing a standard offer is inconsistent with the purpose of a standard offer.

We believe that the changes made to the prefiled agreement are consistent with the rule and do not grant any party any right not found in the rule. Accordingly, we find that Nassau has tendered a valid standard offer contract and a satisfactory interconnection agreement.

The uncontroverted testimony at the hearing was that Nassau expects to interconnect at FPL's Yulee Substation which is in FPL's territory. Accordingly, FPL's argument that it has no duty to "provide retail service for and/or interconnect" with the Nassau project is without merit.

A number of issues were raised concerning the obligations/rights of the parties under various interrelated statutory/rule/tariff filings. Any analysis of FPL's legal obligation under PURPA to interconnect with the Nassau Power Project; FPL's legal obligation to interconnect with the Nassau Project applying the Florida Public Service Commission rules, regulations and applicable tariffs; or FPL's obligation to purchase the output of the Nassau project at the rates in its standard offer contract is incomplete without evaluating the project in light of the entire regulatory framework.

The body of state and federal law that addresses cogeneration is an integrated state and federal regulatory framework. An

evaluation of the duty to interconnect under either PURPA or Rule 25-17.087 F.A.C. must be considered in conjunction with all other relevant federal and state legislation, federal and state case law, FERC and other Commission rules, FERC and Commission orders, and any relevant tariffs.

Each proposed cogeneration project greater than seventy five megawatts must be evaluated under the criteria set forth in Section 403.519, Florida Statutes. PURPA does not preempt the Florida Power Plant Siting Act, which requires that the Commission make an independent determination that Nassau's proposed plant is needed by FPL and is the most cost-effective alternative for meeting FPL's needs. Nassau has been put on notice by prior Commission decisions that need determination proceedings are utility specific. Thus, Nassau is aware that there must be an affirmative finding that the cogenerator meets the need of the electric utility purchasing the cogenerator's power. We have found that the Nassau project is not needed to meet FPL's system supply requirements, is not the most cost effective alternative available to meet that unproven need and adversely impacts system reliability. Based on these findings, we have denied the Petition for Determination of Need.

Obviously, without an affirmative determination of need, there is no obligation to interconnect under either Federal or State law. Similarly, there is no obligation to purchase the power at the rates set in the standard offer contract. Given our negative answer on the ultimate issue, FPL has no obligation to interconnect with the Nassau project or purchase the power at the specified price.

Further, the finding that there is no need for the Nassau project based in material part on a comparison of the impacts of the rates in its standard offer contract with any other cost or rate target is not a violation of PURPA. PURPA must be considered in conjunction with all relevant federal and state legislation, specifically the Power Plant Siting Act. This Commission must determine whether the Nassau project is the most cost-effective alternative available. The cost-effectiveness of the Nassau project can not be determined without comparing it to other alternatives.

Based on the foregoing, it is

ORDERED that the Petition for Determination of Need for Proposed Electric Power Plant (Amelia Island Cogeneration facility) is DENIED. It is further

ORDERED that this docket shall be CLOSED.

By ORDER of the Florida Public Service Commission, this 25th day of FEBRUARY, 1992.

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 (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.

APPENDIX I

As required by and in compliance with Section 120.57(1)(b)4, Florida Statutes (1991), the Florida Public Service Commission makes the following rulings on the Proposed Findings of Fact submitted by Florida Power and Light Company.

1. Rejected as unsupported by the greater weight of the evidence.
2. Accepted and incorporated.
3. Accepted and incorporated without the phrase "with very few reservations" which is not supported by the greater weight of the evidence.
4. Accepted and incorporated.
5. Accepted and incorporated with the substitution of the word "indicate" for "fabricate".
6. Accepted and incorporated.
7. Rejected as unnecessary to the decision in this case.
8. Accepted and incorporated.
9. Accepted and incorporated without the word "dramatically" which should be rejected as unsupported by the greater weight of the evidence.
10. Accepted and incorporated with the exclusion of the phrase "ignores relevant unit specific information and" which should be rejected as argumentive.
11. Rejected as unsupported by the greater weight of the evidence. The Commission's Order indicates some concern as to the achievability of the projected unit availability.
12. Rejected as unsupported by the greater weight of the evidence.
13-14. Accepted and incorporated.
15. Rejected as unsupported by the greater weight of the evidence. The Commission's Order indicates some concern as to the achievability of the projected unit availability.
16. Accepted and incorporated.
17. Accepted and incorporated in part. The last two sentences are rejected as unnecessary to the decision in this case.
18-23. Accepted and incorporated.
24. Rejected with the understanding that the Commission is not accepting the definition of tie assistance as included in Mr. Adjemian's memorandum.
25. Rejected as cumulative. See Proposed Finding of Fact # 23.

APPENDIX I (cont'd)

26-27.	Rejected as unnecessary to decide the matters at issue in this case.
28.	Accepted and incorporated.
29.	Rejected as speculative.
30.	Accepted and incorporated with the understanding that the term "resources" is defined as electric power.
31-33.	Accepted and incorporated.
34-35.	Rejected as irrelevant.
36-37.	Rejected as argumentative.
38.	Accepted and incorporated with the substitution of the word "shown" for the word "manufactured".
39-41.	Accepted and incorporated.
42.	Rejected as argumentative.
43.	Accepted and incorporated with the deletion of the word "serious" and the addition of the phrase "and its ratepayers" at the end of the sentence.
44-46.	Accepted and incorporated.
47.	Accepted and incorporated with the understanding that this finding is directly tied to Proposed Finding of Fact number 46.
48-49.	Accepted and incorporated.
50-51.	Accepted and incorporated, with the substitution of the word "corridors" for the word "quarters".
52.	Accepted and incorporated with the striking the word "large".
53.	Accepted and incorporated.
54.	Accepted and incorporated with the deletion of the word "severe".
55.	Accepted and incorporated.
56.	Rejected as unsupported by the greater weight of the evidence.
57-61.	Accepted and incorporated.
62.	Accepted and incorporated with the deletion of the word "serious".
63.	Rejected as unsupported by the greater weight of the evidence.
64.	Accepted and incorporated.
65-66.	Rejected as unsupported by the greater weight of the evidence.
67-68.	Accepted and incorporated.
69.	Rejected as unsupported by the greater weight of the evidence.
70A.	Rejected as unsupported by the greater weight of the evidence.

APPENDIX I (cont'd)

70B.	Rejected as unsupported by the greater weight of the evidence.
71.	Rejected as unsupported by the greater weight of the evidence.
72-78.	Accepted and incorporated.
79.	Rejected as unsupported by the greater weight of the evidence.
80-89.	Accepted and incorporated.
90-91.	Rejected as unsupported by the greater weight of the evidence.
92.	Accepted and incorporated.
93.	Accepted to the extent that Nassau would have the effect of reducing FPL's ability to import economy energy.
94-97.	Accepted and incorporated.
98.	Rejected as irrelevant.
99.	Accepted and incorporated with the deletion of the words "are correctly".
100-101.	Rejected as irrelevant.
102-103.	Accepted and incorporated.
104-105.	Accepted and incorporated with the substitution of the word "flawed" for the word "misleading".
106.	Rejected as unsupported by the greater weight of the evidence.
107-119.	Accepted and incorporated.
120.	Rejected as speculative.
121-127.	Accepted and incorporated.
128-129.	Rejected as not material to this decision.
130.	Accepted and incorporated.
131-140.	Rejected as not material to this decision.
141.	Accepted and incorporated.
142-148.	Rejected as not material to this decision.
149-150.	Accepted and incorporated.
151.	Rejected as irrelevant.
152-155.	Accepted and incorporated.
156.	Rejected as unsupported by the greater weight of the evidence.
157-160.	Accepted and incorporated.
161.	Rejected as unsupported by the greater weight of the evidence.
162.	Rejected as unsupported by the greater weight of the evidence. Exhibit 78, in and of itself neither proves nor disproves the economic viability of the project.
163.	Rejected as unsupported by the evidence of record.