

**Steel Hector & Davis**  
Miami, Florida

John T. Butler  
(305) 577-2938

June 30, 1989

**ORIGINAL  
FILE COPY**

Mr. Steve Tribble  
Director  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, FL 32399-0850

Re: Docket No. 890737-PU

Dear Mr. Tribble:

I am enclosing for filing in the above docket a copy of my June 27, 1989 letter to Suzanne Brownless of the Division of Legal Services.

My letter addresses Paul Sexton's June 19, 1989 comments on the Commission Staff's proposed revisions to Rule 25-17.002.

Respectfully submitted,

  
John T. Butler

JTB:fl

cc: Parties of record (w/enc.)

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG   /
- LEG \_\_\_\_\_
- LIN   6
- OPC \_\_\_\_\_
- RCH   /
- SEC   /

DOCUMENT NUMBER-DATE  
06523 JUL -3 1989  
FPSC-RECORDS/REPORTING

<b>WAS</b> 4000 Southeast Financial Center Miami, FL 33133-2398 (305) 577-2807 Fax: (305) 358-1418	1200 Northbridge Centre 1 West Palm Beach, FL 33401-4307 (305) 850-7200 Fax: (305) 855-1602	440 Royal Palm Way Palm Beach, FL 33480 (305) 650-7200	1200 Corporate Place 1200 North Federal Highway Boca Raton, FL 33432 (305) 394-5000 Fax: (305) 394-4856	201 South Monroe Tallahassee, FL 32301-1548 (904) 222-4194 Fax: (904) 222-8410
--	--	--	---	---

**Steel Hector & Davis**  
Miami, Florida

John T. Butler  
(305) 577-2939

June 30, 1989

Ms. Suzanne Brownless  
Division of Legal Services  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

Re: Docket No. 890737-PU

Dear Suzanne:

I am writing in response to the comments on Staff's proposed Rule 25-17.002 that were contained in Paul Sexton's June 19, 1989 letter on behalf of the Florida Industrial Cogeneration Association (FICA).

FPL does not object to Staff's proposal for a non-specific rule. FPL also would be satisfied with a properly structured rule that more specifically described the methodology to be used in setting conservation goals (e.g., the rule proposed in FPL's September 14, 1988 petition to initiate rulemaking). However, FPL would vigorously oppose a rule that provides for statewide goals as suggested by FICA.

While there may be a superficial appeal to the uniformity of setting conservation goals on the same statewide basis that is used for supply-side planning, there are significant differences that would make statewide conservation goals inappropriate and unworkable. Weather and other differences among utilities' service territories can make programs that are appropriate for one utility counterproductive for others. Moreover, the concept of statewide supply-side planning is premised on the assumption that a relatively efficient market exists for the purchase and sale of capacity and energy. No such market exists today for the benefits of demand-side activities, and FPL doubts that it would be possible to develop one. There are simply too many nuances and too much uncertainty in the benefits of such activities for them to be bought and sold in a commodities market of the sort that has functioned well on the supply side.

---

Miami Office  
4000 Southeast Financial Center  
Miami, FL 33131-2596  
(305) 577-2800  
Fax: (305) 353-1418

1200 Northbridge Centre I  
West Palm Beach, FL 33401-4307  
(305) 850-7200  
Fax: (305) 855-1509

440 Royal Palm Way  
Palm Beach, FL 33480  
(305) 650-7200

1200 Corporate Place  
1200 North Federal Highway  
Boca Raton, FL 33432  
(305) 394-5000  
Fax: (305) 394-4668

201 South Monroe  
Tallahassee, FL 32301-1848  
(904) 222-4194  
Fax: (904) 222-8410

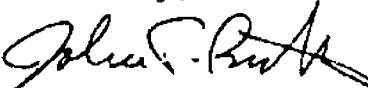
Steel Hector & Davis

Ms. Suzanne Brownless  
June 30, 1989  
Page Two

For these reasons, I urge you to reject FICA's suggestion that conservation goals be set on a statewide basis. FPL is willing to support Staff's proposed Rule 25-17.002, but could not support the rule envisioned by FICA.

Please call me if you have any questions or need any further information.

Sincerely,



John T. Butler

JTB:fl

cc: James Dean  
Terry Walsh  
Joseph McCormack  
Parties of record