

Steel Hector & Davis

Tallahassee, Florida

Matthew M. Childs, P.A.
(904) 222-4448

August 29, 1990

**ORIGINAL
FILE COPY**

Steve Tribble
Director of Records and
Reporting
Florida Public Service Commission
101 E. Gaines Street
Tallahassee, FL 32301

RE: Docket No. 900004-EU

Dear Mr. Tribble:

Enclosed please find the original and 15 copies of Florida Power and Light Company's Response to the Motions of AES and NPC for Clarification of Order No. 23235.

Very truly yours,



Matthew M. Childs, P.A.

MMC:do
Enclosures

- ACK _____
- AFA cc: All Parties of Record
- APP _____
- CAF _____
- CMU _____
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FPSC BUREAU OF RECORDS

Tallahassee Office
216 South Monroe
Suite 801
Tallahassee, FL 32301-1804
(904) 222-2300
Fax: (904) 222-8410

4000 Southeast Financial Center
Miami, FL 33131-2398
(305) 677-2900
Fax: (305) 358-1418

515 North Flagler Drive
1200 Northbridge Centre 1
West Palm Beach, FL 33401-4307
(305) 650-7200
Fax: (305) 655-1509

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

1200 North Federal Highway
Suite 409
Boca Raton, FL 33432
(305) 394-5000
Fax: (305) 394-4856

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Planning Hearings on Load) DOCKET NO. 900004-EU
Forecasts, Generation Expansion Plans) FILED: August 29, 1990
and Cogeneration Pricing for Peninsula)
Florida's Electric Utilities)

FPL'S RESPONSE TO THE MOTIONS OF AES AND NPC FOR
CLARIFICATION OF ORDER NO. 23235

Florida Power & Light Company (hereinafter "FPL") provides the following response to the Motions for Clarification of Order No. 23235 filed by the AES Corporation (hereinafter "AES") and Nassau Power Corporation (hereinafter "NPC").

1. As presently stated Order No. 23235 appears to suggest that only negotiated contracts that were "negotiated against" the SAU and had the same in-service date as the SAU would count towards the previously established 500 MW subscription limit.

2. FPL asked that the Order be clarified by eliminating the statement that only contracts "negotiated against" the SAU and with the same in-service date count towards the subscription limit. AES and NPC asked the Commission to hold that only contracts with the same in-service date as the SAU count in the 500 mw subscription limit.

3. FPL asked for elimination of the "negotiated against" criterion because it is vague, difficult to prove, and, more importantly, not relevant to the purpose of a subscription limit. Whether a negotiated contract should count towards the subscription unit should depend on whether that particular

contract contributes to deferral or avoidance of the unit on which the subscription is based. If the negotiated contract does contribute to deferral of the subscription unit it should count in the subscription amount. Questions of whether the negotiated contract was "negotiated against" the subscribed unit or whether it has the same in-service date do not, and should not, matter.

4. Whether a negotiated contract contributes to the deferral of the subscription unit is a question of fact and judgment, and should be answered with the customary analytical tools of generation expansion planning. It is not the sort of issue that can or should be determined on a before-the-fact basis by selection of relatively arbitrary factors such as in-service dates or what was in the mind of the parties at the time a contract was negotiated.

5. Under the present Cogeneration Rules a QF with a Standard Offer contract may have an in-service date different than the SAU. To include Standard Offer contracts with an in-service date different than the SAU in the subscription limit but exclude negotiated contracts with that same in-service date is simply arbitrary and furthers no policy objective of the Commission.

6. From the inception of the cogeneration rules through their many considered changes and revisions the Commission has always expressed a strong preference for negotiated as opposed to Standard Offer contracts. Unless clarified, Order No. 23235 severely undermines the preference for negotiated contracts because it encourages QFs to forego negotiations in favor of a Standard

Offer contract that has a better chance of being included in the subscription limit. Moreover, the discouragement or restriction on the ability to negotiate may simply make otherwise desirable QF projects not viable. This result serves no one's interest. It forces the QF to forego the opportunity to obtain a negotiated contract better suited to its needs, utilities are precluded from negotiating for a better overall price and added assurances that the capacity will actually materialize, all of which in the long run is counter to the best interests of the state's ratepayers.

7. For these reasons Order No. 23235 should be clarified to provide that any contract for the purchase of QF capacity may be counted toward the subscription limit of the SAU if, in fact, the contract contributes to the avoidance or deferral of the SAU.

Respectfully submitted,

STEEL HECTOR & DAVIS
215 South Monroe Street
Suite 601
Tallahassee, Florida 32301-1804
Attorneys for Florida Power
& Light Company

By: 

Matthew M. Childs, P.A.
Bonnie E. Davis

CERTIFICATE OF SERVICE
DOCKET NO. 900004-EU

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's Response to the Motions of AES and NPC for Clarification of Order No. 23235 has been furnished to the following individuals by Hand Delivery or U. S. Mail on this 29th day of August, 1990.

Michael A. Palecki, Esq.
Division of Legal Services
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32301

Vicki Gordon Kaufman, Esq.
522 East Park Ave
Suite 200
Tallahassee, FL 32301

Paul Sexton, Esq.
Richard Zambo, P.A.
211 S. Gadsden Street
Tallahassee, FL 32301

Edison Holland, Jr., Esq.
Beggs and Lane
P. O. Box 12950
Pensacola, FL 32576

Richard D. Melson, Esq.
Hopping, Boyd, Green & Sams
P. O. Box 6526
Tallahassee, FL 32314

Stephen Burgess, Esq.
Office of Public Counsel
111 W. Madison Street
Room 812
Tallahassee, FL 32301

Fla. Keys Electric Coop.
E. M. Grant
P. O. Box 377
Tavernier, FL 33070

Edward C. Tannen, Esq.
1300 City Hall
Jacksonville, FL 32202

Lee L. Willis, Esq.
James D. Beasley, Esq.
Ausley, McMullen, McGehee
Carothers and Proctor
P. O. Box 391
Tallahassee, FL 32302

James Stanfield, Esq.
P. O. Box 14042
St. Petersburg, FL 33733

Frederick M. Bryant, Esq.
Moore, Williams & Bryant
P. O. Box 1169
Tallahassee, FL 32302

Gainesville Regional
Ann Carlin, Esq.
P. O. Box 490, St. 52
Gainesville, FL 32602

Ray Maxwell
Reedy Creek Utilities Co.
P. O. Box 40
Lake Buena Vista, FL
32830

Roy Young, Esq.
Young, Van Assenderp
P. O. Box 1833
Tallahassee, FL
32302-1833

Fla. Rural Electric Coop.
Yvonne Gsteiger
P. O. Box 590
Tallahassee, FL 32302

City of Chattahoochee
Attn: Superintendent
115 Lincoln Drive
Chattahoochee, FL 32324

Quincy Municipal Electric
P. O. Box 941
Quincy, FL 32351

Barney L. Capehart
601 N.W. 35th Way
Gainesville, FL 32605

Cogeneration Program Manager
Governor's Energy Office
301 Bryant Building
Tallahassee, FL 32301

John Blackburn
P. O. Box 405
Maitland, FL 32751

E. J. Patterson
Fla. Public Utilities Co.
P. O. Drawer C
West Palm Beach, FL 33402

Gene Tipps
Seminole Electric Coop.
P. O. Box 272000
Tampa, FL 33688-2000

Guyte P. McCord, III
P. O. Box 82
Tallahassee, FL 32302

Lawson Law Firm
P. O. Box 3350
Tampa, FL 33601

C. M. Naeve, Esq.
Shaheda Sultan, Esq.
Skadden, Arps, Slate
Meagher & Flom
1440 New York Ave. N.W.
Washington, D. C. 20005



Matthew M. Childs, P.A.