

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Hearings on load forecasts,) Docket No. 900004-EU
 generation expansion plans and)
 cogeneration prices for Peninsular) Filed: September 25, 1990
 Florida's electric utilities.)

ORIGINAL FILE COPY

BRIEF OF AIR PRODUCTS AND CHEMICALS, INC.

Pursuant to the Commission directive of September 11, 1990, Air Products and Chemicals, Inc. (Air Products) files the following brief and states:

1. On September 11, 1990 during its discussion of Item No. 19 filed in relation to the above docket, the Commission requested all interested parties to do the following: 1) file comments on the motions for clarification previously filed by Florida Power and Light Company (FPL), Consolidated Minerals, Inc. (CMI), Nassau Power Corporation (Nassau Power), and the AES Corporation (AES); 2) propose criteria which should be used to prioritize the standard offer contracts which had been filed at the Commission against the current 500 MW coal unit and 3) apply the proposed criteria to the negotiated and standard offer contracts filed with the Commission. [T. 78-80, 82, 89-92]

2. On September 20, 1990, the Staff filed a recommendation which advocated that the current 500 MW 1996 standard offer coal contract be closed and that a hearing be set on October 26, 1990 to prioritize the negotiated and standard offer contracts which have been filed at the Commission. The Staff left the question of the type of hearing to be held on October 26, 1990, either an informal Section 120.57(2), Florida Statutes, hearing or a formal, evidentiary Section 120.57(1), Florida Statutes, hearing to be decided based on the issues raised by the briefs filed on September 25, 1990.

3. As to Issues 1 and 3 Air Products takes no position. As to Issue 2, Air Products states the following:

a. The Commission's current cogeneration rules, Rules 25-17.080-.087, Florida Administrative Code, require all investor-owned utilities to file standard offer contracts, interconnection agreements and standard offer tariffs based on a statewide avoided unit (SAU).

b. The standard offer contract and interconnection agreement do not become available until the Florida Public Service Commission approves the corresponding tariffs.

c. Priority is given to both negotiated and standard offer contracts based on the execution date of the contract. The

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execution date of a standard offer contract is the date that the qualifying facility (QF) signs and tenders the contract to the purchasing utility. The execution date of a negotiated contract is the date on which the last party to the contract signs the contract.

d. Negotiated contracts with in-service dates prior to or the same as that of the SAU are counted toward the subscription limit until the subscription limit is met. Negotiated contracts which have in-service dates after that of the SAU are not counted toward that SAU's subscription limit.

e. Negotiated and standard offer contracts must be signed at least two years prior to the in-service date of the SAU; must have adequate security and have a valid interconnection agreement or letter of intent to interconnect.

f. Negotiated contracts which have in-service dates prior to or equal to that of the SAU are measured for cost-effectiveness against the net present value of the SAU cost-stream over the term of the negotiated contract. Negotiated contracts which have in-service dates later than that of the SAU are measured for cost-effectiveness against the units identified in the purchasing utility's generation expansion plan.

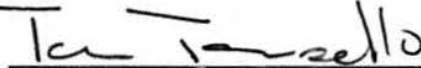
g. A standard offer contract with the same execution date as that of a negotiated contract takes precedence over the negotiated contract.

h. The requirement that the purchasing utility buy standard offer contract power is capped at the 500 MW subscription limit.

4. In response to the Staff's September 20, 1990 recommendation, Air Products supports the Staff's recommendation that the current standard offer contract be closed. Whatever the ultimate outcome, more standard offer contracts will only add to the confusion. In addition, Air Products would also suggest that the Commission cap the total number of MW which utilities must purchase at 500 MW. This action would be consistent with the standard offer tariffs approved by the Commission and would forestall the possibility that FPL or FPC would be required to purchase more QF capacity than either actually needs. In light of the Commission's recent decision to set avoided cost prices based on each individual utility's own avoided costs, capping the subscription limit at 500 MW is a necessary step to implement that policy.

5. Air Products takes no position on the type of proceeding, if any, to be held on October 26, 1990.

Respectfully submitted,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Planning hearings on load forecasts) Docket No. 900004-EU
generation expansion plans, and cogenera-)
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electric utilities.)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the BRIEF OF AIR PRODUCTS AND CHEMICALS, INC. filed by Tom Tomasello on behalf of Air Products and Chemicals, Inc. has been furnished by hand delivery to MICHAEL PALECKI, FLORIDA PUBLIC SERVICE COMMISSION, DIVISION OF LEGAL SERVICES, 101 EAST GAINES STREET, TALLAHASSEE, FLORIDA 32399 and by U.S. Mail, postage prepaid, to the following this 25th day of September, 1990.

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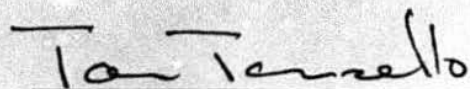
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