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TALLAHASSEE
October 24, 1990

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HAND DELIVERED

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

Re: Hearings on Load Forecasts, Generation Expansion
Plans and Cogeneration Prices for Peninsular
Florida's Electric Utilities, Docket No. 900004-EU

Dear Mr. Tribble:

Enclosed for filing and distribution are the original and 15
copies of Nassau Power Corporation's Statement of Issues and
Positions.

We have provided Mike Palecki a disk with the document of
Nassau's Statement of Issues and Positions for his use. The name
of the document is nassauip.

Also enclosed is an extra copy of Nassau Power Corporation's
Statement of Issues and Positions. Please stamp the extra copy
with the date of filing and return it to me.

Thank you for your assistance.

Sincerely,

Vicki Gordon Kaufman
Vicki Gordon Kaufman

VGK/jwm
cc: Mike Palecki (w/disk)
Enclosure

RECEIVED & FILED

TB

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER 900004-EU
09544 001 24 1990
FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Hearings on load forecasts,) DOCKET NO. 900004-EU
generation expansion plans and) Filed: October 24, 1990
cogeneration prices for Peninsular)
Florida's electric utilities.)
_____)

NASSAU POWER CORPORATION'S
STATEMENT OF ISSUES AND POSITIONS

1. ISSUE: What is the effect of the 500 megawatt subscription limit?

NASSAU: The subscription limit is a component of the Commission's historical method of selecting, in a timely and orderly manner, those units which meet the state's need for capacity at a given point in time.

The subscription limit provides the link between the planning for the state's capacity and energy needs on a statewide basis and the opportunity to have cogeneration meet a portion of that need on an economic basis. In this case, the subscription limit quantifies the amount of the 1996 statewide capacity need designated by the Commission on May 25, 1990 and the price utilities will pay for such capacity. (Because of the unique circumstances of this subscription process, the price has been set at a level 20% below the identified cost the utilities would incur to build the unit). Projects subscribed against the cost standard of the 1996 500 MW statewide avoided unit are deemed to have merit: the Commission has previously determined in the annual planning hearing that the price, terms and conditions delineated in the standard offer contract based on the designated statewide avoided unit are in the interests of the ratepayers.

The subscription limit aggregates those QF projects which have the opportunity to go forward on the basis that they will avoid a statewide need at a given time and at a given cost previously deemed reasonable. It requires non-subscribing QFs who wish to pursue a contract to look toward meeting a need different than that identified by the statewide avoided unit.

DOCUMENT NUMBER-DATE

09544 OCT 24 1990

FPC-RECORDS/REPORTING

Indiantown and FPL have gone beyond subscription issues and have focused on the relationship of the subscription process to later determination of need proceedings. Nassau submits that the subscription process associated with the 500 MW 1996 statewide avoided unit does not, as FPL and Indiantown seem to assert, thwart the ability of a utility to negotiate contracts outside the parameters of the statewide avoided unit and upon the requisite showing, have those projects approved in a determination of need proceeding; nor would such a separately negotiated contract preclude a standard offer contract from obtaining a determination of need.

2. ISSUE: What is the effect of queuing contracts within the subscription limit?

NASSAU: The effect of queuing contracts within the subscription limit is to assign priority on a timely and orderly basis to the contracts which will be given the opportunity to fill the designated statewide need.

It follows that a ratified place in the queue should be a prerequisite to the consideration of such contracts in a determination of need proceeding.

3. ISSUE: Which contracts should be considered candidates for filling the current 500 megawatt subscription limit?

NASSAU: The Commission should designate those contracts which are candidates for subscription pursuant to its rules, orders and practices in place at the time the contracts were executed.

For negotiated contracts, candidates are those contracts executed after the Commission's designation of the 500 megawatt statewide avoided unit on May 25, 1990. Further, such negotiated contracts must have been negotiated against the 1996 statewide avoided unit. That is, they must have the same in-service date as the statewide avoided unit and they must be based on the same economic parameters. Because the Indiantown contract was executed prior to the Commission's designation of the 1996 500 megawatt statewide avoided unit and because its economic parameters (higher price) clearly demonstrate that it was negotiated against a unit other than the 1996 statewide avoided unit, the Indiantown contract is not a candidate for subscription. However, a vote to exclude the Indiantown contract from the current 500 MW subscription limit does not mean the project can not go forward and be evaluated based on a different standard.

For standard offer contracts, candidates are those standard offer contracts executed after the Commission's

approval of the utilities' standard offer contracts and tariffs on June 13, 1990 (with the exception of FPC's contract which was approved at a later time).

4. **ISSUE:** On what basis should the contracts to fill the 500 megawatt subscription limit be selected?

NASSAU: The Commission should continue to use its existing procedure for subscription - subscription should be based on the execution date of the contracts.

Price, terms, and conditions of standard offer contracts have already been approved by the Commission. Giving priority by execution date to standard offer contracts simply gives effect to the Commission's policy of preapproval. It reflects the fact that once a need is identified it will be satisfied by increments as projects which contract against it materialize over time. Each project will be specifically reviewed in the determination of need process. This is where an in-depth analysis of individual projects should occur. A determination of subscription priority should be a condition precedent to a determination of need filing.

If a question or challenge arises with respect to the viability of a particular project which qualifies for subscription priority by virtue of execution date, the test for subscription should be whether the developer has reasonably undertaken to bring the project on line in a timely manner.

5. **ISSUE:** What is the subscription priority of contracts currently before the Commission?

NASSAU: Nassau's standard offer contract for 435 megawatts is the first contract to subscribe the 500 megawatt 1996 statewide avoided unit.¹

¹ FPL has incorrectly referred to Nassau's commitment as 435 kw. FPL prefers to cite a mere scrivener's error (Nassau measured its capacity in megawatts but inadvertently left off the MW designation) for an absurd construction of the contract. The governing intent of Nassau to supply 435 megawatts is obvious and clear.

Nassau takes no position on the prioritization of the remainder of the contracts with the exception of the Indiantown contract, which for the reasons stated in Issue 3 is not a candidate for subscription.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Nassau Power Corporation's Statement of Issues and Positions has been furnished by hand delivery* or by U.S. Mail to the following parties of record, this 24th day of October, 1990:

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