

State of Florida

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DIVISION OF LEGAL SERVICES  
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Public Service Commission

October 31, 1990

ORIGINAL  
FILE COPY

H.G. Wells, Director  
Coalition of Local Governments  
Post Office Box 4748  
Clearwater, FL 34618-4748

RE: PETITION OF FLORIDA POWER & LIGHT COMPANY FOR  
INCLUSION OF THE SCHERER UNIT 4 PURCHASE IN THE RATE  
BASE.

Dear Mr. Wells:

Attached is a memorandum reflecting the preliminary issues for Docket No. 900796-EI as seen by the PSC Staff. This list may be of some assistance in your formulation of the issues in this docket.

If I may be of any further assistance on this matter please feel free to call me at your convenience.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OP \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

Sincerely,

Edward A. Tellechea  
Staff Counsel

DOCUMENT NUMBER-DATE  
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PSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

October 30, 1990

TO: DIVISION OF LEGAL SERVICES (TELLECHEA) *E.T.*  
FROM: DIVISION OF ELECTRIC AND GAS (FLOYD) *RF*  
RE: FPSC STAFF PRELIMINARY ISSUES FOR DOCKET NO. 900796-EI, PETITION OF FLORIDA POWER & LIGHT COMPANY FOR INCLUSION OF THE SCHERER UNIT NO. 4 PURCHASE IN RATE BASE, INCLUDING AN ACQUISITION ADJUSTMENT

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Policy Issue / Legal Issue: Should the Commission make a finding of fact, as requested by FPL in its petition, that the purchase of Scherer Unit 4 by FPL is a reasonable and prudent investment?

Staff Position: No. Such a finding would be premature. Any inquiry as to the prudence of FPL's purchase of Scherer Unit 4 should occur at such time as FPL actually makes the purchase and seeks to reflect the effect of the purchase in rates.

Factual Issues

ISSUE 1: Should the \$111,362,307 acquisition adjustment associated with FPL's proposed purchase of a portion of Plant Scherer Unit 4 be included in rate base?

ISSUE 2: Does FPL, as an individual utility interconnected with the statewide grid, exhibit a need for the additional capacity provided by Scherer Unit 4?

ISSUE 3: Will the proposed purchase of Scherer Unit 4 contribute to the reliability and integrity of FPL's electric system?

ISSUE 4: Will the purchase of Scherer Unit 4 contribute toward maintaining adequate fuel diversity for FPL's system?

ISSUE 5: Has FPL reasonably considered alternative supply side sources of capacity?

ISSUE 6: Is the purchase of Scherer Unit 4 the most cost-effective means of meeting FPL's capacity needs, taking into account risk factors that are part of the cost-effectiveness analysis?

ISSUE 7: Does FPL's power supply plan reasonably consider the ability of conservation or other demand side alternatives to mitigate the need for the

capacity represented by the purchase of Scherer Unit 4?

**ISSUE 8:** Is the capacity to be provided by the purchase of Scherer Unit 4 reasonably consistent with the needs of Peninsular Florida, taking into consideration timing, impacts on the reliability and integrity of the Peninsular Florida grid, cost, fuel diversity and other relevant factors?

**ISSUE 9:** Is the transmission system adequate to deliver the output of Scherer Unit 4 to FPL's territory?

**ISSUE 10:** Based on the resolution of the above issues, should the petition of FPL for inclusion of the Scherer Unit 4 purchase in rate base, including an acquisition adjustment, be granted?

cc: Jim Dean  
Richard Shine  
Sam Merta