

T



JACK SHREVE  
PUBLIC COUNSEL

STATE OF FLORIDA  
OFFICE OF THE PUBLIC COUNSEL

c/o The Florida Legislature  
111 West Madison Street  
Room 801  
Tallahassee, Florida 32399-1400  
904-488-9330

ORIGINAL  
FILE COPY

November 2, 1990

Mr. Steve Tribble, Director  
Records and Reporting  
Florida Public Service Commission  
101 E. Gaines Street  
Tallahassee, FL 32399-0663

RE: Docket No. 900796-EI

Dear Mr. Tribble:

Enclosed please find the original and twelve copies of Public Counsel's Preliminary List of Issues and Positions in the above-referenced docket.

Please indicate receipt by date-stamping the attached copy of this letter and returning it to this office. Thank you for your consideration of this matter.

Sincerely,

John Roger Howe  
Assistant Public Counsel

- ACK
- AFA   1
- APP
- CAF
- CMU      JRH/ch
- Enclosures
- CTR
- EAG
- LEG   1
- LIN   6
- DPC
- RCH
- SEC   1
- NAS
- JTH

RECEIVED & FILED  
  
EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
09871 NOV -2 1990  
EPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power & Light Company for inclusion of the Scherer Unit No. 4 purchase in rate base, including an acquisition adjustment. )  
)  
) Docket No. 900796-EI  
) Filed: November 2, 1990  
)  
)  
)

**PUBLIC COUNSEL'S PRELIMINARY LIST  
OF ISSUES AND POSITIONS**

The Citizens of the State of Florida, through the Office of Public Counsel, submit their preliminary list of issues and positions in this docket:

**STATEMENT OF BASIC POSITION**

Section 366.06(1), Florida Statutes (1989), requires the Commission to investigate and determine FPL's actual costs and to employ the Commission's determination of prudent investment in the ratesetting process. The Letter of Intent does not provide an adequate basis for the Commission to determine the prudent level of investment in Scherer Unit No. 4 that will affect FPL's future rates. Moreover, the current Commission cannot bind future Commissions from concluding that the Scherer unit is not used and useful. The most the Commission can do in this proceeding is declare that, if Scherer Unit No. 4 is needed to meet FPL's service requirements and is the lowest cost alternative, it will be allowed in rate base at the appropriate time to the extent the investment is proven to be prudent. Such a declaration would only voice the nature of the regulatory process, however, and would not be meaningful within the context of FPL's petition. Accordingly, the petition is premature at this time.

ISSUE 1. Does the schedule being followed by the Commission in this case afford all interested parties adequate opportunity to protect their interests?

OPC POSITION. No.

ISSUE 2. Would approval of FPL's petition shift risks to the ratepayers that should properly be borne by the utility's stockholders?

OPC POSITION. Yes.

ISSUE 3. Does the Letter of Intent provide an adequate basis for the Commission to evaluate the prudence of FPL's proposed investment in Scherer Unit No. 4?

OPC POSITION. No.

ISSUE 4. Is the proposed acquisition of Scherer Unit No. 4 the most cost-effective alternative available to FPL to meet its needs for additional generation over the relevant time horizons?

OPC POSITION. No.

ISSUE 5. Does the delivery schedule for FPL's assumption of ownership of Scherer Unit No. 4 match FPL's needs for additional capacity on its system?

OPC POSITION. No.

ISSUE 6. Will FPL be able to deliver electricity from Scherer Unit No. 4 to its load centers in South Florida in the same time frames in which it is proposing to add investment to rate base?

OPC POSITION. No.

ISSUE 7. Is the Scherer Unit No. 4 purchase critical to obtaining the 500 MW upgrade to the Southern/Florida interface?

OPC POSITION. No.

ISSUE 8. Should FPL be permitted to include the difference between the purchase price of Scherer Unit No. 4 and the depreciated original cost to Georgia Power as an acquisition adjustment?

OPC POSITION. Traditionally, acquisition adjustments have been evaluate<sup>d</sup> in terms of whether utility customers should pay more (or less) for service simply because assets already devoted to their service have changed ownership. These considerations are not relevant to this proceeding. The Commission should, therefore, evaluate FPL's petition in terms of the reasonableness of the

total cost of obtaining power from Scherer Unit No. 4 and not make a finding whether the requested acquisition adjustment is justified by extraordinary circumstances.

ISSUE 9. Can the Commission authorize the inclusion of the total projected investment in Scherer Unit No. 4 in FPL's rate base in advance of FPL's assumption of complete ownership of the unit?

OPC POSITION. No.

ISSUE 10. In the event FPL's petition is approved, should the Commission impose guarantee requirements on the electrical output of the unit and delivery to FPL and limit the amount of total investment, operation and maintenance expenses and fuel costs that will be allowed for recovery through rates?

OPC POSITION. Yes.

Respectfully submitted,

Jack Shreve  
Public Counsel

  
John Roger Howe  
Assistant Public Counsel

c/o The Florida Legislature  
111 West Madison Street  
Room 812  
Tallahassee, FL 32399-1400

(904) 488-9330

Attorneys for the Citizens  
of the State of Florida

CERTIFICATE OF SERVICE  
DOCKET NO. 900796-EI

I HEREBY CERTIFY that a true and correct copy of PUBLIC COUNSEL'S PRELIMINARY LIST OF ISSUES AND POSITIONS has been furnished by U.S. Mail or by \*hand-delivery to the following on this 2nd day of November, 1990.

MATTHEW M. CHILDS, ESQUIRE  
Steel Hector & Davis, P.A.  
215 South Monroe Street  
Suite 601  
Tallahassee, FL 32301

\*EDWARD A. TELLECHEA, ESQUIRE  
Florida Public Service Commission  
Division of Legal Services  
101 East Gaines Street  
Tallahassee, FL 32399-0872

FREDERICK M. BRYANT, ESQUIRE  
Moore, Williams, Bryant,  
Peebles & Gautier, P.A.  
Post Office Box 1169  
Tallahassee, FL 32302

FREDERICK J. MURRELL, ESQUIRE  
Schroder & Murrell  
The Barnett Center, Suite 375  
101 Third Avenue West  
Bradenton, FL 34205

JOHN T. BUTLER, ESQUIRE  
Steel Hector & Davis, P.A.  
4000 Southeast Financial Center  
Miami, Florida 33131-2398

DATE:

11/22/1990

TO:

02803 MOA - J 1990  
DOCUMENT NUMBER-DVIE

The attached is sent to you for:

- Your Information
- Further Handling
- Necessary action
- Advice on Handling
- Response

  
John Roger Howe

Remarks:

9838-90

Division of Records & Reporting TB

PSC/R&R 9 (3/87)