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PSC COVER SHEET

DOCKET NO: 900796-EI DATE: November 28, 1990

IN RE: Petition for Inclusion of Scherer Unit No. 4  
Purchase in Rate Base, Including an Acquisition  
Adjustment, by Florida Power & Light Company.

NAME OF PLEADING/FILING: Prehearing Statement of Florida  
Municipal Power Agency

FILED ON BEHALF OF: Florida Municipal Power Agency

ATTORNEY FILING: Frederick M. Bryant

- ACK ✓
- AFA 1
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
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DOCUMENT NUMBER-DATE  
10578 NOV 28 1990  
PSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Inclusion of  
Scherer Unit No. 4 Purchase in Rate  
Base, Including an Acquisition  
Adjustment, by Florida Power &  
Light Company.

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Docket No. 900796-EI  
Date Filed: 11/28/90

PREHEARING STATEMENT OF  
FLORIDA MUNICIPAL POWER AGENCY

Florida Municipal Power Agency ("FMPA") hereby submits its Prehearing Statement in the above-captioned docket.

A. WITNESSES. FMPA at this time does not contemplate sponsoring any witnesses.

B. EXHIBITS. None.

C. STATEMENT OF BASIC POSITION. FMPA has no reason to believe that Florida Power & Light Company's ("FPL") stated need for additional generation capacity in 1996 and ensuing years is not correct. As a wholesale customer of FPL, FMPA is dependant upon FPL having an adequate source of generation and transmission facilities in order for FPL to meet its contractual obligations to FMPA. Without an adequate source of wholesale power, FMPA and the municipalities that FMPA supplies will experience serious economic consequences as well as public health and safety problems. At this time FMPA is unable to determine whether or not the Scherer purchase is the most cost effective and reliable alternative available to FPL.

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D. FACTS AT ISSUE.

ISSUE 1: Should the difference between FPL's purchase price and Georgia Power's net original cost of Scherer Unit 4 be given rate base treatment as an acquisition adjustment on a pro rata basis consistent with the phased purchase of the unit?

No position at this time.

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?

FMPA agrees that FPL has stated a need for additional capacity, but FMPA has no position at this time as to whether or not that additional capacity can best be provided by the purchase of Scherer Unit 4.

ISSUE 3: 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?

FMPA is concerned that the purchase of Scherer Unit 4 may have adverse effects on the reliability, integrity and utilization of the Peninsular Florida transmission grid.

ISSUE 4: How will the proposed purchase of Scherer Unit 4 affect the reliability and integrity of FPL's electric system?

No position at this time.

ISSUE 5: How will the proposed purchase of Scherer Unit 4 affect the adequacy of the fuel diversity for FPL's system?

No position at this time.

ISSUE 6: Has FPL reasonably considered alternative supply side sources of capacity?

No position at this time.

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?

No position at this time.

ISSUE 8: 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?

No position at this time.

ISSUE 9: Will FPL be able to deliver electricity from Scherer Unit 4 to its load centers in the same time frame in which it is proposing to add investment to rate base?

No position at this time.

ISSUE 10: If any transmission facilities and/or upgrades are required to accommodate the purchases of energy and capacity already under contract to FPL and the proposed Scherer purchase, what is the cost of such transmission facilities and/or upgrade and who will bear such cost?

No position at this time.

ISSUE 11: Are the fuel supply and transportation costs presented in FPL's economic analysis for Scherer Unit 4 reasonable and prudent?

No position at this time.

ISSUE 12: Does the schedule being followed by the Commission in this case afford all interested parties adequate opportunity to protect their interests?

No.

ISSUE 13: What effect, if any, does the Scherer Unit 4 purchase have on the Southern/Florida interface?

FMPA is concerned that the purchase of Scherer Unit 4 would delay the addition of needed capacity in south Florida to support the Florida transmission grid.

ISSUE 14: Under what circumstances should the portion of the purchase price of assets in excess of book value (the "acquisition adjustment") be given "rate base treatment," such that amortization may be included in operating expenses and the unamortized acquisition adjustment may be included in rate base?

No position at this time.

E. LEGAL ISSUES.

ISSUE 15: Can the Commission authorize the inclusion of the projected investment in Scherer Unit 4 in FPL's rate base in advance of FPL's assumption of ownership of the unit?

No position at this time.

ISSUE 16: Should the Commission address in this docket transmission access disputes that may arise from the Scherer Unit 4 purchase?

FMPA believes that the Commission should acknowledge that transmission access constraints will or may arise from the Scherer Unit 4 purchase, and the Commission should either afford all interested parties an opportunity to address those issues in this docket or in the alternative, to open an additional docket to address those issues.

ISSUE 17: Does the contract which Nassau has with FPL to provide 435 MW of energy and capacity give Nassau priority to the transmission capacity which FPL plans to use for the proposed Scherer purchase?

No position at this time.

ISSUE 18: Is it FPL's responsibility to provide adequate transmission capacity for the 435 MW of capacity and energy which Nassau will sell to FPL pursuant to the contract between Nassau and FPL?

No position at this time.

F. ULTIMATE ISSUES.

ISSUE 19: Is the purchase of an undivided ownership interest in the Scherer Unit 4 a reasonable and prudent investment necessary to enable FPL to meet its forecast 1996 system load requirements?

No position at this time.

ISSUE 20: Should FPL be authorized to include the purchase price of its undivided share of Scherer Unit 4, including the acquisition adjustment, in rate base?

No position at this time.

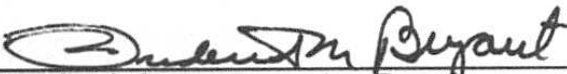
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ISSUE 21: In the event FPL's petition is approved, should the Commission impose guarantee requirements on the electrical output of the unit and delivery to FPL and limit the amount of total investment, operation and maintenance expenses and fuel costs that will be allowed for recovery through rates?

No position at this time.

- G. POLICY QUESTIONS AT ISSUE. None known at this time.
- H. STIPULATED ISSUES. None known at this time.
- I. PENDING MOTIONS. FPL's untimely Motion in Opposition to FMPPA's Intervention.

RESPECTFULLY SUBMITTED this 28th day of November 1990.

  
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& Gautier, P.A.  
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and 15 copies of FLORIDA MUNICIPAL POWER AGENCY'S PREHEARING STATEMENT have been filed with Mr. Steve Tribble, Director, Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32301 with a copy hand delivered to Edward A. Tellechea, Staff Attorney, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32301, and by U. S. Mail to the following parties of record this 28th day of November 1990.

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