

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power ) DOCKET NO. 911140-EQ  
and Light Company for Closure of ) ORDER NO. PSC-92-0050-FOF-EQ  
its Standard Offer Contract ) ISSUED: 3/11/92  
Subscription Limit and For )  
Approval of Cost Recovery of )  
Payments to be Made Under two )  
Negotiated Power Purchase )  
Agreements with Wheelabrator )  
North Broward, Inc. and )  
Wheelabrator South Broward, Inc. )

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
SUSAN F. CLARK  
J. TERRY DEASON  
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION  
ORDER GRANTING PETITION FOR CLOSURE OF STANDARD OFFER  
AND APPROVING COST RECOVERY UNDER NEGOTIATED CONTRACTS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On August 29, 1991 we issued Order No. 24989 approving a 125 megawatt standard offer subscription limit for Florida Power and Light Company (FPL). The first effective date for the standard offer was September 20, 1991. On that date, FPL received twenty standard offer contracts totalling 1009.5 megawatts. Tropicana later withdrew its contract and one project (Noah III) was not considered as it exceeded the less than 75 megawatt maximum. Since September 20, FPL has received five additional contracts totalling 323.8 megawatts.

On November 19, 1991, FPL filed its Petition for Closure of its Standard Offer Contract Subscription Limit, and for Approval of Payments to Be Made under two Negotiated Power Purchase Agreements with Wheelabrator North Broward, Inc. and Wheelabrator South Broward, Inc. The petition asks that contracts submitted by Okeelanta Corporation, Osceola Farms Company and Kenetech Energy Systems Dade be applied against the 125 megawatt subscription limit.

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The petition also seeks approval for cost recovery of payments to be made under supplemental negotiated contracts with Wheelabrator. The Wheelabrator Corporations are the operators of both the north and south Broward county solid waste facilities. Both of these facilities are on-line and have signed 1987 vintage standard offer contracts with committed capacities of 45 megawatts (north facility) and 50.6 megawatts (south facility). Subsequent to the execution of the 1987 standard offer, design changes increased the output of these facilities. The petition indicates that Wheelabrator has executed new standard offer contracts for 11 megawatts (north) and 5 megawatts (south). The petition further states that these two standard offers were the first ones received by FPL and if the negotiated contracts are not approved for cost recovery, the standard offer contracts should be accorded first position in the subscription limit.

The negotiated contract for the north facility allows for an additional 4 to 14 megawatts of committed capacity. The negotiated contract for the south facility allows for an additional .4 to 7 megawatts of committed capacity. Both negotiated contracts raise the performance requirements for the entire facility. Under the 1987 standard offer contract, the North facility is required to operate at a 70% capacity factor to receive payments for the committed capacity. This is equivalent to providing 31.5 megawatts constantly. Under the new contract, the north facility must perform at an equivalent 41.55 megawatts to receive any capacity payments. The capacity payments for the incremental capacity amounts are based on 85% of FPL's 1997 IGCC, the unit used to develop the current standard offer contract. The current standard offer is based on the full value of FPL's 1997 IGCC. This means that the incremental capacity amounts cost less than if Wheelabrator is awarded the current signed standard offer contract.

For these reasons, we approve the two negotiated contracts between FPL and the Wheelabrator Corporation for cost recovery purposes.

Excluding the two Wheelabrator standard offers, FPL has received offers totalling in excess of 1150 megawatts of committed capacity to fill the 125 megawatt limit. Accordingly, we find that the standard offer subscription limit should be closed.

FPL evaluated the first ten proposals it received within the less than 75 megawatt per project limit. Those ten proposals totalled approximately 411.6 megawatts of committed capacity. Of those ten, all but the Sunshine Energy project provided, pursuant to section 12.1 of the standard offer contract, sufficient information to enable FPL to perform a viability screening. The remaining nine contracts were determined to be technically and

financially viable. FPL then selected the projects based on a "first in time first in line" basis, excluding the two Wheelabrator standard offer contracts. This resulted in the following projects being selected:

- |                          |   |      |    |
|--------------------------|---|------|----|
| 1) Okeelanta Corporation | - | 70   | MW |
| 2) Osceola Farms Company | - | 42   | MW |
| 3) KES Dade, L.P.        | - | 16.4 | MW |

All three projects are located in south Florida and were judged to be very viable primarily to the fuel (renewable wood waste) availability. While the total of these projects exceeds the subscription limit by 3.4 megawatts, this overage is of minimal impact to FPL's system. To rigorously adhere to the limit would jeopardize a project which utilizes a renewable fuel. Accordingly, we find that these three contracts should be selected to fill the 125 megawatt subscription limit for Florida Power and Light Company's 1997 standard offer contract. This is consistent with our action in our Order Number 22061, where we capped the statewide subscription limit at 503.7 MW, exceeding the applicable limit by 3.7 MW. This was done to allow total projects, and not just a portion of a project to proceed.

On January 22, 1992, Sunshine Power Corporation intervened, requesting that we grant Sunshine priority in the as yet to be determined next FPL standard offer contract. We decline to do so.

Based on the foregoing, it is

ORDERED that the Standard Offer Contract Subscription Limit for Florida Power and Light Company's 125 megawatt 1997 standard offer is CLOSED. It is further

ORDERED that the contracts submitted by Okeelanta Corporation, Osceola Farms Company and KES Dade, L.P. shall be included, in full, as the contracts to fill the subscription limit. It is further

ORDERED that Florida Power and Light Company's request For Approval of Cost Recovery of Payments made under Negotiated Power Purchase Agreements with Wheelabrator North Broward, Inc. and Wheelabrator, South Broward, Inc. by is GRANTED. It is further

ORDERED that Sunshine Power Corporation's request for priority in a future standard offer contract is DENIED. It is further

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ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this 11th  
day of MARCH, 1992.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on  
4/1/92

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.