

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of) DOCKET NO. 920582-EQ
an interconnection agreement) ORDER NO. PSC-92-0790-FOF-EQ
between Georgia-Pacific) ISSUED: 08/10/92
Corporation and Florida Power and)
Light Company.)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

ORDER APPROVING INTERCONNECTION AGREEMENT

BY THE COMMISSION:

On June 5, 1992, Georgia-Pacific Corporation (G-P) and Florida Power & Light Company (FPL) filed with this Commission a negotiated interconnection agreement (Agreement).

Background

G-P operates the Hudson Pulp & Paper facility in Putnam County which uses steam turbines to process tissue- and cardboard-grade paper. The steam is used to produce electricity for the facility and to dry the paper product. The facility has been in existence since 1947 and currently has three units with an aggregate nameplate rating of 66,783 kVA in operation around the clock seven days a week with plans to build a fourth unit to replace the original 1947 unit. G-P's operations have required use of FPL's standby and supplemental service and such service will continue to be needed after the interconnection is accomplished, but in reduced amounts.

Since 1989 G-P has rented distribution facilities at FPL's Hudson Substation to receive electric service from FPL at transmission voltage. As currently configured, G-P's generators must operate isolated and separate from FPL's system and when the load has to be shifted between the systems it causes disruptions to operations. Interconnecting with FPL will allow parallel operations which will avoid these disruptions. While G-P is a qualifying facility, it is not foreseen that the interconnection will be used to export energy or capacity to FPL.

DOCUMENT NUMBER-DATE

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Interconnection Agreement Configuration

Rule 25-17.087, Florida Administrative Code, requires utilities to interconnect with any qualifying facility that agrees to the general standards specified in the rule. The rule allows utilities to modify these standards based on their evaluation of the interconnection. The qualifying facility, in turn, can petition for relief from any modifications deemed unreasonable.

The interconnection in the Agreement is made up of three transmission line segments consisting of one re-energized line and two new lines. FPL had de-energized a 115 kV radial line when two 230 kV lines were connected to serve the Hudson Substation. This 2.69 mile 115 kV line will be re-activated by FPL to provide G-P with a dedicated interconnection from the Hudson Substation to a tap on FPL's 115 kV Putnam-Starke City transmission line. For reliability, FPL was already planning to construct a 115 kV line from Putnam to Palatka to transfer load from the existing Putnam-Starke 115 kV line. FPL has agreed to extend this radial, at G-P's expense, from Palatka to G-P's tap which would allow G-P's generation to operate radially from the Putnam transmission switching station.

According to the parties, this interconnection configuration will lower transmission construction costs for G-P without sacrificing future expansion capability and maintains reasonable transmission system reliability for FPL.

According to the Agreement it will become effective upon Commission approval.

Interconnection Agreement Provisions

Although our rules do not require approval of negotiated contracts, the petitioners have requested the Commission to do so. In addition to the general interconnection provisions, the Agreement contains the following specific terms and conditions:

1. **Interconnection Construction Cost.** FPL has determined its cost to provide the system upgrades and facilities modifications necessary to accommodate the interconnection configuration will be \$1,994,764. G-P paid a deposit of \$150,000 when the Agreement was executed and will pay the balance plus interest in 36 monthly installments beginning August 1, 1992. During the course of payout, FPL has given G-P a one-time option to prepay any remaining balance without prepayment penalty.

2. **Long-Term Rental of Substation Facilities.** Since 1989 the parties have had a long-term rental agreement for G-P's exclusive use of certain distribution facilities at FPL's Hudson Substation. After the in-service date of the interconnection, when final costs for modifications to the substation are known, parties have agreed to execute a new long-term rental agreement based on the modifications and anticipated future use of the substation.
3. **Minimum Level of Retail Electric Service.** From the in-service date of the re-energized 2.69 mile 115 kV line up through December 31, 1994 (anticipated completion date of the second transmission line Putnam to Palatka), G-P will pay FPL a fixed 108 MW minimum sum of Daily On-peak Standby Demands pursuant to FPL's existing Standby and Supplement Service tariff. This minimum level of retail service will provide FPL with financial assurance to perform the system upgrades.

By September 30, 1994, G-P may elect a one-time option to continue the minimum level of retail electric service for use of the transmission system beyond December 31, 1994. If G-P does not elect this option, FPL will then assess the following Transmission Facility Use Charge and Regulation Service Assessment to compensate for G-P's impact on the system.

4. **Transmission Facility Use Charge.** G-P will be billed \$12,808 monthly for use of the 2.69 miles 115 kV transmission line. This charge is based on the cost of replacing this transmission facility which FPL has basically dedicated to G-P's interconnection and can be thought as a transmission line equivalent of the rental charge for use of the distribution facilities at the Hudson Substation.
5. **Regulation Service Assessment.** Since G-P's generators will be operating synchronized with FPL's generating units (i.e. like a FPL power plant but dedicated to G-P's load), any instantaneous increase or decrease in output from G-P's generating units will automatically cause a similar, but opposite, compensating adjustment in FPL's generation output. The regulation assessment, then, is for the control area service provided by FPL to "regulate" or moderate G-P's generation fluctuations and will be a function of how effectively G-P controls the operation of its generating units on the system.

The formula rate for this assessment is based on actual FPL generating capacity used to respond to real-time changes caused by G-P's fluctuations. Nuclear resources and other

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capacity costs not subject to instantaneous adjustments by FPL's automated generation control system are excluded from the formula.

None of the special terms and conditions of the Agreement conflict with any provision of Rule 25-17.087, F.A.C. Reliability to FPL's transmission system will be maintained. Any additional costs of the interconnection will be borne by G-P, as required by our rules.

In consideration of the foregoing, we find it appropriate to approve the terms of this Agreement. Our approval of this Agreement is not intended to be the generic approval of any of the special terms, conditions or methodologies found in the Agreement i.e., the regulation service assessment fee.

It is therefore

ORDERED by the Florida Public Service Commission that the petition for approval of an interconnection agreement between Georgia-Pacific Corporation (G-P) and Florida Power & Light Company (FPL) is approved.

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 10th day of August, 1992.



Handwritten signature of Steve Tribble in cursive script, positioned above a horizontal line.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
MRC:bmi

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 Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), 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 August 31, 1992.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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 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 wastewater 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 date this Order becomes final, 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.