

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application for)
Determination of Need for)
Intrastate Natural Gas)
Pipeline by SunShine)
Pipeline Partners)
_____)

Docket No.: 920807-GP
Filed: April 12, 1993

PREHEARING STATEMENT OF INTERVENOR
FLORIDA GAS TRANSMISSION COMPANY

Intervenor Florida Gas Transmission Company ("FGT"), by the undersigned attorney, files this Prehearing Statement in the above-referenced matter.

A. All Known Witnesses*

1. Dr. Paul R. Carpenter, President
Incentives Research, Inc.
125 Summer Street
Boston, Massachusetts 02110

The subject matter of Dr. Carpenter's testimony concerns three basic conclusions and recommendations:

- (1) That there are two basic alternatives for determining whether this a need for the SunShine project, i.e., the traditional approach and the market-based approach;
- (2) SunShine's evidence fails to meet the economic standard required by either the traditional or the market-based approaches; and,
- (3) FPC's equity position in the project creates a conflict between its role as a project sponsor and its role as a customer of the project on behalf of its electric ratepayers and unfairly and inefficiently tilts the competitive playing field toward the subsidized project.

B. All Known Exhibits*

1. Curriculum Vitae of Dr. Paul Carpenter.
2. Excerpts from California Public Utility Commission ("CPUC") Decision No. D.90-02-016.
3. Excerpts from CPUC Decision No. D.92-10-056.
4. SunShine's Pro Forma Balance Sheet and Income Statement for the first seven years of the project.

5. Gas-fired capacity changes for Florida reported in the North American Electric Reliability Council's Electricity Supply & Demand 1992-2001.
6. Letter agreement between ANR Southern and Cypress Energy Partners (composite exhibit).
7. FERC Order No. 636.
8. Florida Power Corporation ("FPC") document dated February 23, 1993 reference: Proposed Regulatory Treatment for FPC's Equity Investment in SunShine Pipeline.
9. Precedent Agreement dated April 6, 1993, between People's Gas System, Inc. ("Peoples") and ANR Southern Pipeline Company ("ANR Southern") (for intrastate pipeline).
10. Precedent Agreement dated April 6, 1993, between People's and ANR Southern (for interstate pipeline).
11. Precedent Agreements dated February 15, 1993 and April 8, 1993, between FPC and ANR Southern (for intrastate pipeline).
12. Precedent Agreements dated February 15, 1993 and April 8, 1993, between FPC and ANR Southern (for interstate pipeline).
13. General Partnership Agreement dated February 15, 1993, between ANR Southern and Power Energy Services Corporation ("PESCORP") (for intrastate pipeline).
14. General Partnership Agreement dated February 15, 1993, between ANR Southern and Power Interstate Energy Services Corporation ("PIESCORP") (for interstate pipeline).
15. All exhibits listed by the PSC staff.
16. All exhibits listed by SunShine Pipeline Partners, including late-filed exhibits.
17. All exhibits listed by Intervenor FPC, including late-filed exhibits.
18. All exhibits listed by the other Intervenors, including late-filed exhibits.

* Because of the incomplete nature of SunShine's application and the ever-unfolding nature of its case, FGT reserves the right to utilize additional witnesses and/or exhibits, not known at this time, at a final hearing in this cause.

C. FGT's Statement of Basic Position

It is the position of FGT that the application for a determination of need for an intrastate natural gas pipeline by SunShine Pipeline Partners should be denied or, if granted, that PSC's Order be subject to such terms and conditions as are generally just and appropriate under the circumstances and specifically preclude and prevent the proposed SunShine pipeline from obtaining any direct or indirect subsidization through FPC's equity position with the SunShine pipeline.

D. FGT's Position on the Issues

ISSUE 1: Is SunShine's forecast of future transmission capacity requirements reasonable for planning purposes?

FGT POSITION: No.

ISSUE 2: Has SunShine Pipeline provided adequate support to justify a need for 250,000 Mcf per day in 1995, 425,000 Mcf per day in 1998, and 550,000 Mcf per day in 1999?

FGT POSITION: SunShine has not provided adequate support to justify a need for the proposed pipeline in 1995, 1998 or 1999.

ISSUE 3: Is the proposed pipeline needed to improve or maintain natural gas delivery reliability and integrity within Florida?

FGT POSITION: SunShine has not provided adequate information that the proposed pipeline will improve natural gas delivery reliability and integrity within Florida.

ISSUE 4: Are there any adverse consequences to SunShine and its customers if the petition is denied or if construction is delayed?

FGT POSITION: There may be adverse consequences to SunShine if the petition is denied or if construction is delayed, but those adverse consequences are due to SunShine's poor planning and not to any action that the PSC might take. There is inadequate information to determine whether there will be any adverse consequences to SunShine's customers.

ISSUE 5: Is the timing of SunShine's petition to determine the need for its proposed pipeline appropriate?

FGT POSITION: SunShine's petition is, at best, premature.

ISSUE 6: Is the fuel price forecast used by SunShine reasonable for planning purposes?

FGT POSITION: No.

ISSUE 7: Do there exist sufficient divertible supplies of natural gas to meet the expected needs of SunShine's customers?

FGT POSITION: SunShine has not presented sufficient information to determine whether there are sufficient divertible supplies of natural gas to meet the expected needs of its customers.

ISSUE 8: Does sufficient capacity exist on pipelines upstream from SunShine to assure natural gas supply can be transported to SunShine sufficient to meet its design capabilities?

FGT POSITION: SunShine has not provided sufficient information to determine whether there is adequate capacity on pipelines upstream from SunShine to assure natural gas supplies can be transported to SunShine sufficient to meet its design capabilities.

ISSUE 9: Will sufficient capacity exist on pipelines upstream from SunShine to assure natural gas supply can be transported to SunShine at the expected in-service date?

FGT POSITION: SunShine has not provided sufficient information to determine whether there will be adequate capacity existing on pipelines upstream from SunShine to assure natural gas supplies can be transported to SunShine at the expected in-service date.

ISSUE 10: Do existing pipeline companies in Florida have sufficient excess capacity to fulfill the forecasted need for transmission capacity?

FGT POSITION: SunShine has not presented sufficient information to determine whether existing pipeline companies in Florida do not have sufficient excess capacity to fulfill the forecasted need for transmission capacity.

ISSUE 11: Has SunShine acquired sufficient commitments for transmission capacity to warrant construction of the pipeline?

FGT POSITION: No.

ISSUE 12: Is SunShine's forecast of growth in demand for gas capacity to serve existing and proposed electric utility powerplants reasonable?

FGT POSITION: No.

ISSUE 13: Are approved capacity additions to existing pipelines sufficient to satisfy the growth in demand for natural gas forecasted by SunShine?

FGT POSITION: SunShine has not provided sufficient information to demonstrate that its proposed pipeline will satisfy an unmet need for future natural gas demand in Florida.

ISSUE 14: Do the proposed design, operation and maintenance procedures of SunShine's natural gas pipeline provide a prudent and reasonable level of safety for the public?

FGT POSITION: No position.

ISSUE 15: Has SunShine provided sufficient information on the route, planned alternative routes, planned location of compressor stations, and, other affiliated facilities to evaluate whether the need exists for its proposed pipeline?

FGT POSITION: No.

ISSUE 16: Are the commencement and terminus of SunShine's proposed facilities appropriate to serve the need identified in Issue 2?

FGT POSITION: SunShine has not provided sufficient information to determine whether the commencement and terminus points of its proposed facilities are appropriate to serve the need identified in Issue 2.

ISSUE 17: Has SunShine selected an appropriate pipeline diameter and configuration for the project?

FGT POSITION: No position.

ISSUE 18: Are SunShine's construction cost estimates reasonable for planning purposes?

FGT POSITION: SunShine's construction cost estimates appear to be underestimated.

ISSUE 19: Can the necessary financing for the SunShine intrastate pipeline project be acquired by the partnership?

FGT POSITION: SunShine has not provided sufficient information to determine whether the necessary financing for the proposed pipeline project can be acquired.

ISSUE 20: Can the necessary financing for the SunShine intrastate pipeline project be acquired without the participation of Florida Power Corporation as an investor?

FGT POSITION: It does not appear likely that the necessary financing for the proposed pipeline project can be acquired without the participation of FPC as an equity investor. In any event, SunShine has not provided sufficient information to determine whether the necessary financing for the proposed pipeline can be acquired with or without FPC's participation.

ISSUE 21: Would the citizens of the state of Florida benefit from the existence of competing pipelines?

FGT POSITION: SunShine has not provided sufficient information upon which to determine whether the citizens of the State of Florida would benefit from the existence of competing pipelines.

ISSUE 22: What associated facilities are required in conjunction with the SunShine Pipeline project?

FGT POSITION: No position.

ISSUE 23: Based on the resolution of the previous factual and legal issues, should SunShine's petition for determination of need for a natural gas mainline and laterals as shown in Exhibit JPL-1 be approved?

FGT POSITION: No.

FGT's ISSUES

ISSUE 24: Will FPC's equity position in the SunShine and SITCO pipelines result in an unfair competitive advantage for either or both of those pipelines?

FGT POSITION: Yes.

ISSUE 25: Will FPC's equity position in the SunShine and SITCO pipelines unfairly subsidize either or both of those proposed pipelines?

FGT POSITION: Yes.

ISSUE 26: Will FPC's equity position create an inherent conflict of interest or result in impermissible self-dealing due to the fact that FPC is both a customer and a part-owner of the pipeline project?

FGT POSITION: Yes.

ISSUE 27: Will FPC's equity position offer customers of the proposed pipelines the benefit of a reduction in the long-term of gas transportation?

FGT POSITION: There is inadequate information to determine whether FPC's equity position will create such benefits to the pipeline's customers.

ISSUE 28: Should FPC be entitled to recover through its fuel adjustment clause, or otherwise, a return on its equity investment in the SunShine and/or SITCO pipelines?

FGT POSITION: No.

E. Questions of Fact

FGT is unaware of any questions of fact at this time.

F. Questions of Law

FGT believes that SunShine Pipeline Partners has not demonstrated its entitlement to the requested determination of need by the PSC pursuant to section 403.9422, Florida Statutes, and, consequently, that the application should be denied.

G. Questions of Policy

FGT is not aware of any questions of policy other than those which inhere in the issues presented above.

H. Stipulated Issues

None at this time.

I. Pending Motions

None at this time.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and fifteen (15) copies of the foregoing have been served by U. S. Mail on Steve Tribble, Director, Division of Records and Reporting, Florida Public Service Commission, Fletcher Building, 111 East Gaines Street, Tallahassee, Florida 32399-0850 and that copies have been furnished by U. S. Mail to the following persons this 12th day of April, 1993:

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