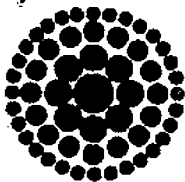


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**ORIGINAL
FILE COPY**

**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

April 21, 1995

Ms. Blanca S. Bayó, Director
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0870

Re: Docket No. ~~88-1001-0~~

Dear Ms. Bayó:

Enclosed for filing in the subject docket are fifteen copies of the Revised Prehearing Statement of Florida Power Corporation for filing in the above-referenced docket.

ACK Please acknowledge your receipt of the above filings on the enclosed copy
AFA of this letter and return to the undersigned. A Word Perfect diskette of this
APP document has been provided to Staff Counsel. Thank you for your assistance in
CAF this matter.

Very truly yours,

James A. McGee

CMU

CTR

EAG *J. Antrell*

LEG *1*

LIN *5*

OFC JAM/jb
Enclosures

RCR cc: Parties of Record

SEC *1*

WAS

OTH

RECEIVED & FILED
[Signature]
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

04079 APR 24 95

FPSC-RECORDS/REPORTING

GENERAL OFFICE

3201 Thirty-fourth Street South • Post Office Box 14042 • St. Petersburg, Florida 33733-4042 • (813) 866-6184 • Fax: (813) 866-4931

A Florida Progress Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Revised Prehearing Statement of Florida Power has been furnished by Federal Express on the 21th day of April, 1995 to the following:

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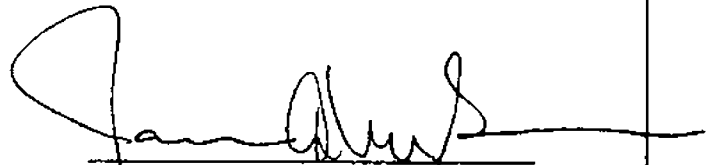
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Attorney

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation for determination that its plan for curtailing purchases from Qualifying Facilities in minimum load conditions is consistent with Rule 25-17.086, F.A.C.

Docket No. 941101-EQ

Submitted for filing:
April 21, 1995

**REVISED
PREHEARING STATEMENT OF
FLORIDA POWER CORPORATION**

Florida Power Corporation (FPC), pursuant to Rule 25-22.038, Florida Administrative Code, hereby submits its revised Prehearing Statement with respect to its petition for determination that its plan for curtailing purchases from Qualifying Facilities in minimum load conditions is consistent with Rule 25-17.086, F.A.C. and states as follows:

A. APPEARANCES

JAMES P. FAMA, Esquire, and JAMES A. MCGEE, Esquire, Florida Power Corporation, Post Office Box 14042, St. Petersburg, Florida 33733-4042, and

GARY L. SASSO, Esquire, and RONALD J. TENPAS, Esquire, Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A., Post Office Box 2861 St. Petersburg, Florida 33731

On behalf of Florida Power Corporation

DOCUMENT NUMBER - DATE
04079 APR 24 1995
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B. WITNESSES

<u>WITNESS</u>	<u>SUBJECT MATTER</u>	<u>ISSUES</u>
Robert D. Dolan	Background of FPC capacity and energy purchase arrangements with QFs; Federal and State rules governing utility right to curtail; Summary of efforts to avoid events of curtailment;	1,4,7
Charles J. Harper	Description of FPC's Curtailment Plan and the actions taken by FPC's system operating personnel in response to minimum load conditions.	2,5
Steven L. Lefton	Demonstrate that increased cycling of coal-fired baseload power units causes plant damage and results in significant increases in operational costs and decreases unit reliability.	6
Henry I. Southwick, III	FPC's principal policy witness on minimum load conditions and FPC's efforts to deal responsibly with minimum load issues.	1-7

FPC reserves the right to submit additional testimony for rebuttal purposes.

C. EXHIBITS

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
<u>(RDD-1)</u>	R. D. Dolan	FPC's October 12, 1994 "Generation Curtailment Plan for Minimum Load Conditions"
<u>(RDD-2)</u>	R. D. Dolan	Description of each QF supplier from which FPC buys capacity and/or energy.
<u>(RDD-3)</u>	R. D. Dolan	Update to Appendix A of the Curtailment Plan.
<u>(RDD-4)</u>	R. D. Dolan	Update to Appendix B of the Curtailment Plan
<u>(RDD-5)</u>	R. D. Dolan	Example of likely amounts of QF power available to FPC before and after implementation of voluntary output reduction plans.

<u>EXHIBITS</u>	<u>WITNESS</u>	<u>DESCRIPTION</u>
<u>(CJH-1)</u>	C. J. Harper	The summary operating logs and related material documenting the steps taken in anticipation of, during and after the October 1994 through January 1995, events of curtailment.
<u>(CJH-2)</u>	C. J. Harper	Examples of minimum load worksheet designed to assist with FPC's daily planning process
<u>(SAL-1)</u>	S. A. Lefton	Resume of Steven A. Lefton
<u>(SAL-2)</u>	S. A. Lefton	Three published papers on the subject of power plant cycling.
<u>(SAL-3)</u>	S. A. Lefton	Creep-Fatigue Interaction Design Curves for Several Materials.
<u>(SAL-4)</u>	S. A. Lefton	Regression Analysis for All Units Not designated as Daily Cyclers EXCEPT for 20 'Outliers.'
<u>(HIS-1)</u>	H. I. Southwick	Excerpts from NERC, SERC and FCG publications
<u>(HIS-2)</u>	H. I. Southwick	Unit Power Sales Agreement between FPC and Southern Co.
<u>(HIS-3)</u>	H. I. Southwick	Summary of Unit Commit Avoided Cost Simulations.
<u>(HIS-4)</u>	H. I. Southwick	Examples of correspondence soliciting QF's involvement in dealing with minimum load conditions.

D. STATEMENT OF BASIC POSITION

This Commission should approve FPC's October 12, 1994 Curtailment Plan because it is fully consistent with Commission Rule 25-17.086; it is a fair and reasonable response to operational circumstances occurring from time to time on FPC's system during minimum load conditions; and if QF curtailments are not authorized under these conditions, FPC and its ratepayers will be forced

unreasonably and unlawfully to incur net increased operating costs otherwise referred to as negative avoided costs. Florida Power has taken and, under the plan, will continue to take reasonable and cost effective steps to minimize the need for curtailments. No further mitigation measures should be required as a matter of law or regulatory policy. To date, the plan's procedures have been implemented efficiently and effectively, thereby in fact minimizing the need for curtailments and successfully controlling the minimum load problem during the seven required curtailment events.

E. STATEMENT OF ISSUES AND POSITIONS

ISSUE 1: Has Florida Power Corporation adequately demonstrated that the minimum load conditions for curtailment outlined in its plan comply with Commission Rule 25-17.086, Florida Administrative Code?

FPC: Yes. Both the FERC and this Commission have clearly recognized that the "operational circumstances" referred to in the curtailment rules of each agency include minimum load conditions where a utility would be forced to reduce its baseload generating units below their minimum generating levels. This precisely describes the operational circumstances that FPC is seeking to resolve. The minimum load problem being confronted by FPC is real. It affects both reliability and system costs. It is occurring despite prudent planning and reasonable operating practices. FPC has taken, and will continue to take, reasonable and appropriate measures to avoid curtailments. But in the circumstances described in the plan, a failure to curtail QF

purchases would result in increased net operating costs or a negative avoided cost.

ISSUE 2: Has Florida Power Corporation adequately demonstrated that its plan incorporates all appropriate measures to mitigate the need for curtailment during minimum load conditions?

FPC: The plan reflects all reasonable and appropriate measures to be taken by FPC as a predicate to involuntary QF curtailments. Before filing the plan, FPC engaged in extensive efforts to reduce the likelihood of curtailments, including off-system sales, reconfiguration of unit operating parameters, negotiation of voluntary QF output arrangements, evaluation of possible retail sales incentives, etc. Since filing the plan, FPC has continued to aggressively pursue that objective and has, for example, entered into off-peak sale agreements with Oglethorpe Power Cooperative and the Southeastern Power Administration, as well as a new minimum load energy sell-back arrangement with the Southern Companies. Under the plan, aggressive mitigation will continue. Before any curtailments, FPC will reduce its own generation (including the University of Florida cogeneration unit) to minimum acceptable operating levels, reduce firm power purchases as much as the contracts will allow, and continue off-system energy marketing efforts under conditions that do not harm FPC's ratepayers. Any further efforts to avoid QF curtailments would increase costs for

FPC's native load customers, causing them to subsidize continued purchases from QFs.

ISSUE 3: Has Florida Power Corporation adequately demonstrated that the procedures for curtailment outlined in its plan are reasonable and appropriate?

FPC: Yes. Although FPC does not contend that there is only one possible set of acceptable procedures for implementing QF curtailments, it has proposed a set of procedures which it considers fair as well as effective. No intervenor testimony seriously challenges these procedures, except with respect to Issue 4.

ISSUE 4: Has Florida Power Corporation adequately demonstrated that its proposed plan allocates justifiable curtailments among QFs in a fair and not unduly discriminatory manner?

FPC: Yes. Although FPC does not contend that there is only one possible set of acceptable procedures for implementing QF curtailments, it has proposed a set of procedures which it considers fair as well as effective. These procedures properly account for differences in the factual circumstances under which different QFs are supplying energy to FPC. They properly distinguish between (1) as-available energy and (2) firm energy, and between (3) QFs who have committed in writing to specific voluntary output reductions and (4) QFs who have not made this contribution to the system. Failure to recognize these factual

distinctions would undermine this Commission's approval of the voluntary output reduction plans as being reasonable and in the public interest.

ISSUE 5: Has Florida Power Corporation properly implemented the procedures set forth in the Plan during the curtailments that have occurred from October, 1994 through January 1995?

FPC: Yes. FPC's curtailment procedures were properly implemented during the seven curtailments in the period from October 1994 through January 1995. FPC correctly anticipated minimum load conditions, took available steps to ameliorate the situation, issued the appropriate notifications called for by the plan and, when necessary, curtailed QF output as needed and in accordance with the plan's procedures, to balance projected generation and load levels. This balance was maintained to the extent practicable on each occasion with the assistance of the QF curtailments.

ISSUE 6: Has Florida Power Corporation adequately demonstrated that the curtailments that have occurred from October 1, 1994 through January 31, 1995, were necessary to prevent the incurrence of negative avoided costs?

FPC: Yes. FPC has demonstrated that in circumstances where it has reduced its own generating units to their minimum acceptable generation levels, further reductions in Company generation to continue QF purchases would necessarily result in a negative avoided

cost. FPC has established this fact by means of sound analysis and has illustrated the negative avoided cost phenomenon with computer simulations of system conditions with and without curtailments.

ISSUE 7: Should the Commission approve Florida Power Corporation's curtailment plan as being in compliance with Rule 25-17.086?

FPC: Yes. FPC has demonstrated that curtailment of QF purchases pursuant to its plan are necessitated by operational circumstances associated with minimum load conditions in order to avoid the incurrence of negative avoided costs as a result of such purchases. In these circumstances, the plan sets forth fair and reasonable procedures for implementing the required curtailments.

F. STIPULATED ISSUES:

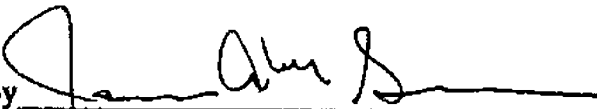
None at this time.

G. PENDING MOTIONS:

None.

Respectfully submitted,

**OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION**

By 

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