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COGENERATION & ALTERNATIVE ENERGY
ENERGY REGULATORY LAW

FILE COPY

VIA FEDERAL EXPRESS
December 26, 1996

Ms. Blanca S. Bayó, Director
Division of Records & Reporting
Florida Public Service Commission
Capitol Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 960912-EI
Notice Of Proposed Rule Development

Dear Ms. Bayó,

Enclosed for filing in the referenced Docket on behalf of the Florida Industrial Cogeneration Association, please find five (5) copies of our correspondence to your Richard Bellak, Esquire pertaining to issues raised by the referenced Notice Of Proposed Rule Development. If you have any questions regarding this filing, please do not hesitate to call.

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OPC ____ xc: Richard Bellak, Esquire
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OTH ____

Sincerely,

Richard A. Zambo

Richard A. Zambo

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VIA FEDERAL EXPRESS
December 26, 1996

Richard Bellak, Esquire
Associate Director - General Counsel
Florida Public Service Commission
Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Fl 32399-0870

Re: Docket No. 960912-EI
Notice Of Proposed Rule Development

Dear Richard,

Following up on our recent conversations, this will formally advise you of possible areas of concern to the Florida Industrial Cogeneration Association (FICA) resulting from the referenced Notice of Proposed Rule Development. FICA's interest in this matter arises from the fact that its members own, operate and rely on industrial cogeneration facilities for the efficient generation of electrical and thermal energy in conjunction with various manufacturing operations within the state. Those facilities are qualifying cogeneration facilities - or QFs - under federal law and, as such, could be negatively affected by the proposed rule repeals. Given that the Commission is only in a rule development posture, our comments on behalf of FICA will be both preliminary and brief, simply intended to identify three initial areas of potential concern.

First, the proposed repeal of rule 25-17.001 (4) (d) appears to signal a Commission policy shift away from the traditional encouragement of QF's such as high thermal efficiency industrial cogeneration facilities, which is embodied in both state and federal law. FICA would urge the Commission to abandon its proposal to repeal this rule.

Second, the proposed repeal of rule 25-17.001 (7) appears to signal yet another policy shift by the Commission with regard to the economic development aspects of energy conservation. The existing rule makes it clear that conservation mandates and efforts shall not be construed to restrict growth in the supply of electric power supply necessary to

support economic development by industrial consumers (such as FICA's members). The rule specifically provides that the goal should be lower electric costs. It appears that repeal of this rule would be contrary to the state's industrial development goal and activities as well as the financial viability of Florida's industrial base by allowing a "reinterpretation" to restrict growth in electric power supply. Accordingly, FICA would urge the Commission to abandon its proposal to repeal this rule.

Third, regarding the repeal of rule 25-17.084 (The Utility's Obligation to Sell) it appears that such rule is required under federal law and that repeal would be inadvisable if not unlawful. Although the methodology for determining rates for electric sales to QF's are established in detail by Commission order, the rule provision is necessary to assure the availability of electric service to QFs at just, reasonable and non-discriminatory rates, which are crucial to the survival and further encouragement of industrial cogeneration facilities. FICA would therefore also urge the Commission to abandon its proposal to repeal this rule.

We trust these preliminary comments will be of use to the Commission as it proceeds in the rule development process. By addressing FICA's concerns at this initial stage, a future rulemaking hearing may be avoided. (Note that FICA does not seek or request a workshop in this matter but reserves the right to request a hearing if and when the Commission moves forward to rulemaking in this regard.)

If you have any questions, require any further information, or would like to discuss this matter, please do not hesitate to call.

Sincerely,

Richard A. Zambo

RAZ/sn

xc: All FICA Members