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FILE COPY

February 12, 1997

D. BRUCE MAY
904-425-5607

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, FL 32399-0850

Via Hand Delivery

Re: In re: Petition for Expedited approval of an agreement to purchase the Tiger Bay cogeneration facility and terminate related purchased power contracts by Florida Power Corporation, Docket No. 970096-EQ

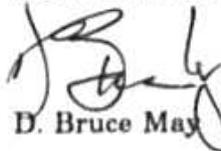
Dear Ms. Bayo:

Enclosed for filing in the docket referenced above are the original and 15 copies of Vastar Gas Marketing, Inc.'s Preliminary List of Issues and Positions. Also enclosed is a diskette containing this document. For our records, please acknowledge your receipt of this filing on the enclosed copy of this letter.

Thank you for your consideration in this matter.

Sincerely,

HOLLAND & KNIGHT LLP



D. Bruce May

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 APP —
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 LES 1
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Enclosure

DBM/sms

cc: All parties of record
Norma Rosner, Esq.
Chuck King, Esq.

TAL-101616

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for expedited)
approval of an agreement to)
purchase the Tiger Bay)
cogeneration facility and)
terminate related purchased)
power contracts by Florida)
Power Corporation.)
/

Docket No. 970096-EQ
Filed: February 12, 1997

**VASTAR GAS MARKETING, INC.'s
PRELIMINARY LIST OF ISSUES AND POSITIONS**

Vastar Gas Marketing, Inc. ("VGM"), by and through undersigned counsel, hereby submits its Preliminary List of Issues and Positions in this proceeding.

Issue 1: Whether it is premature for the Florida Public Service Commission (the "Commission") to consider the Petition filed by Florida Power Corporation ("FPC") until Tiger Bay Limited Partnership ("TBLP") has obtained VGM's consents as required by the terms of TBLP's Gas Sales and Purchase Contract with VGM (the "Gas Sales Contract").

VGM: Yes. As an express condition to the closing of the Purchase Agreement, TBLP must obtain all required consents from third parties. Section 18.01 of the Gas Sales Contract requires TBLP to obtain VGM's consent to the assignment of the Gas Sales Contract to FPC. In addition, Section 18.03 of the Gas Sales Contract requires Destec Energy, Inc. ("Destec") and TBLP to obtain VGM's consent to the sale by Destec of its interest in TBLP's cogeneration facility. Moreover, VGM has notified Destec and TBLP that they are in breach of the Gas Sales Agreement as a result of

the execution of the Purchase Agreement. These issues need to be resolved before the required consents can be obtained. Therefore, it is premature for the Commission to consider the issues raised in FPC's Petition until TBLP and Destec obtain VGM's consents as required by the terms of the Gas Sales Contract. To rule on FPC's Petition without regard to VGM's consent rights under the Gas Sales Contract would contradict the Commission's longstanding policy of preserving the integrity of contracts.

Issue 2: Whether the record in this proceeding should be corrected to reflect that VGM has not been reluctant to negotiate with FPC.

VGM: Yes. In the Direct Testimony of Robert Dolan filed in support of FPC's Petition, Mr. Dolan states that VGM "has been reluctant to negotiate with a non-party to the contract." Indeed, VGM was not aware that FPC wanted to engage in negotiations until it received a copy of Mr. Dolan's testimony. Mr. Dolan has now indicated that he was misinformed and a meeting between FPC and VGM has been scheduled for February 21, 1997. VGM believes the record should be corrected.

Issue 3: Through what mechanism should the Commission authorize FPC to recover the costs associated with the Purchase Agreement?

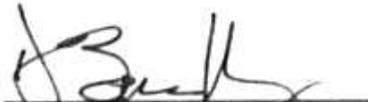
VGM: VGM has no recommendation to make to the Commission at this time. However, VGM believes that this issue will have precedential value and will guide VGM and other fuel suppliers with respect how they conduct business in Florida.

Issue 4: What effect will Commission approval of the Purchase Agreement have on the future of electric competition in Florida?

VGM: VGM has no recommendation to make to the Commission at this time. However, the Commission should be aware that its decision in this proceeding will be perceived to establish the direction that the Commission will take regarding the future of electric competition in the State.

VGM expressly reserves the right to raise additional issues or to withdraw its preliminary issues as this proceeding progresses.

Respectfully submitted,



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**Attorneys for Vastar
Gas Marketing, Inc.**

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Preliminary List of Issues and Positions was furnished by U.S. mail to James A. McGee, Esq., Florida Power Corporation, P.O. Box 14042, St. Petersburg, FL 33733-4042 and by hand delivery to Lorna R. Wagner, Esq., Florida Public Service Commission, 2540 Shumard Oak Blvd., Rm. 370, Tallahassee, FL 32399-0850 this 12th day of February, 1997.


D. Bruce May

TAL-101468