

ORIGINAL
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for expedited)
approval of agreement with Tiger)
Bay Limited Partnership to)
purchase Tiger Bay cogeneration)
facility and terminate related)
purchased power contracts by)
Florida Power Corporation.)
_____)

DOCKET NO. 970096-EQ
FILED: March 21, 1997

PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL

The Citizens of the State of Florida, through the Office of Public Counsel, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-97-0173-PCO-E1, issued February 13, 1997, submit this Prehearing Statement.

APPEARANCES:

JOHN ROGER HOWE, Esquire
Deputy Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida

A. WITNESSES: None.

B. EXHIBITS: None. The Office of Public Counsel reserves the right to introduce appropriate exhibits as necessary to clarify matters during cross-examination of witnesses.

C. STATEMENT OF BASIC POSITION:

The Office of Public Counsel is primarily concerned with the application of present value analyses which treat customers as if they have the same benefit horizons as long-lived corporations. Customers should be treated as a collection of individuals, not as a homogeneous group, in cases where net benefits are not expected to materialize for many years. When the ages of residents within Florida Power's service area are considered, along with the migration of customers into and out of the service area, it is clear that many of today's customers will never see a benefit from the company's proposal.

D. STATEMENT OF FACTUAL ISSUES AND POSITIONS:

ISSUE 1: Has Florida Power Corporation provided adequate assurances regarding the operational reliability of the Tiger Bay generating facility?

OPC: No position at this time.

ISSUE 2: Has Florida Power Corporation provided adequate assurances regarding the financial viability of the Tiger Bay generating facility?

OPC: No position at this time.

ISSUE 3: Are Florida Power Corporation's projections of non-fuel operating expenses reasonable?

OPC: No position at this time.

ISSUE 4: Has Florida Power Corporation provided adequate assurances that sufficient natural gas pipeline capacity will be available to transport natural gas to the Tiger Bay facility?

OPC: No position at this time.

ISSUE 5: Is Florida Power Corporation's fuel price forecast reasonable?

OPC: No position at this time.

ISSUE 6: Are Florida Power Corporation's financial assumptions reasonable?

OPC: No position at this time.

ISSUE 7: What is the appropriate annual accrual amount for the provision of final dismantlement of the Tiger Bay facility?

OPC: No position at this time.

ISSUE 8: What is the appropriate remaining life, net salvage, reserve, and resultant depreciation rate for the Tiger Bay facility?

OPC: No position at this time.

ISSUE 9: Are the purchase power agreement termination payments properly classified as an acquisition adjustment?

OPC: No.

ISSUE 10: Is there an acquisition adjustment associated with the purchase of plant facilities?

OPC: No.

ISSUE 11: Should FPC be required to perform an original cost study for the Tiger Bay generating plant to determine the appropriate amount of investment and reserve to include in Account 101?

OPC: Yes.

ISSUE 12: Is Florida Power Corporation's proposal to purchase the Tiger Bay facility and terminate the related power purchase agreements prudent?

OPC: No. Too many of Florida Power's current customers will never see any benefit from the proposal.

ISSUE 13: Should the Commission approve the purchase agreement for Florida Power Corporation to purchase the Tiger Bay facility and terminate the related power purchase agreements?

OPC: No.

ISSUE 14: Should the Commission approve recovery of the fuel costs associated with the Tiger Bay Facility through the Fuel and Purchased Power Cost Recovery Clause?

OPC: No.

ISSUE 15: Should the Commission approve recovery of the natural gas transportation costs associated with the Tiger Bay Facility through the Fuel and Purchased Power Cost Recovery clause?

OPC: No.

ISSUE 16: What is the appropriate method for recovering the cost of the Tiger Bay generating facility?

OPC: Agree with FIPUG.

ISSUE 17: What is the appropriate method for recovering the cost of terminating the power purchase agreements?

OPC: There is no appropriate method for recovering the costs of termination because so many current customers cannot be expected to be made whole under the company's proposal.

ISSUE 18: What is the appropriate method of recovering the cost of the Materials & Supplies Inventory?

OPC: Agree with FIPUG.

ISSUE 19: Should the revenue from the steam sales agreement be credited through the Fuel and Purchased Power Cost Recovery Clause?

OPC: Agree with FIPUG.

ISSUE 20: What is the appropriate amortization period for recovering the cost of the Tiger Bay generating facility?

OPC: Agree with FIPUG.

ISSUE 21: What is the appropriate amortization period for recovering the cost of terminating the power purchase agreements?

OPC: The appropriate amortization period would be one which treats the majority of customers within all age groups fairly.

ISSUE 22: Should Florida Power be granted the latitude to manage the collection of the purchase price over the amortization period?

OPC: No.

ISSUE 23: Will the contract buy out and plant purchase cause rate shock?

OPC: No.

ISSUE 24: Will the proposal impact economic development within Florida Power Corporation's service area?

OPC: No position at this time.

ISSUE 25: What impact will this proposal have on competition in the electric industry?

OPC: No position at this time.

ISSUE 26: 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")?

OPC: No position at this time.

ISSUE 27: Should this docket be closed?

OPC: Yes.

E. STATEMENT OF LEGAL ISSUES AND POSITIONS: None.

F. STATEMENT OF POLICY ISSUES AND POSITIONS: None.

G. STIPULATED ISSUES: None.


H. PENDING MOTIONS: None.

I STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Office of Public Counsel cannot comply.

Respectfully submitted,

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**CERTIFICATE OF SERVICE
DOCKET NO. 970096-EQ**

I HEREBY certify that a copy of the foregoing PREHEARING STATEMENT OF THE OFFICE OF PUBLIC COUNSEL has been served by *hand delivery or U.S. mail to the following parties of record on this 21st day of March, 1997:

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