

FLORIDA PUBLIC SERVICE COMMISSION
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Tallahassee, Florida 32399-0850

MEMORANDUM

October 23, 1997

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FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (FUTRELL) *MT*
DIVISION OF LEGAL SERVICES (KEATING) *WCK RVE JDJ*

RE: DOCKET NO. **970883-EQ**, PETITION FOR APPROVAL OF
INTERCONNECTION AGREEMENT BETWEEN FLORIDA POWER & LIGHT
COMPANY AND MM TOMOKA FARMS LLC

AGENDA: 11/04/97 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\970883.RCM

CASE BACKGROUND

MM Tomoka Farms LLC (MM) intends to construct and operate an electrical generation facility consisting of two 1900 kW generators in Volusia County. Construction is planned to begin in December 1997 with commercial operation in March 1998. The generators will be fired by gas collected at the Volusia County landfill gas recovery project. The facility has received qualifying facility status and wishes to interconnect with Florida Power & Light Company's (FPL) system. At the present time, MM intends to sell its output on an as-available basis to FPL. FPL filed, on July 15, 1997, a negotiated interconnection agreement which was signed on June 30, 1997.

Pursuant to the signed interconnection agreement, MM will bear all expenses required to design, engineer, modify, upgrade, install, and construct the facilities necessary to interconnect the MM generating facility with FPL's system. The negotiated interconnection agreement has a term ending December 31, 2016. The agreement will then be automatically extended for periods of two years each. Either party may terminate the agreement at the end of

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the initial term or at the end of a two year extension period, so long as two years advance notification is given.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve the terms and conditions of the negotiated interconnection agreement between Florida Power & Light Company and MM Tomoka Farms LLC?

RECOMMENDATION: Yes. The terms set forth in the agreement comply with the Commission's rules and do not adversely impact FPL's system reliability or its costs of providing electric service to its ratepayers.

STAFF ANALYSIS: In addition to general interconnection provisions, the agreement contains the following terms and conditions:

1. Cost of Interconnection

FPL has estimated that the cost of interconnecting MM Tomoka Farms' generating facility with FPL's system will be approximately \$279,000. This estimate includes the major equipment and components of interconnection facilities. MM will reimburse FPL for all costs of interconnection.

2. Specified Load and Generation Control Service Charge

Because MM's generators will be synchronized with FPL's system, any instantaneous increase or decrease in electrical output from MM's units will automatically cause an opposite compensating adjustment in the output of FPL's generators. Thus, FPL will be compensated for deviations in the output of MM's facility. This deviation, or hourly control swing, is the difference between the highest and lowest instantaneous demand (measured in kW) received and recorded by FPL during each hour.

It is FPL's provision of load and generation control service at the formulary rate contained in the agreement that necessitates the Commission's approval of the agreement. The Control Service Daily Demand Charge Rate is not contained in any FPL tariff. The rate is based on FPL's cost of generation and transmission to respond to real-time fluctuations in the output of MM's facility.

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FPL's assessment of a Specified Load and Generation Control Service Charge in the MM interconnection agreement is similar to its assessment for regulation service to Georgia-Pacific under the terms of an interconnection agreement approved by the Commission on August 10, 1992 (Order No. PSC-92-0790-FOF-EQ, Docket No. 920582-EQ). It is also similar to its assessment for regulation service to Lee County under the terms of an interconnection agreement approved by the Commission on February 22, 1993 (Order No. PSC-93-0265-FOF-EQ, Docket No. 921200-EQ). While it approved the Regulation Service Charge in the Georgia-Pacific and Lee County cases, the Commission did not intend to imply its generic approval of the regulation service assessment fee.

The Control Service Daily Demand Charge Rate is based on revenue requirements, billing determinants, and loss factors approved by the Commission in FPL's last rate case (Docket No. 830456-EI, Order No. 13537). Staff believes the Specified Load and Generation Control Service Charge is appropriate in the MM interconnection agreement.

The terms and conditions as set forth in the interconnection agreement are appropriate. They conform to provisions of the Commission's rules and do not adversely affect the reliability or cost of providing service to FPL's ratepayers. Therefore, staff recommends the Commission approve the negotiated interconnection agreement between FPL and MM Tomoka Farms.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the Commission's proposed agency action timely files a protest within twenty-one days of the issuance of the order, this docket should be closed.

STAFF ANALYSIS: Pursuant to Rule 25-22.029(4), Florida Administrative Code, any person whose substantial interests are affected by the Commission's proposed agency action shall have 21 days after the issuance of the order, to file a protest. If no timely protest is filed, the docket should be closed.