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Matthew M Childs, P.A.

January 28, 1998

Ms. Blanca S. Bayó, Director  
Division of Records and Reporting  
Florida Public Service Commission  
4075 Esplanade Way, Room 110  
Tallahassee, FL 32399

RE: DOCKET NO. ~~980001-EI~~

Dear Ms. Bayó:

Enclosed for filing please find an original and ten (10) copies of Florida Power & Light Company's Motion for Reconsideration and Request for Oral Argument in the above referenced docket.

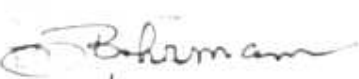
Very truly yours,



Matthew M. Childs, P.A.

ACK  
ATA *Handwritten initials* <sup>MMG:ml</sup>  
Enclosures  
cc: All Parties of Record

CF  
DT



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DOCKETED  
**01535** JAN 28 1998  
FPSC PUBLIC RECORDS DIVISION

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power ) DOCKET NO. 980001-EI  
cost recovery clause ) FILED: JANUARY 28, 1998  
\_\_\_\_\_ )

MOTION FOR RECONSIDERATION

Florida Power & Light Company ("FPL"), pursuant to Rule 25-22.060, F.A.C., hereby files this Motion for Reconsideration of Order No. PSC-98-0073-FOF-EI and in support thereof states:

PSC Actions:

In Order No. PSC-98-0073-FOF-EI, (the "Order") the Commission reached a number of conclusions including

A. Held that "matches" under the broker system "should be made based on incremental system production cost, just as before FERC Order 888; "...transmission charge required by the FERC Order should not influence the matches made on the broker system...." Order at p.3.

Basis for Reconsideration

1. The action by the Commission in directing the basis or methodology for "matches" between economy sellers and buyers was not properly noticed. The issues addressed by the Order were raised by the Commission Staff. The issue identified by the Commission Staff which was the basis for the recommendation to the Commission and the Commission's decision was:

Issue 9: How should the transmission costs be accounted for when determining the transaction price of an economy, Schedule C, broker transaction between two directly interconnected utilities?"

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FPSC-REGULATORY REPORTING

FPL submits that the "transaction price" is not necessarily the same as the "matching" of buyer and seller under the broker system and the Commission's Order distinguishes between the "transaction price" and the basis for "matches" under the broker system. Therefore, if the Order was intended to direct what is to be the basis for "matches" under the broker system, then this issue was not appropriately noticed.

2. FPL respectfully submits that the so-called broker procedure for "matches" is not within the jurisdiction of this Commission. FPL is a participant in the broker system and FPL intends to comply with Commission Orders but, the broker is an entity separate and apart from any individual member or participant.

3. The basis for the Commission's finding is not supported by the evidence. If, and to the extent the Order's direction as to "matches" under the broker system was based upon "unbundling" of transmission charges pursuant to FERC Order 888, then there does not appear to be substantial disagreement. However, if the transmission charge is the additional charge addressed by both FPL and FPC, then the Order's observation about "incremental production cost" is surmise.

B. Held "that the transaction price of a broker sale between two directly interconnected utilities shall be based on the incremental production cost..."; and, " Any FERC required transmission costs shall be added after the broker has matched a buyer and seller."

#### Basis for Reconsideration

1. The action by the Commission directing the basis for

billing for an economy sale appear to be a matter subject to the jurisdiction of the FERC.

FPL is subject to the jurisdiction of the FERC with regard to its wholesale pricing. That is why Order No. 888 applies to FPL. Therefore, FPL's billing arrangements for economy sales transactions are contained in its interchange agreements which are subject to the FERC's jurisdiction. FPL could consider treating the directions in the Order to be directions to seek FERC approval.

2. After stating that the "matches" under the broker system should not be influenced by transmission charges because they are "not an incremental production cost associated with the sale." Order at p. 3, the Order uses the same rationale to support its conclusion that the "transaction price" for an economy sale should exclude any transmission charge. Why this observation is necessary or appropriate is not addressed and the example given is erroneous. Order at p. 4.

First, as is apparent from the cited example of Gulf's method of charging for transmission, and which the Order endorses as the appropriate response if a utility charges a separate additional charge for transmission, the resulting transaction price of an economy sale for most conceivable practicable purposes includes the additional transmission charge--the Commission's Order calls this the "effective" price.

Second, it appears that the convenient observation in the Order that FPL's proposed pricing methodology ... "has the effect of splitting the transaction charge between the buyer and seller"

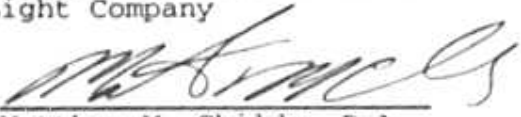
ignores the basis for the price of an economy sale; mistakenly assumes that an economy energy sale price is only to "cost" and is wrong. Under FPL's methodology, the transaction price does increase by only 1/2 the amount of the transmission charge. We would hope, however, that if what the Commission calls, the "incremental system production cost" were to increase by \$3.00 in the example given on pages 3 and 4 of the Order and there were no \$3.00 additional transmission charge, that the Commission would not conclude that the resulting \$26.50 transaction price would have the effect of splitting the \$3.00 increase in production cost between the buyer and the seller. It does not--and it does not because the transaction price includes the "gain." Therefore, the basis for the Commission's decision is not supported by evidence and is erroneous.

WHEREFORE, FPL respectfully submits this its Motion for Reconsideration of Order No. PSC-98-0073-FOF-EI.

DATED this 28th day of January, 1998.

Respectfully submitted,

STEEL HECTOR & DAVIS LLP  
Suite 601  
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Tallahassee, FL 32301  
Attorneys for Florida Power  
& Light Company

By:   
Matthew M. Childs, P.A.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Fuel and purchased power ) DOCKET NO. 980001-EI  
cost recovery clause ) FILED: JANUARY 28, 1998  
\_\_\_\_\_ )

REQUEST FOR ORAL ARGUMENT

Florida Power & Light Company ("FPL"), hereby files this its Request for Oral Argument on its Motion for Reconsideration and, in support thereof states:

1. by separate pleading, FPL has filed its Motion for Reconsideration to Order No. PSC-98-0073-FOF-EI.

2. FPL submits that oral argument would aid the Commission in understanding and resolving the matters in this Docket.

DATED this 28th day of January, 1998.

Respectfully submitted,

STEEL HECTOR & DAVIS LLP  
Suite 601  
215 South Monroe Street  
Tallahassee, FL 32301  
Attorneys for Florida Power  
& Light Company

By:   
Matthew M. Childs, P.A.

**CERTIFICATE OF SERVICE  
DOCKET NO. 980001-EI**

**I HEREBY CERTIFY** that a true and correct copy of Florida Power & Light Company's Motion for Reconsideration and Request for Oral Argument been furnished by Hand Delivery,\*\* or U.S. Mail this 28th day of January, 1998, to the following:

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