

FLORIDA PUBLIC SERVICE COMMISSION  
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Tallahassee, Florida 32399-0850

MEMORANDUM

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MARCH 12, 1998

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TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO) <sup>FPS Records/Reporting</sup>

FROM: DIVISION OF ELECTRIC & GAS (HARLOW, GING) <sup>107 DVS 23 PLT</sup>  
DIVISION OF LEGAL SERVICES (CRUZ-BUSTILLO) <sup>RVE</sup>

RE: DOCKET NO. 980069-EI - PETITION BY FLORIDA POWER AND  
LIGHT COMPANY FOR APPROVAL OF INTERCONNECTION AGREEMENT  
WITH METROPOLITAN DADE COUNTY

AGENDA: 03/24/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION -  
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\980069EI.RCM

CASE BACKGROUND

Metropolitan Dade County (MDC) intends to construct and operate an electrical generation facility consisting of three 900 kilowatt engine driven generators. The facility will be located at MDC's South Dade Wastewater Treatment Plant (SDWWTP), and will be fueled by scrubbed methane gas, a by-product of sewage treatment processing. The facility has received qualifying facility status. MDC wishes to interconnect the facility with Florida Power and Light Company's (FPL) system. MDC intends to use the output of the facility to self-serve a portion of the load at the South Dade Wastewater Treatment Plant. The remainder of the load will be served by FPL.

On January 13, 1998, FPL filed a petition for approval of a negotiated interconnection agreement between FPL and MDC. Pursuant to the agreement, MDC will bear all expenses required to design, engineer, modify, upgrade, install and construct the facilities necessary to interconnect the MDC generating facility with FPL's system in a safe and reliable manner. The agreement will continue until December, 31, 2014, with automatic two year extensions unless FPL or MDC elects to terminate the agreement.

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RECORDS SECTION

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### **DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission approve the terms and conditions of the negotiated interconnection agreement between Florida Power and Light Company and Metropolitan Dade County?

**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. [HARLOW, GING]

**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 MDC's generating facility with FPL's system will be approximately \$95,000. The agreement provides for an interconnection cost cap of \$114,000 to account for contingencies. MDC will reimburse FPL for all costs of interconnection up to \$114,000. MDC's obligation will not exceed the cost cap without the mutual agreement of MDC and FPL.

2. **Specified Load and Generation Control Service Charge:** MDC's generating facility will operate in parallel with FPL's distribution system. Therefore, any instantaneous increase or decrease in electrical output from MDC's generating units will automatically cause an opposite compensating adjustment in the output of FPL's generators.

Under the agreement, MDC will be assessed a Specified Load and Generation Control Service (SLGC) charge to compensate FPL for deviations in the output of MDC's generating units. 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. A daily SLGC charge is calculated by multiplying the greatest hourly control swing times the Control Service Daily Demand Charge Rate. The Monthly SLGC charge is then calculated by multiplying the sum of the daily SLGC charges times the percentage of MDC's total load which is served by the MDC generating facility.

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Commission approval of the agreement between FPL and MDC is required because the agreement contains the SLGC charge. The Control Service Daily Demand Charge Rate used in the SLGC charge calculation 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 MDC's generating facility. FPL's estimate of these costs relies on the revenue requirements, billing determinants and loss factors approved by the Commission in FPL's last rate case (Docket No. 830456-EI, Order No. 13537).

FPL's assessment of a SLGC charge in the MDC interconnection agreement is calculated the same as its assessment of a SLGC charge to MM Tomoka Farms under the terms of an interconnection agreement approved by the Commission in Order No. PSC-97-1484-FOF-EQ, issued November 24, 1997. It is also similar in concept to FPL's assessment for regulation service to Georgia-Pacific (Order No. PSC-92-0790-FOF-EQ, issued August 10, 1992) and Lee County (Order No. PSC-93-0265-FOF-EQ) under the terms of interconnection agreements approved by the Commission. Staff believes the SLGC charge is appropriate in the MDC interconnection agreement.

**3. Liability Insurance:** Under the agreement, FPL will purchase an Owner's Protective Liability Insurance Policy in MDC's behalf for \$1 million for claims arising as a result of the agreement. MDC has agreed to reimburse FPL for the policy's premium assessments and deductibles.

In conclusion, the terms and conditions as set forth in the negotiated 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 approval of the interconnection agreement between FPL and MDC.

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**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.