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September 15, 1998

VIA FEDERAL EXPRESS

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

Re: Joint Petition for Determination of Need for an Electrical Power Plant in Volusia County by the Utilities Commission, City of New Smyrna Beach, Florida and Duke Energy New Smyrna Beach Power Company Ltd., L.L.P.; DOCKET NO. 981042-EM

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Florida Power Corporation's Preliminary List of Issues.

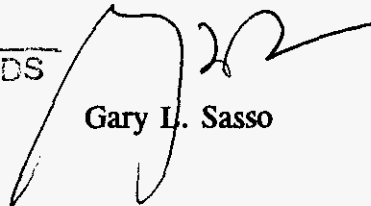
Also enclosed is an additional copy of the above document for acknowledgement of filing. We request you acknowledge receipt and filing of the above by stamping this additional copy and return it to me in the self-addressed, stamped enveloped provided for your convenience.

If you or your Staff have any questions regarding this filing, please contact me at (813) 821-7000.

RECEIVED & FILED

Very truly yours,

FPSC-BUREAU OF RECORDS



Gary L. Sasso

- ACK
- AFA 1
- APP Enclosures
- CAF cc: Counsel of Record
- CAU GLS:jlc
- CIU _____
- CTR _____
- EAG utrell
- LEG R
- MA S
- SEC 1
- NAS _____
- PTH _____

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CARLTON, FIELDS, WARD, EMMANUEL, SMITH & CUTLER, P.A.
TAMPA ORLANDO PENSACOLA TALLAHASSEE WEST PALM BEACH
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ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Joint Petition for)
Determination of Need for an)
Electrical Power Plant in Volusia) DOCKET NO. 981042-EM
County by the Utilities Commission,)
City of New Smyrna Beach, Florida,) FILED: Sept. 16, 1998
and Duke Energy New Smyrna Beach)
Power Company Ltd., L.L.P.)
_____)

**FLORIDA POWER CORPORATION'S
PRELIMINARY LIST OF ISSUES**

Florida Power Corporation ("FPC") respectfully submits the following preliminary list of issues presented by the Joint Petition in this docket.

LEGAL ISSUE 1: Does the Florida Public Service Commission ("PSC") have the statutory authority to render a determination of need under Section 403.519, Fla. Stat., for a project that consists in whole or in part of a merchant plant that does not have as to that component of the project an agreement in place for the sale of firm capacity and energy to a state-regulated utility with a statutory obligation to serve retail customers in this State?

ISSUE 2: Can the Petitioners show that the proposed power plant is needed for electric system reliability and integrity, as this criterion is used in Section 403.519?

ISSUE 3: Can the Petitioners show that the proposed power plant is needed to provide adequate electricity at a reasonable cost, as this criterion is used in Section 403.519?

ISSUE 4: Can the Petitioners show that the proposed power plant is the most cost-effective alternative available, as this criterion is used in Section 403.519?

ISSUE 5: Can the Petitioners show that they have taken conservation measures, or have such measures reasonably available

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to them, which might mitigate the need for the proposed plant, as this criterion is used in Section 403.519?

OTHER ISSUES WITHIN THE COMMISSION'S JURISDICTION

ISSUE 6: Does the proposed project have adequate backup fuel capability?

ISSUE 7: Does Duke have a power purchase agreement in place with New Smyrna, and, if so, do its terms satisfy statutory conditions for a determination of need?

ISSUE 8: Can the capacity of the proposed project be properly included when calculating the reserve margin of an individual Florida utility or the State as a whole in the absence of an agreement with the individual utility for the sale of firm capacity and energy from the project?

ISSUE 9: Will the proposed project divert limited natural gas supply or transportation from other power producers in this State who have a statutory obligation to serve the citizens of this State?

ISSUE 10: Will the construction of the proposed project impair the ability of existing utilities in the State to locate generating resources in a manner that will improve system operations?

ISSUE 11: Will the proposed project have a deleterious impact on the integrity of FPC's transmission system, on the interface between the Southern Company and the transmission system for the State of Florida, and on the transmission system in this State generally, which will not be alleviated by the measures proposed in the Joint Petition?

ISSUE 12: Will the proposed project divert transmission resources that FPC and other state-regulated utilities need to serve their customers?

ISSUE 13: Will the proposed project result in the uneconomic duplication of facilities?

ISSUE 14: Has the Commission determined the relevant impact and appropriate regulatory treatment relating to the energy supply and associated generating facilities that the proposed plant, or other plants like it, would displace?

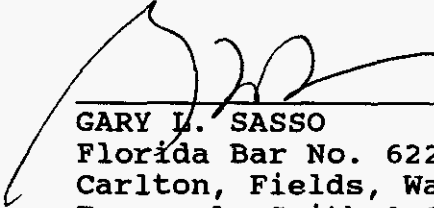
ISSUE 15: Does the Joint Petition comply with the Commission's rules?

DATED this 16th day of September 1998.

Respectfully submitted,

FLORIDA POWER CORPORATION

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U.S. Mail to:

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this 15th day of September, 1998.



Attorney