

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: September 21, 1998

TO: R. Scheffel Wright, Esquire
 Russell Badders, Esquire
 Michelle Hershel, Esquire
 Gail Kamaras, Esquire
 Matthew M. Childs, Esquire
 Gary Sasso, Esquire
 Jim McGee, Esquire
 Mark Laux - TECO

FROM: Leslie J. Paugh, Senior Attorney, Division Of Legal Services
 Grace A. Jaye, Attorney, Division of Legal Services

RE: Docket No. 981042-EM - 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.

J. Paugh

Via Facsimile

The following preliminary list of issues includes the issues agreed to during the September 11, 1998, meeting. The list also reflects the modifications to those issues, and the inclusion and subsequent modifications to Florida Power Corporation's proposed issues during the September 18 meeting. During the meeting on September 21, 1998, at 2:00 p.m. we will review this list, and consider the issues proposed by Florida Power and Light Company.

- ACK FPC LEGAL
- AFA 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?
- APP
- CAF
- CMU
- CTR
- EAG
- LEG
- LIN ~~ISSUE 1: Will the proposed power plant contribute to the need for electric system reliability integrity for Peninsular Florida and/or the Utilities Commission, New SMYRNA Beach, Florida (UCNSB)?~~ **Issue 1 replaced by FPC Issue 2 as modified.**
- OPC
- RCH
- SEC
- WAS
- OTH

DOCUMENT NUMBER-DATE

10414 SEP 21 800512

FPSC-RECORDS/REPORTING

FPC

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

~~ISSUE 2: Will the proposed power plant contribute to the need for adequate electricity at a reasonable cost for Peninsular Florida and/or the UCNSB?~~ **Issue 2 replaced by FPC Issue 3 as modified.**

FPC

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

~~ISSUE 3: Is the proposed power plant the most cost-effective alternative available?~~ **Issue 3 replaced by FPC Issue 4 as modified.**

FPC

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

FPC

~~ISSUE 5: Can the petitioners show that they have taken conservation measures, or have such measures reasonably available to them, which might mitigate the need for the proposed plant, as this criterion is used in Section 403.519?~~ **FPC Issue 5 replaced by Issue 5.**

ISSUE 5: Are there any conservation measures taken by or reasonably available to the petitioners which might mitigate the need for the proposed power plant?

ISSUE 6:

and

FPC

~~ISSUE 6: Does the proposed project have adequate backup fuel capability?~~ **This issue replaced by New Staff 6.**

NEW

STAFF 6: Has Duke New Smyrna provided adequate assurances regarding available primary and secondary fuel to serve

the proposed power plant on a long- and short-term basis?

FPC

ISSUE 7: Does Duke New Smyrna have an ~~power purchase~~ agreement in place with ~~New Smyrna~~ the UCNSB, and, if so, do its terms meet the UCNSB's needs in accordance with the statute? ~~satisfy statutory conditions for a determination of need?~~

FPC

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?
This issue has not been agreed to by the parties.

FPC

ISSUE 9: ~~Will~~ What impact, if any, will the proposed project power plant divert limited have on natural gas supply or transportation resources from other on State regulated power producers in this State who have a statutory obligation to serve the citizens of this State?

FPC may revise the following issues 10-12.

FPC

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?

FPC

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 in this State generally, which will not be alleviated by the measures proposed in the Joint Petition?

FPC

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

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FPC

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

FPC

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?
This issue has not been agreed to by the parties.

FPC

ISSUE 15: Does the Joint Petition comply with the Commission's rules? **This issue has not been agreed to by the parties.**

The following issues were agreed to during the 9/11 meeting but were not addressed during the 9/18 meeting.

ISSUE 7: Has Duke New Smyrna provided sufficient information on the site, design, and engineering characteristics of the New Smyrna Beach Power Project to evaluate the proposed Project?

ISSUE 8: Have the costs of environmental compliance associated with the New Smyrna Beach Power Project been adequately considered by Duke New Smyrna?

ISSUE 9: Based on the resolution of the foregoing issues, should the petition of the UCNSB and Duke New Smyrna for determination of need for the New Smyrna Beach Power Project be granted?

ISSUE 10: Should this docket be closed?

LJP/js

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