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**VIA FEDERAL EXPRESS**

November 27, 1998

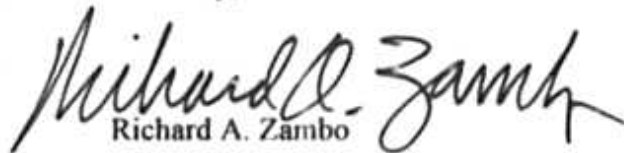
Ms. Blanca S. Bayó, Director  
Division of Records & Reporting  
Florida Public Service Commission  
Capitol Circle Office Center  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

In Re: Petition of Florida Power Corporation For Waiver Of Rule 25-22.082, F.A.C.  
FPSC Docket No. 981360-EI

Dear Ms. Bayó,

Enclosed for filing in the above captioned Docket, please find the original and 10 copies of Preliminary Comments Of The Florida Industrial Cogeneration Association. Also enclosed is a double-sided high density 3.5 inch floppy disk containing this document in WordPerfect 6.0 format as prepared on a Windows-based computer. If you have any questions regarding this filing, please do not hesitate to call.

Sincerely,

  
Richard A. Zambo

ACK \_\_\_\_\_

AFA \_\_\_\_\_

APP \_\_\_\_\_

CAF \_\_\_\_\_

CMU \_\_\_\_\_

CTR \_\_\_\_\_

EAG *Dwyer*  
*KAZ/SA*

LEG  Enclosures

LIN \_\_\_\_\_

OPC \_\_\_\_\_

RCH \_\_\_\_\_

SEC \_\_\_\_\_

WAS \_\_\_\_\_

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FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Petition by )  
Florida Power Corporation for )  
waiver of Rule 25-22.082, F.A.C., )  
Selection of Generating Capacity. )  
\_\_\_\_\_ )

Docket No. 981360-EI

Submitted for filing:  
November 27, 1998

**PRELIMINARY COMMENTS**  
**OF THE**  
**FLORIDA INDUSTRIAL COGENERATION ASSOCIATION**

The Florida Industrial Cogeneration Association (FICA), through its undersigned attorney, and pursuant to Florida Administrative Weekly notice of November 13, 1998, (Volume 24, Number 46), submits the following preliminary comments in connection with the captioned proceeding.

1. Florida Power Corporation states that it seeks a waiver of Rule 25-22.082, Florida Administrative Code, in order to "accelerate" the construction of additional generating capacity at the Hines Energy Complex. Specifically, waiver is sought for those provisions of Rule 25-22.082 which require competitive bidding for electric supply alternatives in lieu of the construction of additional generating capacity.

2. FICA's members own and/or operate qualifying cogeneration facilities which generate electricity in conjunction with their industrial operations at locations throughout the State of Florida, and have the ability to install additional such facilities. FICA members sell cogenerated electricity to Florida electric utilities, including Florida Power Corporation.

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3. Rule 25-22.082 was adopted at a time when the Commission amended its cogeneration rules so that standard offers would no longer be available to cogenerators such as FICA's members, but would only be available to solid waste facilities and "small" cogenerators (ie 100 kW or less). The "bidding" rule was intended to provide opportunities for cogenerators such as FICA's members - who no longer have access to standard offers - to sell cogenerated power to utilities.

4. Granting the waiver sought by Florida Power Corporation would deny cogenerators such as FICA's members, the opportunity to provide electric generating capacity to Florida Power Corporation. Such a result would be contrary to and a serious departure from longstanding policy and law - both Florida and Federal - which favor cogeneration as an alternative to the construction of generating capacity by electric utilities.

5. As noted above, standard offers are no longer available under the Commission's rules to cogenerators of greater than 100kW, but such standard offers are to be made available to solid waste facilities. This raises an additional issue as to whether Florida Power Corporation's proposed addition to the Hines Energy Complex should be the basis for a standard offer contract available to solid waste facilities.

6. Moreover, in view of the growing interest - especially at the Federal level - in deregulating the electric utility industry, it would be prudent for the Commission to implement appropriate protective measures in order to assure that Florida Power Corporation does not take actions which unnecessarily create "stranded costs", or otherwise burden its

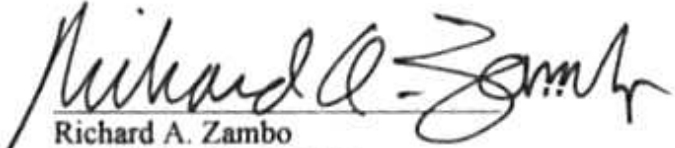
customers, by constructing generating capacity that could be made available by cogenerators or other suppliers at lower "total" cost. Such assurance would best be provided by fully exploring available alternatives to the construction of the proposed generating capacity addition through a competitive bidding process, as specified in Rule 25-22.082.

7. FICA urges the Commission to deny the waiver request. Alternatively, due to the important policy implications arising out of the petition, FICA suggests that the Commission provide an opportunity for full participation by all affected parties in order to assure a thorough analyses and understanding of the issues presented - before acting on the merits of the waiver request.

**WHEREFORE**, FICA respectfully requests the Commission's consideration of the foregoing comments and appreciates the opportunity to share its preliminary thoughts with the Commission in this matter.

Date: November 27, 1998

Respectfully submitted,

  
Richard A. Zambo  
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