

ORIGINAL

MEMORANDUM

DECEMBER 1, 1998

*J. Paugh*  
*(2)*

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (PAUGH, JAYE)

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., LLP

Attached are the originals of one letter from Mr. John T. LaVia, III, Esquire of Landers and Parsons and one letter from Mr. Robert E. Stano, to be placed in the above docket file.

LJP/js  
Attachment  
cc: Division of Electric and Gas (Futrell)  
I:981042f2.ljp

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
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DOCUMENT NUMBER-DATE

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EPSC-RECORDS/REPORTING

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November 16, 1998

Leslie Paugh  
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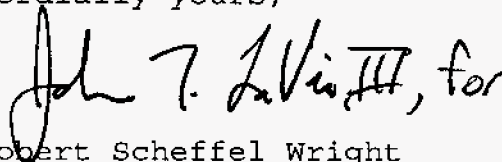
Re: Docket No. 981042-EM

Dear Leslie:

With respect to issue 23 in the above-referenced docket, which the staff's revised issues list shows as a stipulated issue, I feel that I should point out that the statutory obligation to provide reasonably sufficient, adequate, and efficient electric service pursuant to Section 366.03, Florida Statutes, applies only to "public utilities", not to electric utilities as contemplated by the stated issue. The Joint Petitioners would be willing to stipulate to this issue with this correction reflecting the language of the statute.

Should you have any questions, please give me a call.

Cordially yours,

John T. Lavia III, for  
Robert Scheffel Wright

cc: All Parties of Record

4027 Benson Avenue North  
St. Petersburg, Florida 33713

Telephone (727) 525-2643

November 5, 1998

William P. Cox, Attorney  
Division of Legal Services  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0863

Dear Mr. Cox:

Enclosed you will find a copy of an article that appeared in the October 21, 1998 issue of "The St. Petersburg Times." I want to object to any waiver being given to Florida Power in connection with their new proposed plant.

Since Duke is proposing to build a plant in Florida with very little of a certain market it would appear to me that Duke would be delighted to build a larger plant and provide the same amount of output that the proposed plant by Florida Power would provide. In all probability Duke would be delighted to have a sure source for a part of their proposed plant and very likely would bid a low price to Florida Power to lessen their risk on building a speculative plant.

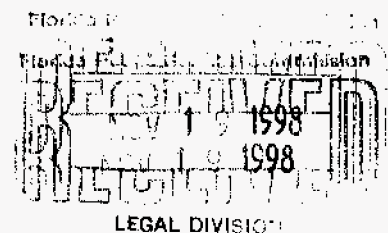
I don't think the Commission cares who builds or owns the plant as long as there is more capacity in Florida available for emergencies and outages.

Please forward this letter to the appropriate desk so that my objection may be noted.

Also enclosed you will find a copy of my prior letter to you of September 27th. I realize that you are extremely busy but if you can furnish me with any of the information that I requested I would be very pleased.

Sincerely yours,

*Robert E. Stano*  
Robert E. Stano



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87 1/4%	1%	AmeriGold	22	569	57 1/2%	-7 1/2%			
54 1/2%	30 1/2%	AmeriGold	120	2.4	16	16277	49 9/16%	+9 1/2%	
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8 1/2%	15%	Ametek	24	1.3	12	968	18	+3%	

## Plant from 1E

pumps during periods of peak usage.

In June, customers on energy management had their air conditioners turned off on 18 days. They reacted swiftly: Some 40,000 customers — nearly 10 percent of the program's participants — canceled energy management during the month, deciding they would rather keep cool than save about \$100 a year. Historically, Florida Power receives up to 8,000 disconnection orders a year.

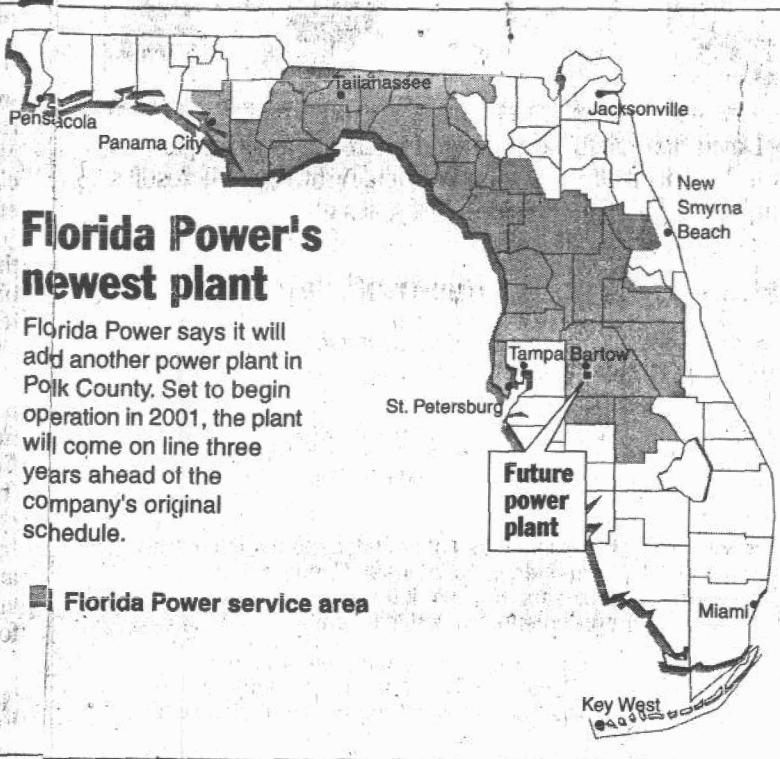
Stunned by the losses, Florida Power says it realizes it overestimated customers' tolerance levels during extreme weather conditions. "There's a practical limitation to people's willingness to be interrupted," said Joe Richardson, Florida Power's president and chief executive.

Florida Power's reconsideration of its energy management strategy comes after the PSC expressed reservations about the utility's dependence on the program. With more than 500,000 participants, Florida Power has one of the largest energy management programs in the nation.

By aggressively marketing the program, Florida Power avoided building expensive power plants.

The June hot spell also forced

Pl



## Florida Power's newest plant

Florida Power says it will add another power plant in Polk County. Set to begin operation in 2001, the plant will come on line three years ahead of the company's original schedule.

■ Florida Power service area

Times art

Florida Power & Light to speed up the expansion of its power generation system. Last month, the company said it will begin operations at a renovated plant in Fort Myers in 2001 instead of 2002.

Florida Power's new plant at the Polk County power station, named after former company chairman Andy Hines, also is expected to be in service in 2001. That is the same year Duke Ener-

gy plans to open its plant on the east coast.

The two plants will be the same size, each producing 500 megawatts, enough power to light 500,000 homes. They also will cost about the same amount to build: \$160-million.

Duke Energy will pick up the entire tab for its plant. Florida Power promises not to increase customer rates to cover the cost of

the plant for at least five years after it opens in 2001.

Moreover, Florida Power says the new plant will save it as much as \$30-million a year in fuel costs, which will be passed on to customers. Florida Power is using the same fuel-efficient technology in a 500-megawatt plant under construction at the same site in Polk County. That plant is expected to be in service in November.

Richardson denied that Florida Power is trying to head off competition from Duke Energy by building a new plant. But in the same breath he acknowledged that "if we continue to build plants, Duke might have to look at their plans again."

To ease regulatory approval of its plant, Florida Power is asking the PSC to waive a rule that requires electric utilities to solicit proposals from other companies to supply the same amount of power. The intent of the rule is to discover whether the utility's proposal is the most economical for ratepayers.

Florida Power is seeking the waiver because "we don't think that a competing bid would be better for our customers than what we're proposing," said Vincent Dolan, the company's director of corporate and regulatory strategy.

## Microsoft

from 1E

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The government contends Microsoft's behavior violated federal

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# Florida Power moves up plant plan

TIMES  
10/21/98

■ The Polk County plant, to open in 2001, should better meet energy demands and reduce electric bills.

By AMEET SACHDEV  
Times Staff Writer

ST. PETERSBURG — Florida Power Corp., stung by consumer outrage over its heavy reliance on energy controls during the summer heat wave, is accelerating plans to build a new power plant.

The St. Petersburg electric utility filed plans with the state Public Service Commission on Tuesday to move up the opening of a huge plant in Polk County from 2004 to 2001. The company contends the plant is needed three years ahead of schedule to "meet the growing customer demand for electricity" in its service area in west-central Florida.

In addition to improving reliability, the plant is expected to lower electric bills slightly by using an efficient new technology that burns natural gas, the company said.

Florida Power's reevaluation of its power supply comes on the heels of a new energy plan introduced last month by Miami-based Florida Power & Light, the state's largest electric utility. Both companies are responding to concerns by state regulators that Florida's utilities are not planning enough new generation to meet the state's future demand for electricity.

The possibility of a shortfall has spurred an out-of-state company, Duke Energy Corp., to propose building a power plant in New Smyrna Beach. This unprecedented assault on their home turf has Florida's utilities up in arms.

Besides addressing the concerns of the PSC, "I'm sure the Florida utilities are responding, quite frankly, to competitive pressures as well," said Bob Trapp, assistant director of the PSC's electric and gas division.

Florida Power's current supply of electricity was tested this summer as hot, dry weather enveloped much of the Southeast in June, driving up demand for energy. With a limited amount of power available to buy from outside the state, Florida Power leaned on its voluntary energy management program to control demand. The program gives customers rebates on their electric bills for allowing the utility to cut off power to air conditioners, water heaters and pool

Please see PLANT 2E

Mr. Robert E. Stano  
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(Return Postage Guaranteed)



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