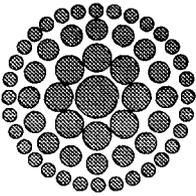


ORIGINAL



**Florida
Power**
CORPORATION

JAMES A. MCGEE
SENIOR COUNSEL

October 8, 1999

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

Re: Petition of Florida Power Corporation
for approval of standard offer contract

991526 - ED

Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and fifteen copies each of the Petition of Florida Power Corporation and the Petition for Waiver of Rule 25-17.0832(4)(e)(7).

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced documents in WordPerfect format. Thank you for your assistance in this matter.

Very truly yours

James A. McGee

JAM/ams
Enclosure

Standard Offer
DOCUMENT NUMBER-DATE

12247 OCT -89

FPSC-RECORDS/REPORTING

Petition for Waiver
DOCUMENT NUMBER-DATE
12246 OCT -89

GENERAL OFFICE

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power Corporation for approval of standard offer contract.

Docket No. 991526-EI

Submitted for filing:
October 8, 1999

PETITION FOR WAIVER OF RULE 25-17.0832(4)(e)(7)

Florida Power Corporation ("Florida Power"), pursuant to Section 366.051, F.S., and Rules 25-22.036(4), 25-17.0832(4), and 28-104.002, F.A.C., hereby petitions the Florida Public Service Commission ("the Commission") for waiver of the requirement in Rule 25-17.0832(4)(e)(7), F.A.C. that standard offer contract have a ten-year term. In support of this petition, Florida Power submits the following:

1. Florida Power is a public utility subject to the jurisdiction of the Florida Public Service Commission ("Commission") under Chapter 366, F.S.
2. All notices, pleadings and correspondence required to be served on the petitioner should be directed to:

James A. McGee, Esquire
Post Office Box 14042
St. Petersburg, FL 33733-4042
Facsimile: (727) 820-5519

For express deliveries by private courier, the address is:

One Progress Plaza
Suite 1500
St. Petersburg, FL 33701

DOCUMENT NUMBER-DATE

12246 OCT-8 99

3. Florida Power has submitted on this same date under separate cover a petition for approval of its Standard Offer Contract ("Standard Offer") in accordance with Rule 25-17.0832(4), F.A.C. The term of the Standard Offer is five years. Rule 25-17.0832(4)(e)(7) provides that firm capacity and energy purchased pursuant to a standard offer contract be provided for a period of ten years. Florida Power seeks a waiver of this rule so that its Standard Offer will be limited to a term of five years.

4. The Commission may grant a waiver of the five-year requirement upon (a) a demonstration that the purpose of the statute has been achieved by other means, and (b) when application of the rule would create a substantial hardship or would violate principles of fairness. Section 120.542, F.S. Florida Power submits that the purposes of Section 366.051 and the purposes of the Public Utility Regulatory Policies Act of 1978 ("PURPA") -- to encourage cogeneration while at the same time protecting ratepayers from paying costs in excess of avoided costs--will be achieved by utilizing a five-year contract term. Florida Power further submits that strict adherence to the ten-year term provided for in the Commission's rules would create a substantial hardship on Florida Power and its ratepayers.

5. New technologies and other factors may lower Florida Power's costs over the coming years. Limiting the term of the Standard Offer to five years gives Florida Power the opportunity to revisit the issue of its avoided cost and take advantage of lower costs for the benefit of ratepayers prior to the passage of a full ten years. If at the end of five years Florida Power continues to have a need for power and qualifying facilities ("QFs") offering to sell under a standard offer contract continue to be able to sell at or below the Company's avoided costs, Florida Power can renew its Standard Offer for another five-year term. Obligating Florida Power to adhere to

a ten-year term in the face of declining costs would subject the Company to substantial hardship by adversely affecting its cost structure, and would subject the its ratepayers to substantial hardship by raising the price that they would otherwise have to pay for electricity.

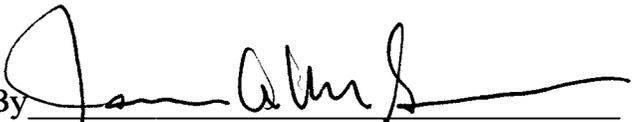
6. PURPA and Section 366.051, F.S. do not establish a minimum term for standard offer contracts. A five-year term at an avoided cost price provides more than enough incentive to encourage the development of cogeneration in accordance with these statutes.

7. In approving the standard offer contract recently filed by Florida Power & Light Company, the Commission approved a five-year term. The policy reasons relied on by the Commission in approving the proposed five-year term -- ratepayer protection and adequate QF incentive -- are equally applicable to this petition.

WHEREFORE, for the above-stated reasons, Florida Power respectfully requests that the Commission grant this petition for a waiver of the 10-year term requirement for standard offer contracts in Rule 25-17.0832(4)(e)(7), F.A.C.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

By 

James A. McGee
Post Office Box 14042
St. Petersburg, FL 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519