

LANDERS & PARSONS, P.A.
ATTORNEYS AT LAW

ORIGINAL

DAVID S. DEE
DIANE K. KIESLING
JOSEPH W. LANDERS, JR.
JOHN T. LAVIA, III
FRED A. McCORMACK
PHILIP S. PARSONS
LESLIE J. PAUGH
ROBERT SCHEFFEL WRIGHT

VICTORIA J. TSCHINKEL
SENIOR CONSULTANT
(NOT A MEMBER OF THE FLORIDA BAR)

MAILING ADDRESS:
POST OFFICE BOX 271
TALLAHASSEE, FL 32302-0271

310 WEST COLLEGE AVENUE
TALLAHASSEE, FL 32301

TELEPHONE (850) 681-0311
TELECOPY (850) 224-5595
www.landersondparsons.com

June 28, 2001

VIA HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
4075 Esplanade Way, Room 110
Tallahassee, FL 32399-0850

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RECORDS AND REPORTING

In re: Docket Number 010577-EI

Dear Ms. Bayo:

Attached for filing in the above docket are the originals and 15 copies of:

- ▶ Calpine Corporation's Petition to Intervene; and 08035-01
- ▶ Duke Energy North America's Petition to Intervene 08036-01

Please acknowledge receipt of the above by date stamping the extra copy of the petitions for return to my office.

Thank you for your assistance.

Sincerely,

Diane K. Kiesling
Diane K. Kiesling

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FLORIDA BUREAU OF RECORDS

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Tampa Electric Company)
and impact of its participation in GridFlorida)
LLC, a Florida transmission company, on)
TECO's retail ratepayers)
_____)

DOCKET NO. 010577 EI
Filed: June 28, 2001

Petition to Intervene of Calpine Corporation

COMES NOW Calpine Corporation, on behalf of itself and its subsidiaries, by and through its undersigned counsel, and submits its Petition to Intervene in the instant proceeding pursuant to Rules 25-22.039, 28-106.201(2), and 28-106.205, Florida Administrative Code, and as grounds therefore states:

1. The name, address and telephone number of the Petitioner is:

Calpine Eastern
The Pilot House, 2nd Floor
Lewis Wharf
Boston, Massachusetts 02110
Telephone: (617) 723-7200
Facsimile: (617) 723-7635

2. Copies of all pleadings, notices and orders in this Docket should be provided to:

Diane K. Kiesling
Landers & Parsons, P.A.
310 West College Ave. (32301)
P.O. Box 271
Tallahassee, FL 32302
Telephone: (850) 681-0311
Facsimile: (850) 224-5595

Thomas W. Kaslow
Director, Market Policy & Regulatory Affairs
Calpine Eastern
The Pilot House, 2nd Floor
Lewis Wharf
Boston, Massachusetts 02110
617-723-7200 (ext 393)
617-557-5353 (fax)

DOCUMENT NUMBER-DATE
08035 JUN 28 01
FPSC-RECORDS/REPORTING

3. Statement of Substantial Interests.

A. Calpine Corporation (Calpine) has a substantial interest in the outcome of this proceeding. Calpine develops, owns and operates independent power facilities throughout the United States, including the State of Florida. Calpine, through its development subsidiary, Calpine Construction Finance Company, L.P., plans to develop, own and operate two natural gas-fired combined cycle generating plants in Florida. The two plants are the Osprey Energy Center and the Blue Heron Energy Center. In addition, Calpine has identified two potential power plant sites which may be located in central and southwest Florida. The Osprey Energy Center is an approximately 529 megawatt natural gas-fired combined cycle unit to be located in the City of Auburndale in Polk County, Florida which is in the final stages of permitting. The Blue Heron Energy Center is a 1,058 megawatt natural gas-fired combined cycle generating unit to be located in Indian River County, Florida. The full output of the Osprey Energy Center is presently committed to Seminole Electric Cooperative, Inc., pursuant to a long-term power purchase agreement. Power produced from the other Calpine projects will be sold at wholesale to other utilities and power marketers for use in Peninsular Florida. In addition, Calpine owns through its subsidiaries, 100 percent of the ownership interests in the Auburndale Power Plant, a 150 megawatt natural gas and oil-fired qualifying cogeneration facility located in the City of Auburndale, Florida, immediately adjacent to the Osprey Energy Center site. Another Calpine subsidiary is developing the Auburndale Peaker Energy Center, a natural gas-fired and oil-fired, simple cycle peaking facility within the existing Auburndale Power Plant site. The Auburndale Peaker Energy Center is expected to achieve commercial in-service status in the first quarter of 2002 and its output will be sold in the wholesale market to Peninsular Florida retail-serving utilities.

As such, Calpine has a direct and substantial interest in the outcome of this proceeding that cannot be adequately represented by any other party.

B. Calpine's injury is immediate. Agrico Chemical Co. v. Dept. of Env'tl. Reg., 406 So.2d 478 (Fla. 2d DCA 1981), rev. denied 415 So.2d 1359 (Fla. 1982). The efficient and economic delivery of Calpine's electricity is completely dependent upon Calpine's access to adequate and reliable transmission facilities in the State. Calpine's ability to develop and operate power projects in Florida is dependent, in part, upon an independent regional transmission organization (RTO) that is properly structured. A Florida RTO will address the myriad of operational and reliability issues confronting Florida industry participants and policymakers while endeavoring to eliminate discrimination in transmission services. A properly structured, independent RTO will have the ability to improve efficiencies in transmission grid management, improve grid reliability and consequently benefit consumers through lower electricity rates resulting from a wider choice of services and service providers. For these reasons, Calpine has committed to participating in the Florida RTO proceedings, the GridFlorida Transco.

In January of 2000, the Federal Energy Regulatory Commission (FERC) adopted Order No. 2000¹ requiring each public utility that owns, operates, or controls facilities for the transmission of electricity in interstate commerce to make filings with respect to forming and participating in an RTO. The purpose of Order 2000 is to promote efficiency in wholesale electricity markets and ensure that electricity consumers pay the lowest price possible for reliable service. Pursuant to Order 2000, Florida Power & Light Company (FPL), Florida Power Corporation and Tampa Electric Company (TECO)

¹ Regional Transmission Organizations, 65 Fed. Reg. 809 (January 6, 2000), order on rehearing, Order No. 2000-A, 65 Fed. Reg. 12,088 (March 8, 2000), appeal pending sub nom. Public Utility District No. 1 of Snohomish County v. Federal Energy Regulatory Commission, Nos. 00-1174, et al. (D.C. Cir.).

(collectively Joint Applicants) coordinated an intensive stakeholder review process commencing in the first quarter of 2000, and during the ensuing months prepared and submitted to the FERC compliance filings establishing the framework for a for-profit transmission company that will own and operate Florida's transmission system. Pursuant to FERC's Order On RTO Compliance Filing, issued January 10, 2001, 94 FERC ¶61,020, Joint Applicants initiated the GridFlorida Board of Directors selection process. The consultant Accenture was retained by the Joint Applicants to commence the work of the Program Manager such as creating an operating budget and transition schedules. Calpine intervened in the FERC GridFlorida proceedings and commented extensively on Joint Applicants' compliance filings. For over a year, Calpine participated extensively in the informal stakeholder process convened to vet and revise the numerous drafts of the GridFlorida proposal. In addition, Calpine is one of two voting representatives on the GridFlorida Advisory Committee representing the generator stakeholder group. However, following the Public Service Commission's (PSC) decision to initiate separate, formal prudence investigations of the Joint Applicants' participation in GridFlorida, the Joint Applicants suspended all development activities stating that the resolution of the complex issues raised by the PSC creates uncertainty and is critical to the continued viability of GridFlorida. Joint Applicants' Notice of May 17, 2001, posted on the GridFlorida website. <gridflorida@frcc.com>. The PSC's prudency review immediately and directly impacts Calpine because decisions made in this proceeding (1) have already caused the suspension of GridFlorida activities, and (2) will address transmission facilities, transmission system governance, transmission system functioning and transmission facility access. These issues are of crucial importance to Calpine's

development activities and Calpine should be granted standing to participate in the RTO-related issues in this proceeding.

C. Calpine's interest is of the type that this proceeding is designed to protect. Agrico, supra. In Phase I of this docket, numerous policy, factual and possibly jurisdictional issues are likely to be the subject of inquiry. For example, during the May 29, 2001 Agenda Conference, the Commission's stated intent with respect to this docket was, in part, to assist the Governor's Energy Commission and the Florida Legislature in answering questions related to net benefits and costs of the creation of an RTO. May 29 Agenda Conf. transcripts at 28 and 67. Because they relate directly to the legal impediments to the creation of a competitive wholesale market in Florida, Calpine has a substantial interest in addressing the policy questions that will be before the PSC and which will ultimately be considered by the Governor's Energy Commission and the Florida Legislature.

The PSC's Office of Policy Analysis and Intergovernmental Liaison (PAI) has also proposed important preliminary policy issues in this docket. For example, the PSC has posed the extremely relevant question: what are the expected benefits attributable to facilitation of competition in the wholesale generation market resulting from the company's participation in GridFlorida? PAI FPL/FPC Rate Case Issues submitted on May 23, 2001. The resolution of issues relating to the facilitation of competition in the wholesale generation market in Florida are of paramount interest to Calpine. While Calpine has actively participated in the GridFlorida informal stakeholder process as well as the ongoing, formal GridFlorida Advisory Committee process, it recognizes that the critical forum on a going-forward basis is this process integral to, and recommendations and orders arising from, the Florida Public Service Commissions' deliberations. It is in

this forum that critical issues will be addressed such as whether the facilitation of the development of an RTO would be in the best interests of the state as a whole and whether the form and function of GridFlorida is in the best interests of customers. May 24, 2001 Staff Recommendation pgs. 3 and 5. Calpine has a significant interest in the analyses and resulting decisions addressing these and other RTO-related inquiries.

In sum, Calpine has a direct and substantial interest in the outcome of this proceeding that cannot be adequately represented by any other party. It is an interest that this proceeding is uniquely designed to address and Calpine's interest is of sufficient immediacy to justify Calpine's participation herein.

4. Limitation on Calpine's Participation.

In its Response to Reliant Energy Power Generation, Inc.'s Petition To Intervene, filed in Docket No. 001148- EI on June 19, 2001, FPL acquiesced to Reliant Energy's intervention in the GridFlorida issues while "reserving its rights to object to Reliant Energy's standing to participate in other issues which FPL believes do not involve Reliant Energy's substantial interest." FPL Response, pg. 2. Calpine believes that FPL's position regarding Reliant Energy's intervention in the GridFlorida issues is reasonable and consents to a similar limitation on its intervention in this docket. Calpine's counsel contacted counsel for TECO and is authorized to represent that TECO has no objection to Calpine's intervention in this docket subject to this limitation.

5. Statement of Disputed Issues of Material Fact.

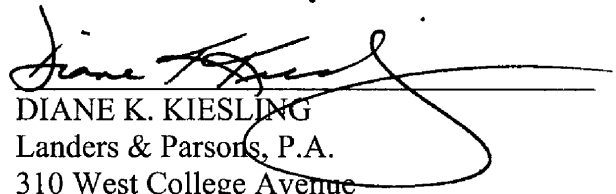
- A. What are the net benefits to customers of forming GridFlorida? (PAI's Preliminary Issue 1)
- B. What are the expected benefits attributable to the elimination of discrimination through open transmission access resulting from the company's participation in GridFlorida? (PAI's Preliminary Issue 2)

- C. What are the expected benefits attributable to economies of scale and scope resulting from the company's participation in GridFlorida? (PAI's Preliminary Issue 3)
- D. Will the establishment of GridFlorida stimulate the development of a competitive wholesale electricity market in Florida?
- E. What are the benefits to retail ratepayers of a robust, competitive wholesale power market?
- F. Will the establishment of GridFlorida enhance Florida's grid reliability?

6. Ultimate Facts Alleged.

Ratepayers will benefit from a robustly competitive wholesale generation market. While legal impediments to the creation of a fully competitive wholesale market presently exist in Florida, nonetheless ultimately an RTO such as GridFlorida is needed to achieve a competitive wholesale market.

WHEREFORE, Calpine Corporation respectfully requests the Florida Public Service Commission to enter an Order authorizing it to intervene with full-party status.



DIANE K. KIESLING
Landers & Parsons, P.A.
310 West College Avenue
Tallahassee, Florida 32301
(850) 681-0311 (telephone)
(850) 224-5595 (facsimile)
Florida Bar No. 233285
dkiesling@landersandparsons.com

Attorney for Calpine Corporation

**CERTIFICATE OF SERVICE
DOCKET NO. 010577**

I HERBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail or *Hand-delivery to the following parties on this 28th day of June, 2001.

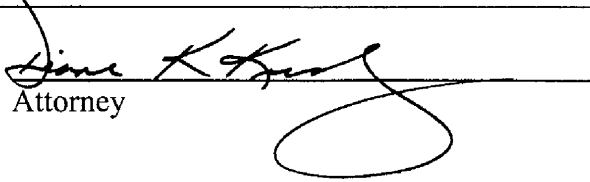
Robert V. Elias, Esquire* Division of Legal Services Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850	Angela Llewellyn Tampa Electric Company Post Office Box 111 Tampa, Florida 33601
Jack Shreve John Roger Howe Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, Florida 32399-1400	Lee L. Willis James D. Beasley Ausley & McMullen Law Firm 227 South Calhoun Street Tallahassee, Florida 32301

INTERESTED PARTIES:

Myron Rollins Black & Veatch P.O. Box 8405 Kansas City, MO 64114	Jon C. Moyle, Esquire Cathy M. Sellers, Esquire 118 North Gadsden Street Tallahassee, FL 32301
CPV Atlantic, Ltd 145 NW Central Park Plaza, Suite 101 Port Saint Lucie, FL 34986	John W. McWhirter, Jr., Esquire McWhirter Reeves 400 North Tampa Street, Suite 2450 Tampa, Florida 33601-3350
Joseph A. McGlothlin, Esquire Vicki Gordon Kaufman, Esquire McWhirter Reeves 117 S. Gadsden Street Tallahassee, Florida 32301	Kenneth Hoffman Rutledge Law Firm P.O. Box 551 Tallahassee, FL 32302-0551

Michael Briggs
Reliant Energy Power Generation, Inc.
801 Pennsylvania Avenue, Suite 620
Washington, DC20004

Harry W. Long, Jr.
Tampa Electric Company
Post Office Box 111
Tampa, Florida 33601


Attorney