

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light.

DOCKET NO. 000824-EI

In re: Review of Florida Power & Light Company's proposed merger with Entergy Corporation, the formation of a Florida transmission company ("Florida transco"), and their effect on FPL's retail rates.

DOCKET NO. 001148-EI

In re: Review of Tampa Electric Company and impact of its participation in GridFlorida, a Florida Transmission Company, on TECO's retail ratepayers.

DOCKET NO. 010577-EI  
ORDER NO. PSC-01-1485-PCO-EI  
ISSUED: July 16, 2001

ORDER IDENTIFYING ISSUES IN PHASE 1

CASE BACKGROUND

On June 12, 2001, Florida Power Corporation (FPC), Florida Power & Light Company (FPL), and Tampa Electric Company (TECO) (collectively, the Utilities), filed individual petitions asking the Commission to determine the prudence of the formation of and their participation in GridFlorida, LLC. The Utilities filed their petitions in response to the Commission's vote in these dockets to deny the Utilities' Joint Motion to Establish a Docket as to the Prudence of the Formation of and Participation in GridFlorida, Inc. Order No. PSC-01-1372-PCO-EI, issued June 20, 2001 (the Joint Order), directed the Utilities to file petitions seeking Commission decisions that each utility believes it requires in order to proceed with the implementation of GridFlorida.

On July 2, 2001, an issue identification meeting was held between the Utilities and staff, as well as intervenors and those

DOCUMENT NUMBER-DATE

08654 JUL 16 2001

FPSC-COMMISSION CLERK

who have petitioned for intervention. As a result of that meeting, there remained a number of areas of disagreement between the Utilities and staff regarding the issues. On July 9, 2001, a Status Conference was held before the Prehearing Officer to address issue identification. The Utilities, staff, intervenors, and other interested persons were unable to reach consensus on the issues, and the Status Conference was recessed and continued to July 13, 2001.

The Utilities, intervenors, and potential intervenors were requested to provide comments on staff's issues, and suggestions for issue statements that would accommodate the views of all involved. Submissions were made by FPL and TECO (jointly), FPC, the Florida Industrial Power Users Group (FIPUG), and the Office of the Public Counsel (OPC). After statements were made by those present, the Prehearing Officer chose to take the matters under advisement. This order reflects the Prehearing Officer's decision.

#### DISCUSSION

Following the guidelines set forth in the Joint Order, which is the impetus for these petitions, the issues regarding GridFlorida are being examined in the context of rate proceedings for FPC and FPL, and a review of the impact of GridFlorida on TECO's ratepayers in its docket. The Joint Order provides for a two-phase proceeding, with Phase 1 addressing the prudence issues of GridFlorida, and Phase 2 addressing the totality of rate issues. With that in mind, the Order states at page 5:

Each utility will file a petition specifically setting forth the issues it wants the Commission to decide, and the relief it seeks. Each petition should indicate the decisions the utility believes it needs to proceed forward on the implementation of GridFlorida. The burden is on the utilities.

Thus, the issues must be framed to reflect the requests being made by the Utilities. It is also necessary, however, to provide staff the opportunity to gather sufficient information to make an informed analysis of the issues, and also to provide OPC and the intervenors the chance to present their cases as well.

In addition, given the Commission's expression in the Joint Order of the need to provide information and analysis of GridFlorida to the Energy 2020 Study Commission and to the Florida Legislature prior to its 2002 session, the Phase 1 examination will also provide an articulation of the Commission's policy concerns and decisions regarding GridFlorida specifically, and transmission issues generally.

For the reasons above, I believe it is in the best interest of all the parties that the issues remain as broad as reasonably possible, thereby allowing all parties the opportunity to address their issues in the positions taken on the broad issues. The issues as stated below are sufficiently broad as to encompass or subsume all of the issue statements provided by all the parties and allow the individual utilities to present their cases consistent with the Joint Order.

#### ISSUES

- Issue 1:** Is participation in a regional transmission organization (RTO) pursuant to FERC Order No. 2000 voluntary?
- Issue 2:** What are the benefits to Peninsular Florida associated with the utility's (FPC, FPL, or TECO) participation in GridFlorida?
- Issue 3:** What are the benefits to the utility's ratepayers of its participation in GridFlorida?
- Issue 4:** What are the estimated costs to the utility's ratepayers of its participation in GridFlorida?
- Issue 5:** Is TECO's/FPL's decision to transfer ownership and control of its transmission facilities of 69 kV and above to GridFlorida appropriate?

and

Is FPC's decision to transfer operational control of its transmission facilities of 69 kV and above to GridFlorida while retaining ownership appropriate?

- Issue 6:** Is the utility's decision to participate in GridFlorida prudent?
- Issue 7:** What policy position should the Commission adopt regarding the formation of GridFlorida?
- Issue 8:** Is Commission authorization required before the utility can unbundle its retail electric service?
- Issue 9:** Is Commission authorization required before the utility can stop providing retail transmission service?
- Issue 10:** Is Commission authorization required before the FPC can transfer operational control of its retail transmission assets?

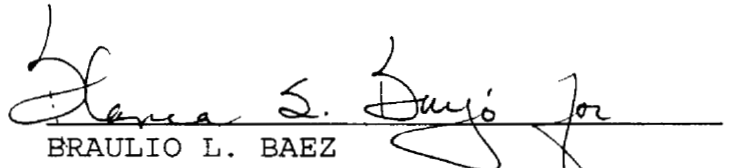
and

Is Commission authorization required before FPL/TECO can sell its retail transmission assets?

It is therefore,

ORDERED by Commissioner Braulio L. Baez, as Prehearing Officer, that the foregoing issues shall govern Phase 1 of the proceedings in each docket, unless modified by the Commission.

By ORDER of Commissioner Braulio L. Baez, as Prehearing Officer, this 16th day of July, 2001.

  
BRAULIO L. BAEZ  
Commissioner and Prehearing Officer

( S E A L )

DDH

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.