

ORIGINAL

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  
Filed September 10, 2001

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PREHEARING STATEMENT  
OF WALT DISNEY WORLD CO.

Walt Disney World Co. (Walt Disney World) is a retail customer of Florida Power Corporation. On July 6, 2001, Walt Disney World filed in the above-captioned proceeding a Petition to Intervene, which was not opposed by any party.

Pursuant to the Orders of July 16, July 26, and August 10, 2001 in the above-captioned proceeding, Walt Disney World submits this Prehearing Statement.

- (a) Witnesses. Walt Disney World does not currently anticipate calling any witnesses.
- (b) Exhibits. Walt Disney World does not currently anticipate sponsoring any exhibits.
- (c) Statement of Basic Position. Walt Disney World is a consumer of electricity that purchases electric power from Florida Power Corporation (FPC). Walt Disney World also purchases power from a non-jurisdictional entity that acquires wholesale power through the transmission grid in Florida. Walt Disney World supports the IOUs' participation in an RTO that is designed on reasonable terms and conditions that are beneficial to electricity consumers. At this time, it is premature to determine whether GridFlorida or a Southeastern RTO is such an RTO; the answer to that question depends on whether a Southeastern RTO materializes and the terms of operation and service proposed for the possible RTOs.

The Commission has adopted 11 issues to be addressed in this proceeding. These issues present questions of fact, law and/or policy. Walt Disney World sets forth its response to each of those issues below.

**Issue 1:** Is participation in a regional transmission organization (RTO) pursuant to FERC Order No. 2000 voluntary?

**Response:** The Federal Energy Regulatory Commission (FERC), which has jurisdiction over the transmission of electricity in interstate commerce by investor-owned utilities (IOUs), expects all IOUs to join and participate in RTOs. However, FERC's Order No. 2000 denominates participation as voluntary.

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**Issue 2:** What are the benefits to Peninsular Florida associated with the utility's (FPC, FPL, or TECO) participation in GridFlorida?

**Response:** As explained by FERC, a well-designed RTO can enhance the efficient and reliable operation of the transmission grid and lead to a more robust and reliable electricity market, resulting, ultimately, in lower-cost, reliable electric service to consumers. The details of the RTO's design are critical.

**Issue 3:** What are the benefits to the utility's ratepayers of its participation in GridFlorida?

**Response:** See response to Issue 2.

**Issue 4:** What are the estimated costs to the utility's ratepayers of its participation in GridFlorida?

**Response:** Only the IOUs can answer this question initially. Walt Disney World reserves its position pending completion of the hearings on this issue. Walt Disney World is concerned about the level of claimed start-up and initial operating costs.

**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?

**Response:** A properly functioning RTO must have control of transmission assets. FERC has adopted a "functional" test rather than a simple 69-kV test of whether specific facilities are to be classified as transmission or local distribution. Walt Disney World does not object to the Florida IOUs using a 69-kV rule of thumb for classifying their own facilities, so long as that rule of thumb is not deemed by anyone to replace FERC's "functional" test for other utilities that may participate in an RTO.

**Issue 6:** Is the utility's decision to participate in GridFlorida prudent?

**Response:** The answer depends on whether the RTO is properly designed to achieve the benefits expected by FERC. It remains to be seen whether a GridFlorida or a Southeastern RTO will be more reasonable.

**Issue 7:** What policy position should the Commission adopt regarding the formation of GridFlorida?

**Response:** The Commission should encourage formation of a reasonably structured RTO that is fair to all consumers, suppliers and utilities, including non-IOU utilities in Florida. It should review the comments filed at FERC by Reedy Creek Improvement District, the Florida Municipal Power Agency and other non-IOU utilities before forming a position on the specifics of the GridFlorida proposal.

**Issue 8:** Is Commission authorization required before the utility can unbundle its retail electric service?

**Response:** IOUs' retail distribution service tariffs must be filed with the Commission. FERC has indicated that final delivery to an end user generally entails local distribution.

**Issue 9:** Is Commission authorization required before the utility can stop providing retail transmission service?

**Response:** FERC has jurisdiction over transmission in interstate commerce; states have jurisdiction over local distribution and transmission that does not entail interstate commerce. FERC has taken a broad view over its jurisdiction. The jurisdictional boundaries are an issue currently on appeal to the United States Supreme Court.

**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?

**Response:** See answer to Issue 9.

**Issue 11:** Is a Regional Transmission Organization for the Southeast region of the United States a better alternative for Florida than the GridFlorida RTO?

**Response:** There are potential advantages to each approach. A Southeastern RTO could have the advantage of reducing interstate transmission constraints and increasing Florida customers' access to less expensive power from out of state. However, it is premature to answer this question. The answer depends on whether a Southeastern RTO materializes and the terms of operation and service proposed for it.

(d) Statement of Questions of Fact at Issue. See issues 2, 3, 4, 6 and 11 identified by the Commission which involve, in whole or in part, questions of fact.

- (e) Statement of Questions of Law at Issue. See issues 1, 5, 8, 9 and 10 identified by the Commission which involve, in whole or in part, questions of law.
- (f) Statement of Policy Questions at Issue. See issues 5, 6, 7 and 11 identified by the Commission which involve, in whole or in part, questions of policy.
- (g) Statement of Stipulated Issues. Walt Disney World is not aware of any stipulated issues at this time.
- (h) Pending Motions. As of the date of this Prehearing Statement, Walt Disney World's Petition to Intervene remains pending. No party has opposed that petition.
- (i) Pending Requests for Confidentiality. Walt Disney World has no pending requests for confidentiality.
- (j) Requirements that Cannot Be Complied With. Walt Disney World is unaware at this time of any requirements with which it may not be able to comply.

Respectfully submitted,

Daniel E. Frank (by ASK with permission)

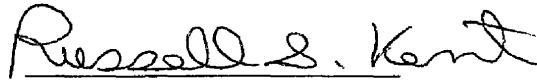
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September 10, 2001

**Certificate of Service**

I hereby certify that a true copy of the foregoing document has been served via U.S. mail on the persons listed on the attached list this 10th day of September, 2001.

A handwritten signature in cursive script that reads "Russell S. Kent". The signature is written in black ink and is positioned above a horizontal line.

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