

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Florida Power Corporation's earnings, ) DOCKET NO. 000824-EI  
including effects of proposed acquisition of Florida Power )  
Corporation by Carolina Power & Light. )

In re: Review of Florida Power & Light Company's ) DOCKET NO. 001148-EI  
proposed merger with Entergy Corporation, the formation )  
of a Florida transmission company ("Florida transco"), )  
and their effect on FPL's retail rates. )

In re: Review of Tampa Electric Company and impact of ) DOCKET NO. 010577-EI  
its participation in GridFlorida, a Florida Transmission )  
Company, on TECO's retail ratepayers. )

Filed: Sept. 13, 2001

**PG&E NATIONAL ENERGY GROUP COMPANY'S  
PREHEARING STATEMENT OF ISSUES AND POSITIONS**

PG&E National Energy Group Company ("NEG"), pursuant to the Order Establishing Procedure (Phase 1) and Granting Joint Motion to Partially Alter Dates for Filing Testimony in these dockets, Order No. PSC-01-1549-PCO-EI, issued July 26, 2001, and Uniform Rule 28-106.211, Florida Administrative Code, hereby files its Prehearing Statement of Issues and Positions.

1. **Witnesses.**

None at this time.

2. **Exhibits.**

None at this time.

3. **Statement of Basic Position.**

The Commission should issue an order approving establishment of a regional transmission organization for Florida that integrates the characteristics and performs the functions of an

DOCUMENT NUMBER-DATE

11411 SEP 13 01

FPSC-COMMISSION CLERK

RTO set forth in Order No. 2000. An independent RTO, appropriately formed and operated, could successfully address impediments to an efficient, reliable electric transmission grid and could foster wholesale competition which should benefit Florida ratepayers in the form of lower electricity rates.

**4. Issues of Fact.**

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

**NEG:** No position at this time.

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

**NEG:** An RTO, if properly implemented, will provide greater system efficiencies from the existing supply infrastructure. Additionally, it should provide access to a broader array of additional supply options through a competitive wholesale electricity market. Generally, an RTO will improve efficiencies in transmission grid management, improve grid reliability and remove impediments to competitive supply entry. Florida consumers' access to power supply alternatives would be further enhanced through uniform interconnection procedures for merchant generation, coordination of planning functions, and enhanced transmission expansion and upgrade activities.

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

**NEG:** An RTO should benefit ratepayers by facilitating enhanced grid reliability and more efficient and cost effective power supply. Since an RTO should consider all resources under its control in assuring reliability and selecting the most cost effective supply solutions, it is expected to be more efficient and reliable than the existing local level of system control. Likewise, unified transmission system operation and planning should lower transmission costs through economies of scale and the elimination of duplicative practices. Moreover, an RTO will provide the operational independence and infrastructure necessary to facilitate a viable, competitive wholesale market. In general, a competitive wholesale market will provide consumers with access to a broader array of generation supply alternatives,

including merchant generation where the investment risk is borne primarily by the market participants rather than by captive ratepayers.

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

**NEG:** No position at this time.

**Issue 5:** Is TECO/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?

**NEG:** No position at this time.

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

**NEG:** Yes.

**5. Policy Issues.**

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

**NEG:** The Commission should adopt a policy position that recognizes the benefits of a robust, competitive wholesale power market in Florida and support the establishment of an independent grid management structure that will ensure the development of competitive wholesale generation markets to increase Florida load's access to cost effective generation supply and to promote efficient system operation. The Commission should support establishment of an RTO to accomplish these objectives.

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

**NEG:** No position at this time.

**6. Issues of Law.**

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

**NEG:** No position at this time.

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

**NEG:** No position at this time.

**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?

**NEG:** No position at this time.

**7. Stipulated Issues.**

NEG is not aware of any stipulated issues at this time.

**8. Pending Motions.**

At this time, NEG is aware of the following pending motions and petitions:

OPC - Response in Opposition to FPC's Proposal, filed on May 21, 2001 (Docket No. 000824)

CPV Atlantic - Petition to Intervene, filed on May 25, 2001 (Docket No. 001148).

Reliant Energy Power Generation, Inc. - Petition to Intervene, filed on June 7, 2001 (Docket Nos. 010577, 001148 and 000824).

FPL - Response to CPV Atlantic's Petition to Intervene, filed on June 8, 2001 (Docket No. 001148).

OPC - Response in Opposition to (FPL's, TECO's and FPC's) Petition to Determine Prudence of Formation of and Participation in GridFlorida, LLC., filed on June 15, 2001 (Docket Nos. 010577, 001148 and 000824).

Florida Industrial Power Users Group - Petition to Intervene, filed on June 18, 2001 (Docket No. 010577).

FPL - Response to Reliant's Petition to Intervene, filed on June 20, 2001 (Docket No. 001148).

CPV Atlantic, Ltd. - Petition to Intervene, filed on June 28, 2001 (Docket Nos. 010577 and 000824).

Duke Energy North America - Petition to Intervene, filed on June 28, 2001 (Docket Nos. 010577, 001148 and 000824).

Calpine Corporation - Petition to Intervene, filed on June 28, 2001 (Docket Nos. 010577, 001148 and 000824).

FPC - Motion for Reconsideration of the Requirement in Order PSC-01-1348-PCO-EI to Hold Revenues Subject to Refund, filed on July 2, 2001 (Docket No. 000824).

FPC - Request for Oral Argument on Motion for Reconsideration of Order PSC-01-1348-PCO-EI, filed on July 2, 2001 (Docket No. 000824).

OPC - Request in Opposition to FPC's Motion for Reconsideration, filed on July 6, 2001 (Docket No. 000824).

Florida Municipal Power Agency - Petition to Intervene, filed on July 6, 2001 (Docket Nos. 001148 and 000824).

Mirant Americas Development, Inc. - Petition to Intervene, filed on July 9, 2001 (Docket Nos. 010577, 001148 and 000824).

Enron Corporation - Petition to Intervene, filed on July 2, 2001 (Docket Nos. 010577, 001148 and 00824).

FPC - Response to the Petition to Intervene of CPV Atlantic, Ltd., filed on July 10, 2001 (Docket No. 00824).

PG&E National Energy Group Company - Petition to Intervene, filed on July 10, 2001 (Docket Nos. 010577, 001148 and 000824).

FPL (Butler) - Response to FMPPA's Petition to Intervene, filed on July 10, 2001, Docket No. 001148).

Dynegy, Inc. - Petition to Intervene, filed on July 18, 2001 (Docket No. 001148).

FPC - Response to PG&E's Petition to Intervene, filed on July 23, 2001 (Docket No. 001148).

FPL - Response to PG&E's Petition to Intervene, filed on July 23, 2001, (Docket No. 001148).

FPC - Response to FMPA's Petition to Intervene, filed on July 25, 2001 (Docket No. 000824).

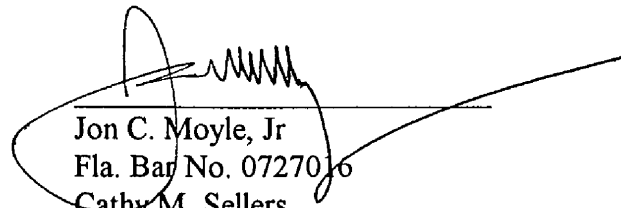
FPC - Response to Walt Disney World's Petition to Intervene, filed on July 25, 2001 (Docket No. 000824).

TECO - Motion for leave to file testimony and exhibits out of time, filed on August 16, 2001 (Docket No. 010577).

Seminole Electric Cooperative, Inc. - Petition to Intervene, filed on September 4, 2001 (Docket Nos. 010577, 001148 and 000824).

Competitive Power Ventures Atlantic - Motion for Extension of Time, filed on September 12, 2001 (Docket Nos. 010577, 001148 and 000824).

Respectfully submitted this 13th day of September, 2001.



Jon C. Moyle, Jr  
Fla. Bar No. 0727016  
Cathy M. Sellers

Fla. Bar No. 0784958

Moyle, Flanigan, Katz, Raymond & Sheehan

The Perkins House

118 North Gadsden Street

Tallahassee, Florida 32301

(850) 681-3828 (telephone)

(850) 681-8788 (telefax)

Attorneys for PG&E National Energy  
Group Company

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by U.S. Mail this 13<sup>th</sup> day of September 2001 to the following persons.

Robert V. Elias  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Joseph A. McGlothlin  
Vicki Gordon Kaufman  
McWhirter Reeves  
117 S. Gadsden Street  
Tallahassee, FL 32301

Matthew M. Childs  
Steel Hector & Davis  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301

Lee L. Willis  
James D. Beasley  
Ausley & McMullen Law Firm  
227 South Calhoun Street  
Tallahassee, FL 32301

Thomas A. Cloud  
Gray, Harris & Robinson, P.A.  
201 East Pine Street, Suite 1200  
Orlando, Florida 32802-3068

Florida Retail Federation  
100 East Jefferson Street  
Tallahassee, FL 32301

Jack Shreve/J. Roger Howe  
Office of Public Counsel  
c/o Florida Legislature  
111 W. Madison Street  
Room No. 812  
Tallahassee, Florida 32399-1400

Linda Quick  
South Florida Hospital & Healthcare  
6363 Taft Street  
Hollywood, FL 33024

John McWhirter, Jr.  
Florida Industrial Power Users Group  
McWhirter Reeves  
400 North Tampa St., Suite 2450  
Tampa, Florida 33601-3350

Mark Sundback  
Kenneth Wiseman  
Andrews & Kurth Law Firm  
1701 Pennsylvania Ave., N.W., Suite 300  
Washington, DC 20006

David L. Cruthirds  
Dynergy, Inc.  
1000 Louisiana Street, Suite 5800  
Houston, TX 7702-5050

Buddy L. Hansen  
13 Wild Olive Court  
Homosassa, FL 34446

Angela Llewellyn  
Tampa Electric Company  
Post Office Box 111  
Tampa, FL 33601

James P. Fama  
LeBoeuf, Lamb, Greene & MacRae, LLP  
1875 Connecticut Ave., NW, Suite 1200  
Washington, DC 20009

Lee Schmutde  
Walt Disney World Co.  
1375 Lake Buena Vista Drive  
Lake Buena Vista, FL 32830

Ron LaFace/Seann M. Frazier  
Greenberg, Traurig Law Firm  
101 East College Avenue  
Tallahassee, FL 32301

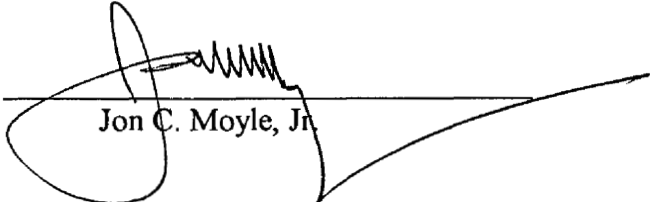
Gary L. Sasso/James M. Walls  
Carlton, Fields Law Firm  
Post Office Box 2861  
St. Petersburg, FL 33731

Michael B. Twomey  
Post Office Box 5256  
Tallahassee, FL 32314-5256

Paul E. Christensen  
Sugarmill Woods Civic Association, Inc.  
26 Hibiscus Court  
Homosassa, FL 34446

Daniel Frank  
Sutherland, Asbill & Brennan, LLP (DC)  
1275 Pennsylvania Ave., NW  
Washington, DC 20004-2415

Thomas P. and Gene E. Twomey  
3984 Grand Meadows Blvd.  
Melbourne, FL 32934



Jon C. Moyle, Jr.