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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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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 October 12, 2001 COMMISSION CLERK

POST-HEARING STATEMENT OF WALT DISNEY WORLD CO.

Pursuant to the Prehearing Order of October 1, 2001 in the above-captioned proceeding (Order No. PSC-01-1959-PHO-EI), Walt Disney World Co. (Walt Disney World) submits this Post-Hearing Statement of issues and positions.

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 the resolution of issues pending at FERC regarding GridFlorida, on whether a Southeastern RTO materializes, and on 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 position on each of those issues below.

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

***Position: 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?

***Position: 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.

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

*****Position:** See Position on Issue 2.

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

*****Position:** Only the IOUs can answer this question fully. 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?

*****Position:** Walt Disney World does not oppose the IOUs using a 69-kV rule of thumb for determining which of their own transmission facilities to transfer, 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.

The Commission can decide that the three IOUs' transfer of ownership or control of their transmission facilities of 69 kV and above is appropriate without upsetting FERC's test for other utilities. FERC has adopted a multi-factor "functional" test rather than a simple 69-kV test of whether specific facilities are to be classified as transmission or local distribution. *See* Tr. at 159-60, 188-90 (Witness Naeve) (explanation of factors considered by FERC in determining jurisdiction over transmission versus local distribution). The IOUs' witnesses acknowledge that voltage level is only one factor in FERC's test, although in their pre-filed testimony they present various reasons for their use of 69 kV as a demarcation point and why trying to draw finer distinctions would be inappropriate for their systems. (*See* Joint Panel Testimony (Pre-Filed) at 20-22; Tr. at 335-37.)

Walt Disney World does not oppose the three IOUs' use of 69 kV as a rule of thumb for the IOUs to determine which of their transmission facilities to transfer. However, the appropriateness of their decision should not be viewed as displacing the applicability of other criteria to other companies that might join the RTO.

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

*****Position:** The answer depends on whether the RTO is properly designed to achieve the benefits expected by FERC. It remains to be seen whether the benefits expected

by FERC will be realized and 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?

*****Position:** The Commission should encourage formation of a reasonably structured RTO that is fair to and creates benefits for consumers, suppliers and utilities, including non-IOU utilities in Florida.

Walt Disney World recommends that the Commission 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?

*****Position:** 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?

*****Position:** 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?

*****Position:** See Position on 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?

*****Position:** There are potential advantages to each approach. However, it is premature to answer this question. The answer depends on whether the benefits expected by

FERC will be realized, on whether a Southeastern RTO materializes, and on the terms of operation and service proposed for it.

Respectfully submitted,

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October 12, 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 12th day of October, 2001.

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