

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

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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

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
Filed: October 12, 2001

**Twomey, Hansen, Putney and Sugarmill Woods Civic Association, Inc.
Joint Post-hearing Statement of Issues and Positions**

Thomas P. Twomey and Genevieve E. Twomey, Buddy L. Hansen, Louis D. Putney and Sugarmill Woods Civic Association, Inc., pursuant to Order PSC -01-1959-PHO-EI, issued October 1, 2001, submit their Joint Post-hearing Statement of Issues and Positions in the above-styled dockets:

Statement of Basic Position

Position: *FERC cannot, and has, not mandated participation in a RTO. FERC threats are offensive and don't convert a "voluntary" action to a mandate. GridFlorida will result in a net increase in costs to provide the same level of transmission services currently being offered by these utilities under the status quo. Many promoted

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benefits of GridFlorida can be obtained without a RTO. The costs of GridFlorida are substantial and stated with some specificity, while none of the purported benefits were quantified financially. It is clear that the costs will vastly exceed benefits, if any, and that GridFlorida will not be cost-effective for jurisdictional customers. The Commission should deny its approval of GridFlorida and deny recovery of any net increase in costs resulting from utility participation in any voluntary RTO.*

Issues required to be addressed by Commission Order

ISSUES

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

Position: *Yes. FERC's attempt to obtain legislation explicitly granting it authority to mandate RTO participation argues it now lacks such authority. Even with such authority, all witnesses agreed FERC chose to pursue a "voluntary" methodology in Order 2000. It's subsequent threats of coercive reprisals to utilities not falling in line are legally and ethically offensive and should be forcefully rejected by this Commission and Congressionally investigated. "Amiable Terrorism," meaning threatened adverse action in unrelated matters involving actual jurisdiction to coerce action where jurisdiction is lacking, is reprehensible wherever practiced.*

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

Position: *Benefits to be realized by Peninsula Florida associated with the utilities' participation are potential in nature, vague and not financially quantified. Not a

single witness could quantify a single dollar of benefits from GridFlorida or state when the benefits, if at all, would begin. Furthermore, it is clear that many benefits to be realized by GridFlorida (pancake rate elimination, discrimination and market power abuses eliminated) could be realized at less cost without GridFlorida.*

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

Position: *No witness was able to quantify even a dollar's financial benefits that will enure to the jurisdictional, especially residential, customers of these utilities, let alone "net benefits," resulting from the utilities' participation in GridFlorida. The Commission should not accept vague promises of customer benefits in the face of certain and substantial costs.*

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

Position: *Despite the utilities' efforts to minimize the financial impact on customers, Commission approval of the RTO will constitute a huge rate increase and an unnecessary economic drain on Florida's shaky economy. The five-year amortization of start-up costs alone exceeds \$162 million, assuming that number is correct and not greatly increased by the FERC. Other capital costs were greater, depending upon whose numbers you accept. Critically, any cost review will be lost to the FERC with approval of any RTO.*

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: *It would appear that there should only be one "most appropriate," or preferable ownership decision and that, therefore, both the TECO/FPL and FPC decisions cannot be correct. Neither alternative should result in costs greater than under the Commission's current regulation. It appears the sale of assets will be more difficult to reverse than a mere transfer of control of assets should the GridFlorida experience prove unrewarding.*

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

Position: *No, not as currently proposed. Based upon the start-up costs predicted by the utilities and the resulting increases in jurisdictional rates, it appears that these utilities' jurisdictional customers will receive net economic detriments by the participation in GridFlorida and that, therefore, each utilities' participation should be found to be imprudent.*

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

Position: *The Commission should resist the FERC's abuse of authority. It should prohibit the sale or transfer of transmission-related assets and seek state authority to do so if that power is lacking or questioned. If the Commission lacks jurisdiction to legally prevent the sale or transfer of transmission assets or their operational

control, it should take the position that any net increases in costs resulting from the transactions shall be denied from recovery through jurisdictional retail rates.*

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

Position: *Yes.*

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

Position: *Yes.*

Issue 10: Is Commission authorization required before the FPC can transfer operational control of its retail transmission assets?

Position: *Yes.*

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: *The answer is not clear, but should depend in large part on which alternative is the most “cost-effective.” If a regional RTO would supply the same, or greater, benefits and at a smaller cost to jurisdictional customers, than it should prevail over GridFlorida. Unfortunately, less is known about potential costs/benefits of the regional RTO than the state model. Critically, the Commission should resist an unthinking rush to the GridFlorida model solely to avoid the alternative of a regional RTO being imposed, which alternative is not at all clear or likely.*

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Joint Post-hearing Statement has been furnished to the following this 12th day of October, 2001, either by U.S.

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