

September 11, 2002

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VIA HAND DELIVERY

Blanca S. Bayó, Director
Division of the Commission Clerk &
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
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Re: Docket Nos. 020262-EI and 020263-EI

Dear Ms. Bayó:

Enclosed for filing on behalf of Florida Power & Light Company ("FPL") are the original and ten (10) copies of FPL's Prehearing Statement, together with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows 2000, and the word processing software in which the document appears is Word 2000.

If there are any questions regarding this transmittal, please contact me at 222-2300.

Very truly yours,



Elizabeth C. Daley

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Copy to: Counsel for All Parties of Record

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Determination of Need)
 for Proposed Electrical Power Plant in)
 Martin County of Florida Power and)
 Light Company)
 _____)

DOCKET NO. 020262-EI

In re: Petition for Determination of Need)
 For Proposed Electrical Power Plant in)
 Manatee County of Florida Power and)
 Light Company)
 _____)

DOCKET NO. 020263-EI

Filed: September 11, 2002

**FLORIDA POWER & LIGHT COMPANY'S
 PREHEARING STATEMENT**

Florida Power & Light Company ("FPL"), pursuant to Order No. PSC-02-0992-PCO-EI, hereby files the following Prehearing Statement in Docket Nos. 020262-EI and 020263-EI.

(a) The names of all known witnesses that may be called by the party, and the subject matter of their testimony:

Witness	Subject Matter
William E. Avera	Importance of including in the evaluation of outside purchased power proposals the costs of such proposals' impact on FPL's capital structure and the method used to quantify and account for the incremental cost of these impacts.
C. Dennis Brandt	Non-generation alternatives and demand side management programs.
Moray P. Dewhurst	Importance of financial viability of bidders as a non-price factor in the supplemental request for proposals; importance of including in the evaluation of outside purchased power proposals the cost of such proposals' impact on FPL's capital structure and the method used to account for the incremental cost of these impacts.
Leonardo E. Green	FPL's load forecast and the underlying methodology and assumptions used in the supplemental request for proposals.
Rene Silva	Overview of FPL's Need Study, the other FPL witnesses' testimony, the evaluation undertaken to identify the most cost-effective power supply option, FPL's non-price evaluation, and FPL's selection of short list bidders and negotiations.
Steven R. Sim	FPL's resource planning process; identification of resource needs for

	2005 and 2006; overview of the proposals received by FPL in response to its supplemental request for proposals; FPL's economic evaluation and analysis of its power supply options.
Donald R. Stillwagon	The evaluation of the transmission integration costs of FPL's power supply options.
Alan S. Taylor	Independent evaluation of FPL's power supply options.
William L. Yeager	The unit characteristics of the proposed power plants, including heat rates, availability factors, outage rates and other operating characteristics; installation, non-fuel operating cost estimates for Manatee Unit 8 and Martin Unit 3.
Gerard Yupp	Fuel supply and transportation for Martin Unit 3 and Manatee Unit 8; long-term fuel supply forecast and transportation cost assumption used to determine FPL's most cost-effective power supply option.

FPL's position is that any witness who did not prefile testimony should not be allowed to testify at the hearing. However, to the extent such testimony is allowed, FPL reserves the right to introduce additional testimony of witnesses or other evidence for rebuttal.

(b) A description of all known exhibits that may be used by the party, whether they may be identified on a composite basis, and the witness sponsoring each:

FPL has prefiled the following exhibits, all of which should be identified separately:

Exhibit	Description	Sponsoring Witness(es)
Need Study for Electrical Power Plant 2005-2006	Detailed analysis containing (i) a description of proposed power plants, (ii) a discussion of FPL's need for the proposed power plants; (iii) and a discussion of FPL's process for determining best available options.	Brandt, Dewhurst, Green, Silva, Sim, Yeager, and Yupp.
Need Study App. A.	Overview of FPL's interconnection with other utilities.	Rene Silva
Need Study App. B.	Summary of FPL's current generating resources.	Rene Silva
Need Study App. C.	Description of computer models used in FPL's integrated resource planning.	Steven Sim
Need Study App. D.	FPL's 2001-2011 Ten Year Site Plan.	Steven Sim
Need Study App. E.	FPL's 2002-2012 Ten Year Site Plan.	Steven Sim
Need Study App. F.	FPL's supplemental request for proposals documents	Steven Sim
Need Study App. G.	FPL's forecast of net energy for load and summer and winter peak demand for the years 2001-2021, with supporting calculations.	Leonardo Green
Need Study App. H.	FPL's fuel cost and availability forecast,	Gerard Yupp
Need Study App. I.	Summary of financial and economic assumptions	Moray Dewhurst
Need Study App. J.	Advertisements and notices published for FPL's supplemental request for proposals.	Steven Sim

Need Study App. K.	Final set of questions submitted by potential bidders in the supplemental request for proposals and the answers provided by FPL, as appeared on FPL's supplemental request for proposals website.	Steven Sim
Need Study App. L.	Overview of Martin Unit 8 and Manatee Unit 3.	William Yeager
Need Study App. M.	Transmission integration cost estimates.	Sim, Stillwagon
Need Study App. N.	Equity penalty totals for top-ranked outside proposals.	Dewhurst, Sim
Need Study App. O.	FPL approved DSM plan.	C. Dennis Brandt
Need Study App. C-1	Summary of Bid Prices.	Steven Sim
Need Study App. C-2	Inputs and Outputs to EGEAS Runs.	Steven Sim
Need Study App. C-3	Inputs and Outputs to EGEAS Runs.	Steven Sim
Need Study App. C-4	Inputs and Outputs to EGEAS Runs.	Steven Sim
Need Study App. C-5	Inputs and Outputs to EGEAS Runs.	Steven Sim
Need Study App. C-6	Inputs and Outputs to EGEAS Runs.	Steven Sim
Need Study App. C-7	Inputs and Outputs to EGEAS Runs.	Steven Sim
AST-1	Resume of Alan Taylor.	Alan Taylor
AST-2	Sedway Consulting's Independent Evaluation Report	Alan Taylor
DB-1	Order No. PSC-99-1942-FOF-EG, setting FPL's current DSM goals.	C. Dennis Brant
DB-2	Overview of FPL's DSM goals through 2009.	C. Dennis Brandt
DB-3	Testimony of C. Dennis Brandt in Docket No. 971004-EG, Adoption of Numeric Conservation Goals.	C. Dennis Brandt
DB-4	FPL's approved DSM plan.	C. Dennis Brandt
DB-5	Order No. PSC-00-0915-PAA-EG, approving FPL's current DSM plan.	C. Dennis Brandt
DRS-1	Transmission integration direct costs summary for top-ranked portfolios.	Donald Stillwagon
DRS-2	Transmission integration cash flow summary for top-ranked portfolios.	Donald Stillwagon
DRS-3	Transmission integration facilities and costs for Martin Unit 8 and Manatee Unit 3.	Donald Stillwagon
LEG-1	Overview of FPL's mix of customer revenue classes for 2001	Leonardo Green
LEG-2	FPL's actual and projected net energy for load requirements for the years 1990-2011.	Leonardo Green
LEG-3	FPL's actual and projected summer peak requirements for the years 1990-2011.	Leonardo Green
LEG-4	FPL's actual and projected winter peak requirements for the years 1990-2011.	Leonardo Green
LEG-5	FPL's actual and projected total customers for the years 1990-2011.	Leonardo Green

LEG-6	FPL's per-customer net energy for load for the years 1990-2011.	Leonardo Green
LEG-7	FPL's actual and projected per-customer summer peak requirements for the years 1990-2011.	Leonardo Green
LEG-8	FPL's actual and projected per-customer winter peak requirements for the years 1990-2011.	Leonardo Green
RS-1	Summary of FPL's current generating resources	Rene Silva
RS-2	Summary of FPL's planned power purchases for the years 1990-2011.	Rene Silva
RS-3	Summary of FPL's current power purchase contracts with qualifying facilities.	Rene Silva
RS-4	List of organizations submitting outside proposals	Rene Silva
RS-5	List of proposals received in response to FPL's supplemental RFP.	Rene Silva
RS-6	Overview of costs of top five combination portfolios relative to the Martin Unit 8 and Manatee Unit 3 portfolio, as presented to FPL management on June 18, 2002.	Rene Silva
RS-7	Updated version of Exhibit RS-6, adjusted to take into account certain cost factors that came to light in short list negotiations.	Rene Silva
RS-8	Graph of combined cycle unit heat rates.	Rene Silva
SRS-1	Projection of FPL's 2005 and 2006 capacity needs.	Steven Sim
SRS-2	List of organizations submitting outside proposals	Steven Sim
SRS-3	List of proposals received in response to FPL's supplemental RFP.	Steven Sim
SRS-4	EGEAS ranking of individual outside proposals.	Steven Sim
SRS-5	Summary and ranking of best outside-proposal/FPL unit combination plans.	Steven Sim
SRS-6	Summary of plans selected for transmission integration cost calculations.	Steven Sim
SRS-7	Summary of best plans, with total costs shown. (June 18, 2002).	Steven Sim
SRS-8	Summary of best plans, with total costs shown. (final).	Steven Sim
SRS-9	Summary of Best Plans with total costs reflecting incremental costs of building one FPL unit only and El Paso adjustments	Steven Sim
SRS-10	Individual Rankings by Sedway Consulting and FPL of Outside Proposals with 2005 Start Date	Steven Sim
WEA-1	Illustration of equity penalty calculation.	William Avera
WEA-2	Resume of William Avera.	William Avera
WLY-1	Diagram of typical combined cycle unit process.	William Yeager
WLY-2	List of FPL's combined cycle power plants.	William Yeager

WLY-3	Martin plant vicinity map.	William Yeager
WLY-4	Martin Unit 8 project boundary map.	William Yeager
WLY-5	Drawing of Martin Unit 8 power block.	William Yeager
WLY-6	Martin Unit 8 Fact sheet.	William Yeager
WLY-7	Water balance for Martin plant.	William Yeager
WLY-8	Overview of projected construction schedule for Martin Unit 8 and Manatee Unit 3.	William Yeager
WLY-9	Overview of plant construction cost components for Martin Unit 8 and Manatee Unit 3.	William Yeager
WLY-10	Manatee plant vicinity map.	William Yeager
WLY-11	Manatee Unit 3 project boundary map.	William Yeager
WLY-12	Drawing of Manatee Unit 3 power block.	William Yeager
WLY-13	Manatee Unit 3 Fact Sheet.	William Yeager
WLY-14	Water balance for Manatee plant.	William Yeager

In addition to the above pre-filed exhibits, FPL reserves the right to utilize any exhibit introduced by any other party. FPL additionally reserves the right to introduce any additional exhibit necessary for rebuttal, cross-examination or impeachment at the final hearing.

(c) A statement of basic position in the proceeding:

The Commission should approve FPL's Petitions for Determination of Need for Electric Power Plants, and grant favorable determinations of need for Martin Unit 8 and Manatee Unit 3. FPL needs both Martin Unit 8 and Manatee Unit 3 to maintain FPL system reliability through 2005 and 2006. Without the timely addition of Martin Unit 8 and Manatee Unit 3, FPL's customers will pay higher fuel costs and summer reserve margins would fall to 14.1% in 2005 and 11.1% in 2006, well short of the 20% reserve margin criterion approved by the Commission.

As demonstrated in FPL's Need Study and testimony, the proposed combination of Martin Unit 8 and Manatee Unit 3 is a highly cost-effective option for meeting FPL's customers' capacity needs. This addition is critically needed to meet reliability needs in 2005 and 2006, and there is no reasonably achievable DSM available to mitigate the need for these units. Moreover, the addition of these units will increase electric system reliability and integrity in FPL's system and throughout Peninsular Florida, provide adequate power at reasonable cost, and represents the most cost-effective alternative to meet the needs of FPL's customers.

In making its determination that Martin Unit 8 and Manatee Unit 3 were the best, most cost-effective options for FPL's customers, FPL determined that these units were the best alternatives from among FPL's self-build options. These units competed against 134 proposals in two competitive capacity solicitations. A wide range of costs and thousands of combination plans were run, and there were only 32 alternative plans that were even within \$200 million dollars of the All FPL self-build plan. Of those 32 plans, five contained both FPL units plus another option. All the remaining plans contained at least one FPL unit and one El Paso option, and subsequent negotiations revealed that the El Paso options had been priced too low in FPL's analysis. The Martin 8/Manatee 3 plan would cost FPL's customers at least \$83 million less than any other combination not containing both FPL units and approximately \$500 million less than

the lowest cost portfolio consisting of non-FPL alternatives. FPL's economic analysis was independently confirmed by a third party evaluator who found that the next lowest cost portfolio was at least \$135 million more costly than the All FPL self build plan.

FPL's capacity solicitations were the most inclusive IOU solicitations in Florida, and FPL's analysis of alternatives was rigorous, analytically sound and fair. FPL received 51 proposals from 16 bidders in its Supplemental RFP. FPL received 134 proposals from 18 bidders in both capacity solicitations. No other IOU solicitation in Florida has received more than four proposals from two bidders. FPL employed sound and well tested analytical models employing common assumptions to perform rigorous economic evaluations of both Supplemental RFP proposals and self-build options. FPL went beyond the requirements of the Bid Rule in its Supplemental RFP, hiring an independent evaluator and inviting the Commission Staff to monitor FPL's economic evaluation and negotiations.

No party has demonstrated that it or any other bidder offered a more cost effective alternative than FPL. Unable to economically compete, CPV now raises fairness arguments that it failed to raise during the Supplemental RFP process and seriously misconstrues a very few selective documents out of thousands of pages of documents that set forth FPL's fair and reasonable RFP and evaluation process. PACE's witness admits that he has performed a less than exhaustive review and he never concludes that FPL's analysis yielded the wrong result.

The record as a whole demonstrates that Martin Unit 8 and Manatee Unit 3 are needed and are the most cost-effective alternatives available to meet FPL's customer's needs. The petitions for a determination of need should be granted.

(d) A statement of each question of fact the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue:

The following issues have been identified primarily by Commission Staff as a result of extensive meetings among the parties. While other parties offer additional issues, FPL does not believe they raise any issues that consumed within the following issues. FPL's position on each is provided.

ISSUE 1: Is the output of Florida Power & Light Company's Martin Unit 8 fully committed for use by Florida electric customers?

FPL: Yes. As a utility-owned plant Martin Unit 8 is fully committed to FPL's customers. While FPL may and often does engage in off-system sales, the benefits of such transactions inure either exclusively or primarily to its customers. Moreover, as a retail utility FPL is, by definition, an applicant for purposes of seeking a determination of need. (FPL questions whether this issue is needed. If it is, then it may be uncontroverted.) (Sim, Silva)

ISSUE 2: Is the output of Florida Power & Light Company's Manatee Unit 3 fully committed for use by Florida electric customers?

FPL: Yes. As a utility-owned plant Manatee Unit 3 is fully committed to FPL's customers. While FPL may and often does engage in off-system sales, the benefit of such transactions inure either exclusively or primarily to its customers. Moreover, as a retail utility FPL is, by definition, an applicant for purposes of seeking a determination of need. (FPL questions whether this issue is needed. If it is, then it may be uncontroverted.) (Sim, Silva)

Need for Additional Generating Capacity

ISSUE 3. Does Florida Power & Light Company's have a need for Martin Unit 8, taking into account the need for electric system reliability and integrity?

FPL: Yes. FPL needs both Martin Unit 8 and Manatee Unit 3 to maintain FPL system reliability through 2005 and 2006. Without Martin Unit 8 and Manatee Unit 3, FPL's summer reserve margins will fall to 14.1% in 2005 and 11.1% in 2006, well short of the 20% reserve margin criterion approved by the Commission. (Sim, Green)

ISSUE 4: Does Florida Power & Light Company's have a need for Manatee Unit 3, taking into account the need for electric system reliability and integrity?

FPL: Yes. FPL needs both Martin Unit 8 and Manatee Unit 3 to maintain FPL system reliability through 2005 and 2006. Without Martin Unit 8 and Manatee Unit 3, FPL's summer reserve margins will fall to 14.1% in 2005 and 11.1% in 2006, well short of the 20% reserve margin criterion approved by the Commission. (Sim, Green)

ISSUE 5: Does Florida Power & Light Company's have a need for Martin Unit 8, taking into account the need for adequate electricity at a reasonable cost?

FPL: Yes. The combination of Martin Unit 8 and Manatee Unit 3 is the best, most cost-effective alternative to meet FPL resource needs for 2005 and 2006. Both units will have very favorable capital and non-fuel operating cost characteristics, highly efficient heat rates, high availability factors and low forced outage rates. Thus, the combination of Martin Unit 8 and Manatee Unit 3 will provide adequate and highly reliable electricity to FPL's customers at a reasonable cost. (Sim, Yeager)

ISSUE 6. Does Florida Power & Light Company's have a need for Manatee Unit 3, taking into account the need for adequate electricity at a reasonable cost?

FPL: Yes. The combination of Martin Unit 8 and Manatee Unit 3 is the best, most cost-effective alternative to meet FPL resource needs for 2005 and 2006. Both units will have very favorable capital and non-fuel operating cost characteristics, highly efficient heat rates, and high availability factors and low forced outage rates. Thus, the combination of Martin Unit 8 and Manatee Unit 3 will provide adequate and highly reliable electricity to FPL's customers at a reasonable cost. (Sim, Yeager)

Conservation

ISSUE 7: Are there any conservation measures taken by or reasonably available to Florida Power & Light Company that might mitigate the need for Martin Unit 8?

FPL: No. FPL is already pursuing and fully implementing every conservation and load management measure reasonably available to it, and is in fact a recognized industry leader in the area of demand side management. There is no reasonably available conservation measure that would allow FPL to forego either Martin Unit 8 or Manatee Unit 3. (This issue does not appear to be controverted.) (Brandt, Sim)

ISSUE 8: Are there any conservation measures taken by or reasonably available to Florida Power & Light Company that might mitigate the need for Manatee Unit 3?

FPL: No. FPL is already pursuing and fully implementing every conservation and load management measure reasonably available to it, and is in fact a recognized industry leader in the area of demand side management. There is no reasonably available conservation measure that would allow FPL to forego either Martin Unit 8 or Manatee Unit 3. (This issue does not appear to be controverted.) (Brandt, Sim)

Fuel Availability

ISSUE 9: Has Florida Power & Light Company adequately ensured the availability of fuel commodity and transportation to serve Martin Unit 8?

FPL: Yes. As explained in FPL's Need Study and the prefiled testimony of Gerard Yupp, FPL has adequately ensured the availability of fuel commodity and transportation to serve Martin Unit 8 and Manatee Unit 3. (Yupp)

ISSUE 10: Has Florida Power & Light Company adequately ensured the availability of fuel commodity and transportation to serve Manatee Unit 3?

FPL: Yes. As explained in FPL's Need Study and the prefiled testimony of Gerard Yupp, FPL has adequately ensured the availability of fuel commodity and transportation to serve Martin Unit 8 and Manatee Unit 3. (Yupp)

Cost-Effectiveness

ISSUE 11: Did Florida Power & Light Company properly and accurately value the use of existing infrastructure at the Martin plant site in determining the construction cost of Martin Unit 8?

FPL: Yes. FPL's treatment of existing infrastructure was proper and accurate. (Yeager, Sim, Taylor)

ISSUE 12. Did Florida Power & Light Company properly and accurately value the use of existing infrastructure at the Manatee plant site in determining the construction cost of Manatee Unit 3?

FPL: Yes. FPL's treatment of existing infrastructure was proper and accurate. (Yeager, Sim, Taylor)

ISSUE 13: Did Florida Power & Light Company's supplemental Request for Proposals issued on April 26, 2002, satisfy the requirements of Rule 25-22.082, Florida Administrative Code?

FPL: Yes. FPL fully complied with the requirements of Rule 25-22.082. Indeed, in allowing bidders a second chance to submit proposals, addressing various concerns of bidders that were not required by the rule, retaining an independent evaluator and allowing Staff to monitor the economic evaluation and negotiations, FPL went beyond the requirements of Rule 25-22.082. Many different options were evaluated in great detail to find the most cost-effective alternative for FPL and its customers. (Sim)

ISSUE 14: Was Florida Power & Light Company's decision not to consider proposals to construct generating capacity on property owned by Florida Power & Light Company appropriate?

FPL: Yes. Collocation of independently operated facilities on FPL property is neither required by Rule 25-22.082 nor justified. Indeed, most proposals were for a limited period of time that was less than the useful life of the unit that was to supply the power. After that time the units would continue to operate on a merchant basis, with no commitment to FPL's customers. It would be highly improper for FPL to provide land for such plants and in effect subsidize unregulated entities that have no commitment to serve. Additionally, collocation has proven unworkable in other jurisdictions due to a host of operational and cost allocation problems. (Yeager, Sim, Silva)

ISSUE 15. Was the process used by Florida Power & Light Company to evaluate Martin Unit 8, Manatee Unit 3 and projects submitted in response to its Supplemental Request for Proposals issued on April 26, 2002, appropriate?

FPL: Yes. FPL followed and then went beyond the process contemplated in the Rule 25-22.082. Confronted with bidder concerns and the suggestion that they could and would have provided more cost effective proposals if FPL had conducted its initial RFP differently, FPL issued a Supplemental RFP, giving bidders another opportunity to submit cost effective bids.

Then FPL went beyond the process requirements of the Bid Rule by commissioning an independent economic analysis and inviting the Commission Staff to monitor FPL's evaluation and negotiations. The process followed was fair to all participants, but more importantly, yielded the result intended - the selection of the best, most cost-effective alternative for FPL's customers. (Silva, Sim, Dewhurst, Taylor)

ISSUE 16: Did Florida Power & Light Company properly and accurately evaluate Martin Unit 8, Manatee Unit 3 and projects submitted in response to its Supplemental Request for Proposals issued on April 26, 2002?

FPL: Yes. FPL conducted a rigorous analysis of its capacity options using sophisticated, state of the art models and consistent and reasonable assumptions. The analysis captured all relevant cost components of the alternatives. Moreover, FPL's analysis was independently confirmed by a third party evaluator. (Silva, Sim, Green, Yupp, Stillwagon, Taylor, Brandt, Avera, Dewhurst)

ISSUE 17: Was Florida Power & Light Company's decision to apply an equity penalty cost to projects filed in response to its Supplemental Request for Proposals issued on April 26, 2002, appropriate? If so, was the amount properly calculated?

FPL: Yes. The inclusion of the cost factor was appropriate, and the amount properly calculated. Investors view capacity payments in firm purchased power contracts as off balance sheet obligations that increase a utility's financial leverage. To deal with this effect, a utility must offset this imputed debt with increased equity. Consideration of the additional cost imposed by purchased power obligations was therefore appropriate. FPL calculated the equity penalty by estimating the cost to rebalance its capital structure to maintain its target, an adjusted 55 percent equity ratio. This is the same equity ratio assumed in calculating the cost of FPL's self build options. Staff witness Maurey accepted these assumptions underlying the equity penalty calculation as reasonable and appropriate. The resulting equity penalty amount was properly calculated. (Avera, Dewhurst, Taylor, Sim)

ISSUE 18. Is Florida Power & Light Company's Martin Unit 8 the most cost-effective alternative available?

FPL: Yes. FPL conducted a detailed evaluation of all its power supply options. This included a ranking of the various available combinations of options taking into account system wide costs. Based on this analysis FPL determined that the combination of Martin Unit 8 and Manatee Unit 3 is the most cost effective portfolio to meet FPL's 2005 and 2006 resource needs by over \$83 million. FPL's analysis of its options was confirmed by the independent evaluation conducted by Sedway Consulting using its own computer model, which similarly determined that the combination of Martin Unit 8 and Manatee Unit 3 is the most cost-effective alternative available by \$135 million. (Silva, Sim, Green, Yupp, Brandt, Avera, Dewhurst, Yeager)

ISSUE 19: Is Florida Power & Light Company's Manatee Unit 3 the most cost-effective alternative available?

FPL: Yes. FPL conducted a detailed evaluation of all its power supply options. This included a ranking of the various available combinations of options taking into account system wide costs. Based on this analysis FPL determined that the combination of Martin Unit 8 and Manatee Unit 3 is the most cost effective portfolio to meet FPL's 2005 and 2006 resource needs by over \$83 million. FPL's analysis of its options was confirmed by the independent evaluation conducted by Sedway Consulting using its own computer model, which similarly determined that the combination of Martin Unit 8 and Manatee Unit 3 is the most cost-effective alternative available by \$135 million. (Silva, Sim, Green, Yupp, Brandt, Avera, Dewhurst, Yeager)

ISSUE 20: Were the terms of FPL's Supplemental RFP appropriate, fair and reasonable?

FPL: Yes. The terms of the Supplemental RFP were designed to address concerns previously raised by bidders to the initial RFP and to elicit numerous bids under terms that were fair and reasonable to FPL's customers. It was highly successful in terms of the number of bids received, and bidders were given the opportunity to take exceptions to all but a few minimum requirements that were necessary to perform the analysis or protect FPL customers. (Sim, Avera, Dewhurst, Silva)

ISSUE 21. Has FACT proved up the allegations of standing set forth in its petition to intervene?

FPL: No. FACT has made no effort to prove up its allegations of standing, although FPL has contested them. FACT should not be allowed to participate as an intervenor.

ISSUE 22: Based on the resolution of the foregoing issues, should the Commission grant Florida Power & Light Company's petition for determination of need for Martin Unit 8?

FPL: Yes. The combination of Martin Unit 8 and Manatee Unit 3 is the best, most cost-effective alternative available to meet FPL's resource needs. There is not reasonably achievable DSM available to avoid the need for these units. Additionally, these units will provide adequate electricity at a reasonable cost and are necessary for FPL's system integrity and reliability in 2005 and 2006. Accordingly, the requested determinations of need should be granted. (All)

ISSUE 23. Based on the resolution of the foregoing issues, should the Commission grant Florida Power & Light Company's petition for determination of need for Manatee Unit 3?

FPL: Yes. The combination of Martin Unit 8 and Manatee Unit 3 is the most cost-effective alternative available to meet FPL's resource needs. There is not reasonably achievable DSM available to avoid the need for these units. Additionally, these units will provide adequate electricity at a reasonable cost and are necessary for FPL's system integrity and reliability in 2005 and 2006. Accordingly, the requested determinations of need should be granted. (All)

(e) A statement of each question of law the party considers at issue and the party's position on each such issue:

FPL considers Issue Nos. 3, 4, 5, 6, 7, 8, 18, 19, 20, 21, 22 and 23 above to represent the mixed questions of law and fact at issue in this proceeding. FPL's positions on these issues are stated above.

f) A statement of each policy question the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issues:

FPL considers Issue 14 above to be a policy issue that has not been addressed by the prefiled testimony in this proceeding. The Commission should avoid any attempt by parties to address policy issues regarding potential changes to the Bid Rule in this proceeding

(g) A statement of issues that have been stipulated to by the parties:

FPL believes that several issues may not be necessary or may be stipulated. Among those issues are 1, 2, 7, 8, 9 and 10. However, at this point no such stipulation has been entered into.

(h) A statement of all pending motions or other matters the party seeks action upon:

The following FPL motions are pending at this time:

1. FPL's Motion in Limine to exclude two witnesses for CPV Gulfcoast and CPV Cana.
2. FPL's Motion to Remove Intervenor CPV Cana as a Party and to Dismiss as Moot CPV Cana's allegations.
3. FPL's Motion to Compel PODs and Answers to Interrogatories to CPV Gulfcoast.
4. FPL's Motion To Compel FACT To Respond To FPL's First Set Of Interrogatories (Nos. 1-13) And First Request For POD (Nos. 1-15).
5. FPL's Motion To Compel FACT Deposition.

(i) A statement identifying the parties' pending requests for confidentiality:

The following requests for confidentiality are pending at this time:

1. FPL's Request for Confidential Classification for Certain Documents Provided in Response to Staff's Second Request for Production of Documents.

2. FPL's Notice of Intent to Request Confidential Classification of Certain Information Responsive to CPV Gulfcoast's Second Set of Interrogatories.

(j) A statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore:


FPL believes it has complied with all requirements of Order No. PSC-02-0992-PCO-EI.

Respectfully submitted,

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CERTIFICATE OF SERVICE
Docket Nos. 020262-EI and 020263-EI

I HEREBY CERTIFY that on this 11th day of September 2002, a copy of Florida Power & Light Company's Prehearing Statement was served by hand delivery (*) or electronically (**) and U.S. Mail to the following:

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