

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed revisions to)
Rule 25-22.082, F.A.C.)
Selection of Generating)
Capacity)

Docket No. 020398-FC

Filed: November 15, 2002

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COMMENTS OF FLORIDA ACTION COALITION TEAM

Pursuant to Order No. PSC-02-1514-PCO-EQ, the Florida Action Coalition Team ("FACT"), files the following comments in connection with the Commission's proposed amendments to Rule 25-22.082, Florida Administrative Code, and in preparation for the rulemaking hearing scheduled for December 5 and 6, 2002.

I. Adoption of Florida PACE Positions and Testimony

FACT will adopt the positions and proposed rule revisions filed November 15, 2002 by the Florida Partnership for Affordable Competitive Energy ("PACE"). Furthermore, FACT will support the testimony and conclusions of Mike Green being sponsored by PACE, which testimony is also to be filed with the Commission on November 15, 2002.

II. Commission's Proposed Revisions An Excellent First Step

FACT would like to commend the Commission for the most recent revisions it has proposed to the rule as reflected in the proposed rule attached to Order No. PSC-02-1420A-NOR-EQ, Amended Notice of Rulemaking, published October 17, 2002. These revisions, if incorporated in the final rule, represent a marked improvement over the existing rule and will clearly result in a higher likelihood that Florida's electric consumers will receive overall lower-cost electricity as a result of the Commission being more confident that has only approved those generating projects that are truly the most cost-effective. While FACT believes that more needs

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to be done to the rule in order for the Commission to have the ability to fully carry out its statutory responsibility of approving only the most cost-effective projects, FACT appreciates the extent of the revisions already proposed by the Commission.

3. Further Revisions are Essential

Despite the improvement represented by the revisions already proposed by the Commission, additional changes are essential if the Commission is to be completely confident that the IOU bidding process is fair and impartial, truly competitive and results in the most cost-effective project to the benefit of Florida consumers. As stated above, FACT adopts the proposed rule revisions offered by Florida PACE because FACT believes that all these revisions must be adopted by the Commission in order for the Commission and consumers to be fully confident that only the most cost-effective projects are approved.

4. Comments on “Additional Matters”

FACT would offer the following limited comments on the “additional matters” listed in Order PSC-02-1514-PCO-EQ.

Equity Penalty FACT supports the Commission staff recommendation in Dockets 020262 and 020263 that use of an equity penalty was inappropriate in those cases, but would go further and take the position that use of such a penalty is inappropriate in all cases. The Commission’s statutory task is to protect consumers by making sure that the most cost-effective generating alternative is approved and not to attempt to protect bond traders, which is the true result of the equity penalty concept. aside from always unfairly skewing the project selection to the self-build option.

Benefit sharing from under-budget self-build projects FACT believes that it is in the interest of consumers to have the Commission allow IOU's to share in any cost savings resulting from them bringing in self-build generating projects under-budget, but only so long as the Commission and consumers can be confident that the winning self-build bid was the result of a truly fair and competitive bidding process that results in the most cost-effective project being approved. As stated above, FACT believes that such confidence can only truly be achieved by incorporating the remainder of the revisions being proposed by Florida PACE and adopted by FACT. With those revisions, however, FACT believes that it would be in the self-interest of an IOU's customers for the Commission to allow an IOU to keep fifty percent of all savings resulting from under-budget project completions, with the other fifty percent applied to the benefit of the customers, but also with the caveat that it is understood that the lower of the successful IOU bid or the under-budget amount will be the figure used in establishing the IOU's rate base for the project.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of these comments have been served

by U.S. Mail or email this 15th day of November, 2002 on the following:

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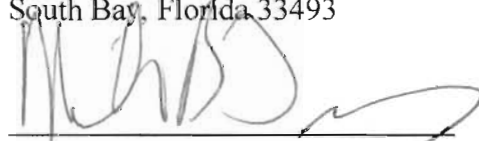
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