

Charles A. Guyton
850.222.3423

September 28, 2004

VIA HAND DELIVERY

Blanca S. Bayó, Director
Division of the Commission Clerk &
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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SEP 28 PM 1:15
COMMISSION
CLERK

Re: **Docket Nos. 040766-EI & 040767-EI**

Dear Ms. Bayó:

Enclosed for filing are the original and fifteen (15) copies of Florida Power & Light Company's and New Hope Power Partnership's Joint Prehearing Statement, together with a diskette containing the electronic version of same. The enclosed diskette is HD density, the operating system is Windows XP, and the word processing software in which the document appears is Word.

If there are any questions regarding this transmittal, please contact me at 222.2300.

Very truly yours,



Charles A. Guyton

- CMP _____
- COM 3
- CTR _____ CAG:gcm
- ECR _____ Enclosure
- GCL _____ Copy to: Jennifer Brubaker, Esq.
- OPC _____ Jeanette Sickel
- MMS _____
- RCA _____ TAL_1998 49984v1
- SCR _____
- SEC 1
- OTH 1 each disk.

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
10460 SEP 28 04
São Paulo Rio de Janeiro
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for determination of need for)
expansion of electrical cogeneration power)
plant in Palm Beach County by Florida)
Power & Light Company and New Hope)
Power Partnership)

Docket No. 040766-EI

In re: Petition for approval of as-available)
energy purchase agreement between Florida)
Power & Light Company and New Hope)
Power Partnership)

Docket No. 040767-EI

Filed September 28, 2004

FLORIDA POWER & LIGHT COMPANY'S
AND NEW HOPE POWER PARTNERSHIP'S
JOINT PREHEARING STATEMENT

Florida Power & Light Company ("FPL") and New Hope Power Partnership ("New Hope"), pursuant to Order No. PSC-04-0754-PCO-EI, hereby file their Joint Prehearing Statement in Docket Nos. 040766-EI and 040767-EI.

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

| <u>Witness</u> | <u>Subject Matter</u> |
|-------------------|--|
| Gustavo R. Cepero | Description of the existing plant and proposed expansion Project; description of the Power Purchase Agreement ("Agreement"); explanation of why the proposed expansion Project will be cost-effective and will contribute to fuel diversity in Florida. |
| Steven D. Scroggs | Explains the economic need of FPL and its customers for the proposed purchase of as-available energy from the Project; demonstrates that the proposed purchase is FPL's most cost-effective option for the purchase of as-available energy by FPL; addresses that there is no DSM or conservation measures available to mitigate FPL's need for the proposed purchases from the Project; sets forth the adverse consequences to FPL and its customers if the determination of need is not granted. |

(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:

New Hope has prefiled one exhibit with the testimony of Mr. Cepero, which should be separately identified. FPL has prefiled Exhibit No. SDS-1 with the testimony of Mr. Scroggs, which should be identified separately.

| <u>Exhibit</u> | <u>Content</u> | <u>Sponsoring Witness</u> |
|----------------|-----------------------------|---------------------------|
| GRC-1 | Agreement | Gustavo R. Cepero |
| SDS-1 | New Hope Agreement Analysis | Steven D. Scroggs |

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

The Commission should grant an affirmative determination of need for New Hope's Project. It meets the requirements of Section 403.519, Florida Statutes. In addition, a determination of need will foster development of renewable energy within Florida, displace fossil fuels, improve fuel diversity and conserve landfill space.

The Commission should also approve the Agreement between FPL and New Hope for the sale and purchase of discounted as-available energy from the Project. In approving the Agreement, the Commission should make the following findings, which are necessary for the Agreement to become effective: (a) the Agreement is reasonable, prudent, and in the best interest of FPL's customers; (b) the payments under the Agreement are not reasonably projected to result in higher cost electric service to FPL's customers or adversely affect the adequacy or reliability of electric service to FPL's customers; and (c) FPL may recover from its customers all payments for energy purchased pursuant to the Agreement.

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:

ISSUE 1: Is there a need for the proposed New Hope Project, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

New Hope
and FPL

Although FPL does not have a reliability need for the New Hope Project, FPL and its customers have an economic need for the New Hope Project. FPL's purchase of as-available energy will provide no reliability benefit from a planning perspective, but the existence of this as-available energy source may, under certain operational circumstances, enhance FPL system reliability by increasing fuel and geographic diversity of generating resources.

ISSUE 2: Is there a need for the proposed New Hope Project, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

New Hope
and FPL

Yes. FPL and its customers have an economic need for the energy to be produced by the Project and sold pursuant to the Agreement. Every kWh of energy purchased from the New Hope Project by FPL under the Agreement will be at a discount to the price FPL would otherwise be obligated to pay New Hope for as-available energy, which also provides a discount to FPL and FPL's customers from the cost that FPL would otherwise incur to generate or purchase such energy. Thus, purchases from the Project under the Agreement directly benefit FPL customers by lowering their cost of electricity.

ISSUE 3:

Is the proposed New Hope Project the most cost-effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?

New Hope
and FPL

Yes. Each kWh provided under the Agreement will be at a discount to FPL's as-available energy rate, which is the cost that FPL would otherwise incur to generate or purchase such energy. Therefore, every kWh purchased under the Agreement is cost-effective. There is no other known source of as-available energy available to FPL at such a discounted price. FPL projects that purchases under the Agreement will save FPL customers almost \$200,000 over the initial five-year term of the contract.

ISSUE 4:

Are there any conservation measures reasonably available to Florida Power & Light Company that mitigate the need for the proposed New Hope Project?

New Hope
and FPL

No. FPL has already captured or identified the reasonably achievable, cost-effective DSM on its system, and FPL's as-available energy tariff assumes the implementation of that cost-effective DSM. Therefore, there is no other DSM available that would mitigate the need for the energy to be purchased from the New Hope Project under the Agreement.

ISSUE 5:

Should the Agreement For The Purchase Of As-Available Energy From New Hope Partnership By Florida Power & Light Company, filed on July 21, 2004, be approved?

New Hope
and FPL

Yes. The Agreement satisfies all requirements of Chapter 366, Florida Statutes, relating to the reasonableness and prudence of costs, as well as the requirements of the Commission's Cogeneration Rules, specifically Rule 25-17.0825, F.A.C. In approving the Agreement, the Commission should make the following findings necessary for the contract to become effective : (a) the Agreement is reasonable, prudent, and in the best interest of FPL's customers; (b) the payments under the Agreement are not reasonably projected to result in higher cost electric service to FPL's customers or adversely affect the adequacy or reliability of electric service to FPL's customers; and (c) FPL may recover from its customers all payments for energy purchased pursuant to the Agreement.

ISSUE 6: Should this docket be closed?

New Hope
and FPL

Yes. If there is no timely request for reconsideration or appeal, this docket should be closed.

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

FPL and New Hope are not aware of any questions of law at issue.

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 and New Hope are not aware of any policy issues that are contested.

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

FPL and New Hope can stipulate to all the issues and positions above and are hopeful that Staff will as well.

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

FPL and New Hope have no pending motions or other matters upon which they seek Commission action other than their pending petitions.

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

Neither FPL nor New Hope has pending claims for confidentiality.

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

FPL and New Hope have complied with all requirements for orders regarding prehearing procedures.

k) Any objections to a witness's qualifications as an expert:

FPL and New Hope have no objections to the qualifications of either of the witnesses.

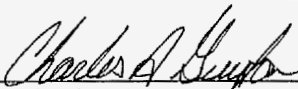
Respectfully submitted,

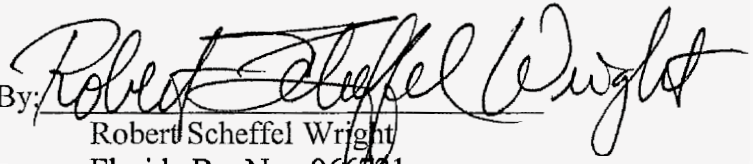
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Attorneys for Florida Power
& Light Company

Attorneys for New Hope Power Partnership

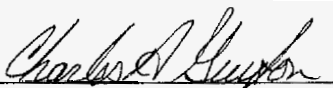
By: 
Charles A. Guyton
Florida Bar No. 0398039

By: 
Robert Scheffel Wright
Florida Bar No. 966721
John T. LaVia, III
Florida Bar No. 853666

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Florida Power & Light Company's and New Hope Power Partnership's Joint Prehearing Statement was served by Hand Delivery this 28th day of September, 2004 to the following:

Jennifer Brubaker
Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

By: 
Charles A. Guyton