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Public Service Commission

April 30, 2009

Carla G. Pettus
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420

STAFF'S FIRST DATA REQUEST

Re: DOCKET NO. 090150-EQ - Petition for approval of a modification to existing negotiated renewable energy contract with Solid Waste Authority of Palm Beach County, by Florida Power & Light Company.

Dear Ms. Pettus:

By this letter, the Commission staff requests that Florida Power & Light Company (FPL or utility) provide responses to the following data requests.

1. Will Section 1.3 of the Restated and Amended Agreement for the Purchase of Firm Capacity and Energy between the Solid Waste Authority of Palm Beach County and Florida Power & Light Company (modified contract) be revised to include the citation of 25-17.0825(2), Florida Administrative Code instead of 25-17.825(2), Florida Administrative Code? If it will not be revised, please explain your answer.
 - A) If the answer to the question above is yes, when will the revision be made?
2. Exhibit C to FPL's Petition for Approval of a Modification to an Existing Negotiated Renewable Energy Contract with The Solid Waste Authority (SWA) of Palm Beach County (Petition) provides a comparison of projected payments to SWA versus what the payments would be under FPL's current Standard Offer Contract. Please provide the same comparison using the payments that would be made under the 2009 standard offer contract, filed by FPL on April 1, 2009 in Docket No. 090166-EQ.
3. Section 1.1 of the modified contract provides a definition of the term "After-Tax Basis." As this term is not used or defined in the existing contract between FPL and SWA, please explain the purpose of including it in the modified contract.
4. Please refer to paragraph 7 of the Petition which states "After refurbishment, SWA will be paid a coal based capacity payment and the lower of as-available energy or coal based energy payments. Capacity payments are based on the cost of a 2012 Glades County coal unit."

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Please explain why it is appropriate to base the capacity payment on the cost of a 2012 Glades County coal unit when the Commission denied the need for this unit in Docket No. 070098-EI.

5. If refurbishment is not completed by 2012, will SWA still receive capacity payments?
6. Please refer to Commission Order No. PSC-09-0109-PAA-EQ, issued February 24, 2009, which granted a certificate to SWA to operate as a qualifying facility (QF). The Order stated in part "The SWA facility uses MSW incineration as fuel for a 62 MW steam turbine generator. However, the existing facility is nearing its tonnage incineration limits, and therefore the facility is being expanded to generate an additional 100 MW. In addition, the SWA is contemplating a landfill-gas fueled component which would provide approximately 18 MW of capacity. The total generating capacity would then be approximately 180 MW. However, in an abundance of caution, the SWA is requesting certification for 185 MW..." Please explain why the definition of "Facility" in Section 1.11 and "Refurbished Facility" in Section 1.25 of the modified contract references "a maximum production of 62.5 MW."
7. Section 3 of the modified contract states "In the event of a termination pursuant to this Section 3.3, the Authority shall reimburse FPL for all costs, including interest at the rate of 10.5% per annum, which FPL has reasonably incurred following the execution of this Amended Agreement in preparation to receive Energy and Capacity; provided, however, such costs shall not exceed \$85,000." Please explain whether FPL or its ratepayers would receive such reimbursed costs and interest payments.
8. Why does the modified contract require a committed capacity of 40 – 55 MW, when the original contract required a committed capacity of 47.5 MW?
9. Paragraph 12 of the Petition states "If refurbishment is not completed by June 1, 2014, FPL has the option to terminate the agreement." Please reconcile this statement with SWA's plan to have its MSW-fueled expansion in commercial operation by 2015 as stated in its Petition in Docket No. 080682-EQ.

A) Has SWA revised its planned commercial operation date?

10. Paragraph 9 of the Petition and Section 15 of the modified contract would provide FPL a right of first refusal option to purchase Green Attributes associated with the renewable energy produced by SWA. Does FPL's right of first refusal option limit SWA's ability to sell its Green Attributes to the highest bidder?
11. Please refer to Section 15 of the modified contract. Please explain how restrictions regarding the selling/trading of Green Attributes will contribute to the deferral or avoidance of additional capacity-related construction or other capacity-related costs by FPL, and other requirements of Rule 25-17.240, Florida Administrative Code.

12. Please explain why it would be prudent for the Commission to approve the modified contract that places conditions on selling/trading of Green Attributes when no such market exists in Florida at this time.
 13. Are Green Attributes included in the capacity and energy price of the modified agreement?
 14. Please explain whether FPL intends to seek Commission approval for any recalculation of charges and revisions to payment schedules if SWA commences commercial operation after April 1, 2012, as described in Appendix B.
 15. Please refer to pages 3 and 4 of the Petition, and to the definition of Unit Energy Costs – Section 1.29 of the modified contract, and page 7 of Exhibit B. According to FPL’s December A-4 Schedules, the heat rate for St. John’s River Power Plant (SJRPP) for 2008 was 9.9 MMBtu per MWH. Why is the modified contract based on a heat rate of 10.5 MMBtu per MWH?
 - A) How does the use of petcoke at the SJRPP affect the calculation of unit energy costs?
 - B) For purposes of this contract, is petcoke included with coal in FERC Account 151? Please explain your response.
 - C) Will petcoke continue to be used at SJRPP? Please explain your response.
 16. Please refer to column 2 of Exhibit C. How were the projected coal energy payments developed?
 - A) Please provide the projected coal prices that support the projected coal energy payments and reference the source.
 17. Please refer to column 4 of Exhibit C. How were the projected 2014 CC SOC Energy payments developed?
 - A) Please provide the projected gas prices that support the payments in column 4 and the source of the projected prices.
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Please file the original and five copies of the requested information by Friday, May 22, 2009, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6193 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jean E. Hartman", with a long horizontal flourish extending to the right.

Jean E. Hartman
Senior Attorney

JEH:th

cc: Office of Strategic Analysis & Governmental Affairs (Lewis, Brown)
Office of Commission Clerk
Docket No. 090150-EQ (Parties)