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YOUNG, VAN ASSENDERP, VARNADOE & BENTON, P. A.
ATTORNEYS AT LAW

REPLY TO:

Tallahassee

December 5, 1991

R. BRUCE ANDERSON
RICHARD E. BENTON
TASHA O. BUFORD
DAVID L. COOK*
C. LAURENCE KEESY
MARY A. MARNELL
G. DONALD THOMSON
KENZA VAN ASSENDERP
GEORGE L. VARNADOE
ROY C. YOUNG

*BOARD CERTIFIED REAL ESTATE LAWYER

GALLIE'S HALL
225 SOUTH ADAMS STREET, SUITE 200
POST OFFICE BOX 1833
TALLAHASSEE, FLORIDA 32302-1833
TELEPHONE (904) 222-7206
TELECOPIER (904) 561-6834

SUN BANK BUILDING
801 LAUREL OAK DRIVE
SUITE 300
POST OFFICE BOX 7907
NAPLES, FLORIDA 33941-7907
TELEPHONE (813) 597-2814
TELECOPIER (813) 597-1060

Mr. Steve Tribble, Director
Bureau of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

ORIGINAL
FILE COPY

Re: Docket No.: ~~900393-EQ~~ 900383-EP

Dear Mr. Tribble:

Enclosed for filing please find the original and fifteen (15) copies of Joint Petition and Motion for Dismissal regarding the above-captioned docket number.

Kindly acknowledge receipt and filing on the copy of this correspondence which is also enclosed.

- ACK
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG
- LEG Law/m
- LIN 6
- OPD _____
- RCM _____
- SEC 1
- WAS _____
- OTH _____

REB:swp
Enclosures

Sincerely,

Richard E. Benton

RECEIVED & FILED

28
EPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
12072 DEC -5 1991
EPSC-RECORDS/REPORTING

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint by CFR-BIOGEN	}	Docket No. 900383-EQ
Corporation against Florida Power	}	
Corporation for alleged violation	}	Submitted for filing
of standard offer contract, and	}	December 5, 1991
request for determination of	}	
substantial interest	}	

JOINT PETITION OF FLORIDA POWER CORPORATION
AND CFR-BIOGEN CORPORATION FOR APPROVAL
OF CONTRACT FOR PURCHASE OF FIRM CAPACITY
ENERGY AND MOTION FOR DISMISSAL OF COMPLAINT
FOLLOWING COMMISSION APPROVAL

Pursuant to Commission Rule 25-22.036(4), F.A.C., Florida Power Corporation (FPC) and CFR/BIOGEN (CFR), (collectively, the Parties) jointly petition the Commission for approval of a Negotiated Contract for the Purchase Of Firm Capacity And Energy From A Qualifying Facility between FPC and CFR and move that the Commission dismiss CFR's complaint for alleged violation of standard offer contract, and request for determination of substantial interest following the Commission's approval of this Negotiated Contract.

This petition contains a summary of the terms and conditions including the type of unit being avoided, its size, and its type, in accordance with Commission Rule 25-17.0832(1)(b), F.A.C. Attachment A is the contract. Attachment B shows the cost effectiveness of the contract in comparison to coal-fired generation in the form of a Comparison of Contract Cost and Avoided Costs.

DOCUMENT NUMBER-DATE
12072 DEC -5 1991
FPSC-RECORDS/REPORTING

I. Background

1. In compliance with the terms of a Stipulation signed by the Parties on September 26, 1991 and filed with the Commission on that same date, the Parties have resolved the issues raised by the Complaint which is the subject of this action and have negotiated and executed a Negotiated Contract for the Purchase Of Firm Capacity And Energy From A Qualifying Facility between FPC and CFR for a total of 74 MW. Both Parties acknowledge that these negotiations have proceeded in good faith and have reached a successful conclusion.

2. The Parties have specifically agreed that the execution of this contract and its approval by the Commission will terminate the two standard offer contracts between the Parties dated September 20, 1988 and March 17, 1987. The termination of those contracts and the motion to dismiss the Complaint which is the subject of this action are expressly conditioned on the Commission's approval of the Negotiated Contract. By its terms, and the express stated intent of the Parties, the Negotiated contract will not become effective and binding upon the Parties until approval by the Commission.

3. The terms of this contract follow the same basic format as the Interconnected and Noninterconnected version of the eight contracts approved by the Commission in Docket No. 910401-EQ, Order No. 24734, issued July 1, 1991. In the contract, FPC has extended CFR's in-service date to calendar year 1995, FPC has also agreed to CFR's assignment, with the prior written consent of FPC, of the contract. In exchange CFR has agreed to locate its project south

of FPC's Central Florida substation to avoid the interface problems presented by CFR's prior location. CFR has also agreed to make the QF dispatchable.

4. The Owner of the QF will be CFR. The Committed Capacity will be 74 MW. The Facility will be a Qualifying Cogeneration Facility and will be located south of FPC's Central Florida Substation. The QF will be interconnected with FPC and may be interconnected with another utility. The estimated on-peak, off-peak and total energies will be 267,399 MWH/yr., 218,781 MWH/yr. and 486,180 MWH/yr. respectively. The QF's committed on-peak capacity factor will be 98% at a committed equivalent availability factor of 90%. The term of this contract will be from the date of its execution until December, 2025.

II. Type of Unit Being Avoided, Its Size and Its In-Service Date

5. The type of unit avoided by this contract and its size and in-service date are the same as those recently approved by the Commission in its order in Docket No. 910401-EQ, Order No. 24734, issued July 1, 1991. In its generation expansion plan, filed in Docket No. 900004-EU, FPC indicated that it needed 300 MW coal-fired capacity and 150 MW of combustion turbine capacity as early as 1991. Subsequent analysis by FPC indicated an economic superiority of coal-fired capacity for contracts commencing in 1991 and extending through 2008. Since this contract exceeds this term, it was considered to avoid part of a 450 MW coal-fired unit which would have been in service in 1991. The capacity provided by this contract will satisfy the need for additional capacity from an

individual utility and statewide perspective as that discussed in Order No. 24734.

III. Provisions to Protect the Ratepayers in the Event the QF Fails to Perform According to the Contract

6. The contract complies with Commission Rule 25-17.0832(2)(d), F.A.C. It contains two security guarantees:

A. A completion Security Guarantee of \$10 per KW of committed capacity, \$5 of which must be paid with thirty (30) days of contract approval and the remaining \$5 to be paid two and one-half years before the contract in-service date. This Security Completion Guarantee will be fully refunded if the facility achieves its in-service date. The Parties negotiated this change in the format of the FPC standard negotiated contract in compliance with the terms of the Stipulation between the Parties dated September 26, 1991. FPC may terminate the contract without penalty if the QF fails to pay the Completion Security Guarantee when it is due.

B. An Operational Security Guarantee of \$20 per KW of committed capacity, which increases each year at a specified rate of interest, and which must be paid prior to the commencement of capacity payments, and which is refunded at the end of the contract term.

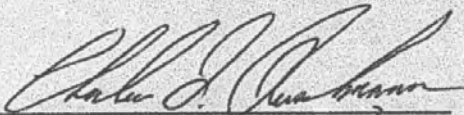
7. In addition, the contract contains a Capacity Payment Adjustment which penalizes the QF if it fails to maintain its committed on-peak capacity factor. Finally, the contract contains a Performance Adjustment Factor which rewards or penalizes the QF hourly for energy deliveries based upon FPC's as-available energy cost for the hour. This contract provides an additional benefit by placing the QF on a dispatchable scheduling system, allowing FPC's automatic generation control of the unit. Under the contract terms regarding dispatch, FPC will dispatch the QF as a baseload unit considering both the heat rate curves and shut down costs of the equivalent unit. The minimum loading of the QF during the months of May through October will be 50% of the Committed Capacity. Below that level the QF will be scheduled off. During the months of November through April (fruit processing season), the QF will be dispatched to a minimum of twenty percent (20%) loading. Below that level, the QF will be scheduled off. These contract terms will benefit the ratepayer by allowing FPC to control the generation capacity of its system in the most efficient and economical manner.

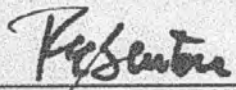
WHEREFORE, for all of the reasons stated above, the Parties petition this Commission for an order approving this contract pursuant to Commission Rule 25-17.0832(8), F.A.C. and move the Commission to dismiss CFR's complaint following the Commission's approval of the contract.

Respectfully submitted.

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

COUNSEL FOR CFR-BIOGEN
YOUNG, VAN ASSENDERP,
VARNADOE & BENTON, P.A.

By: 
CHARLES F. REISCHMANN
3201 34th Street, South
Post Office Box 14042
St. Petersburg, FL 33733

By: 
RICHARD E. BENTON
Gallie's Hall
225 South Adams Street
Post Office Box 1833
Tallahassee, Florida 32302-1833

ACK _____
AFA _____
APP. _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
LIN _____
OPC _____
RCH _____
SEC / _____
WAS _____
OTH _____

**SUMMARY OF NEGOTIATED CONTRACT
PURSUANT TO RULE 25-17.0832(1)(b)**

1. CFR Biogen
Dr. Richard Glick
President
2. Committed Capacity 74 MW
Normal Capacity Payments
Location: South of Central Florida Substation
3. Estimated Energy
On-Peak
267,399 MWH/Yr.
Off-Peak
218,781 MWH/Yr.
4. Avoided Unit
1991-1995 Coal Unit
- 5&6. Designation of Location Dec. 31, 1992
Transmission Service Agreement June 30, 1993
Construction Commencement June 30, 1994
In-Service Date Dec. 16, 1995
Termination Date Dec. 31, 2025

This contract is dispatchable.

COMPARISON OF CONTRACT COSTS AND AVOIDED COSTS

CFR BIOGEN

Contract Capacity 75 MW

Year	Capacity Credit \$/KW/Mo.	90/83 of 98% of Cap Credit \$/KW/Mo.	Contract Capacity Credit \$/Year	Avoided Fuel \$/MWH	Contract Energy Payment * \$/Year	Total Contract Payments \$/Year	Avoided Capacity Cost \$/KW/Mo.	90/83 of Avoided Cap Cost \$/KW/Mo.	Avoided Capacity Cost \$/Year	Avoided Fuel \$/MWH	Avoided Energy Cost * \$/Year	Total Avoided Cost \$/Year
1996	17.32	18.41	16,343,736	22.15	13,387,843	29,731,580	14.02	15.20	13,499,740	28.17	17,026,446	30,526,185
1997	18.21	19.35	17,183,570	23.28	14,071,109	31,254,679	14.74	15.98	14,193,022	29.61	17,897,081	32,090,103
1998	19.14	20.34	18,061,150	24.47	14,788,835	32,849,984	15.50	16.81	14,924,819	31.12	18,808,221	33,733,040
1999	20.12	21.38	18,985,911	25.72	15,542,803	34,528,714	16.29	17.66	15,685,504	32.71	19,767,692	35,453,195
2000	21.14	22.46	19,948,417	27.03	16,335,391	36,283,808	17.12	18.56	16,484,704	34.38	20,777,871	37,262,574
2001	22.22	23.61	20,967,542	28.40	17,168,381	38,135,922	17.99	19.51	17,322,419	36.13	21,840,539	39,162,959
2002	23.36	24.82	22,043,284	29.85	18,044,149	40,087,433	18.91	20.50	18,208,280	37.97	22,952,031	41,160,310
2003	24.54	26.08	23,156,772	31.38	18,964,478	42,121,250	19.87	21.55	19,132,655	39.91	24,120,172	43,252,827
2004	25.79	27.41	24,336,314	32.98	19,931,744	44,268,058	20.88	22.64	20,105,176	41.95	25,353,382	45,458,558
2005	27.11	28.81	25,581,911	34.66	20,948,324	46,530,235	21.95	23.80	21,135,470	44.09	26,647,995	47,783,465
2006	28.50	30.29	26,893,561	36.43	22,016,595	48,910,156	23.07	25.02	22,213,908	46.34	28,006,387	50,220,295
2007	29.94	31.82	28,252,394	38.28	23,139,527	51,391,921	24.24	26.28	23,340,492	48.69	29,431,528	52,772,020
2008	31.47	33.44	29,696,154	40.24	24,319,496	54,015,650	25.48	27.63	24,534,477	51.18	30,931,840	55,466,317
2009	33.08	35.15	31,215,404	42.29	25,560,069	56,775,473	26.78	29.04	25,786,236	53.79	32,510,887	58,297,123
2010	34.77	36.95	32,810,145	44.44	26,860,379	59,670,524	28.15	30.52	27,105,398	56.53	34,167,805	61,273,202
2011	36.53	38.82	34,470,940	46.71	28,233,716	62,704,656	29.58	32.07	28,482,333	59.41	35,909,837	64,392,169
2012	38.40	40.81	36,235,535	49.09	29,673,921	65,909,456	31.09	33.71	29,936,299	62.44	37,742,914	67,679,213
2013	40.36	42.89	38,085,058	51.60	31,187,205	69,272,263	32.68	35.44	31,467,296	65.63	39,668,412	71,135,708
2014	42.42	45.08	40,028,943	54.23	32,777,728	72,806,671	34.34	37.24	33,065,696	68.98	41,692,908	74,758,604
2015	44.58	47.37	42,067,192	56.99	34,445,837	76,513,029	36.09	39.13	34,750,757	72.49	43,814,332	78,565,088
2016	46.86	49.80	44,218,677	59.90	36,206,532	80,425,209	37.94	41.14	36,532,106	76.19	46,052,517	82,584,623
2017	49.24	52.32	46,464,525	62.96	38,053,131	84,517,656	39.87	43.23	38,390,487	80.08	48,400,784	86,791,271
2018	51.76	55.00	48,842,482	66.17	39,993,605	88,836,087	41.90	45.43	40,345,157	84.17	50,873,147	91,218,303
2019	54.39	57.80	51,324,239	69.54	42,033,301	93,357,540	44.04	47.75	42,405,745	88.45	53,462,864	95,868,608
2020	57.17	60.75	53,947,541	73.09	44,176,972	98,124,513	46.29	50.19	44,572,251	92.97	56,192,821	100,765,072
2021	60.09	63.85	56,702,951	76.82	46,429,966	103,132,917	48.65	52.75	46,844,675	97.71	59,056,278	105,900,953
2022	63.15	67.11	59,590,470	80.73	48,797,629	108,388,099	51.13	55.44	49,232,646	102.69	62,070,670	111,303,315
2023	66.38	70.54	62,638,407	84.85	51,286,497	113,924,905	53.74	58.27	51,745,793	106.81	64,559,538	116,305,331
2024	69.76	74.13	65,827,889	89.11	53,911,919	119,729,808	56.48	61.24	54,384,116	111.14	67,174,959	121,559,075
2025	73.32	77.91	69,187,225	93.73	56,351,022	125,838,248	59.36	64.37	57,157,706	115.69	69,924,063	127,081,769

NPV (1/1/96)	\$260,940,259	\$213,674,306	\$474,614,565	\$215,574,875	\$271,510,434	\$487,085,309
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Contract vs. Avoided Costs 97.44%

NPV of the Discount (1/1/92) \$8,530,087

AJH

22-Nov-01

* .90 Capacity Factor and 3.6% Voltage Adjustment