**FLORIDA PUBLIC SERVICE COMMISSION**

 **Fletcher Building**

 **101 East Gaines Street**

 **Tallahassee, Florida 32399-0850**

 **M E M O R A N D U M**

 **SEPTEMBER 24, 1992**

**TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING**

**FROM: DIVISION OF ELECTRIC AND GAS [BRADY]**

 **DIVISION OF LEGAL SERVICES [BROWN]**

**RE : DOCKET NO. 920603-EQ - PETITION FOR APPROVAL OF DADE COUNTY RESOURCE RECOVERY FACILITY INTERCONNECTION AGREEMENT BETWEEN FLORIDA POWER & LIGHT COMPANY AND METROPOLITAN DADE COUNTY, AND RESCISSION OF ORDER REQUIRING INTERCONNECTION OF FLORIDA POWER & LIGHT COMPANY'S SYSTEM WITH DADE COUNTY RESOURCE RECOVERY FACILITY**

**AGENDA: 10/06/92 - CONTROVERSIAL AGENDA - PROPOSED AGENCY ACTION - PARTIES MAY PARTICIPATE**

**CRITICAL DATES: NONE**

**FILE: I:\PSC\EAG\WP\920603.PLB**

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 **CASE BACKGROUND**

 On June 15, 1992, Florida Power & Light (FPL) and Metropolitan Dade County (Dade County) filed a petition asking the Commission to approve a negotiated interconnection agreement and to rescind the 1981 order requiring FPL to interconnect with the Dade County Resource Recovery Facility (the QF).

 The QF is a small power producer that processes municipal solid waste into refuse-derived fuel that is then converted into steam to drive two 38.5 MW turbines. This waste-to-energy facility was the first of its kind in Florida. From the time of interconnection up to November 1991, the as-available energy generated from the waste was sold to FPL.

 In March of 1991, the QF and Florida Power Corporation (FPC) negotiated a contract for the purchase of 43 MWs of firm capacity and energy which was approved by Commission Order 24734, issued 7/1/91. As a result, in September of that same year FPL and the QF negotiated a Transmission Service Agreement for wheeling services and this Interconnection Agreement to replace the 1981 Order Requiring Interconnection.

 **DISCUSSION OF ISSUES**

**ISSUE 1**: Should the Commission approve the terms and conditions of the Dade County Resource Recovery Facility Interconnection Agreement which has been negotiated between Florida Power and Light Company and Metropolitan Dade County?

**RECOMMENDATION**: Yes.

**STAFF ANALYSIS**: In addition to general interconnection provisions regarding safety, reliability and cost responsibilities, the Agreement contains the following unique provisions:

1. There are no cost estimates or interconnection design issues involved because the interconnection facilities have been in operation since 1982.
2. FPL leases, rather than owns, the adjacent substation facilities. Dade County constructed the facilities and continues to maintain them at its expense. FPL has exclusive access to the substation and the express right to make modifications, including capital improvements to serve FPL's other retail customers. At the expiration of the inter-connection agreement, FPL has the option to remove the substation facilities and reconfigure its electric system, or retain the substation at a purchase price to be negotiated at that time.
3. The most unique feature of the interconnection agreement is the long initial term of 23 years which coincides with the term of Dade County's contract to sell firm capacity and energy from the QF to Florida Power Corporation.

 The terms and conditions as set forth in the agreement appear appropriate for the interconnection. They conform to provisions of FPSC rules. They do not adversely affect the reliability or cost of providing service to FPL's ratepayers. Staff, therefore, recommends the Commission approve this negotiated interconnection agreement.

**ISSUE 2**: Should the Commission rescind Order 10481 so as to fully permit the terms of the negotiated interconnection agreement to govern parties' relationship with respect to the interconnection facilities?

**RECOMMENDATION**: Yes, if the vote in "Issue 1" is to approve the negotiated interconnection agreement.

**STAFF ANALYSIS**: Order 10481 is not an interconnection agreement, but a determination whether Resource Recovery of Dade County had legal standing to request an interconnection and whether the facility was a qualifying facility as defined by PURPA. The Commission decided yes on both issues and ordered FPL to interconnect.

 Now Florida Power Corporation has replaced FPL as the purchaser of the QF's power and FPL, FPC and Dade County have executed the following agreements to accommodate the transaction:

1. A **Parallel Operation Agreement** between FPL and FPC to define responsibilities relating to parallel operation of the QF's facility with FPL's and FPC's control areas.
2. A **Transmission Agreement** between Dade County and FPL for FPL to provide specified transmission services to wheel capacity and energy from the QF's facility to FPC.
3. An **Interconnection Agreement** between Dade County and FPL which provides the terms and conditions for FPL to operate and maintain certain facilities to interconnect the QF's facility to its electric system.

 While all the above agreements became effective 11/1/91, they were conditioned upon FPL winning a competitive bid for exclusive use of the Doral substation. FPL won the bid April 1, 1992, and the last agreement was signed:

1. A **Lease Agreement** between Dade County and FPL which gives FPL exclusive use of the facilities at the Doral substation facilities in consideration of $30 a year rent.

 If the Commission votes in "Issue 1" to approve the parties' interconnection agreement, then the purpose for Order 10481 no longer exists. Staff recommends the Commission grant the request to rescind the order allowing the provisions of the negotiated interconnection agreement control parties interactions.

**ISSUE 3**: Should this docket be closed?

**RECOMMENDATION**: Yes.

**STAFF ANALYSIS**: If no substantially affected person files a timely request for a hearing within 21 days of the order, the Interconnection Agreement between FPL and Dade County will be effective; Order 10481 will be rescinded; and this docket will be closed.