

CARLTON FIELDS
ATTORNEYS AT LAW

ORIGINAL

ONE PROGRESS PLAZA
200 CENTRAL AVENUE, SUITE 2300
ST. PETERSBURG, FLORIDA 33701-4352

MAILING ADDRESS:
P.O. BOX 2861, ST. PETERSBURG, FL 33731-2861
TEL (727) 821-7000 FAX (727) 822-3768

March 24, 2000

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: In re: Petition for Determination of Need for an Electrical Power Plant in Lake
County by Panda Midway Power Partners, L.P.
Docket No. 000289-EU

Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and 15 copies of each of the following:

1. Florida Power Corporation's Petition to Intervene; and 03766-00
2. Florida Power Corporation's Motion to Dismiss the Petition. 03767-00

We request you acknowledge receipt and filing of the above by stamping the additional copy of this letter and returning it to me in the self-addressed, stamped envelope provided.

If you or your Staff have any questions regarding this filing, please contact me at (727) 821-7000.

Very truly yours,

Gary L. Sasso
Gary L. Sasso *je*

AFA _____
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Enclosure

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FLORIDA PUBLIC SERVICE COMMISSION
TALLAHASSEE, FLORIDA

RECEIVED & FILED
[Signature]
FPSC-BUREAU OF RECORDS

Done 3/29/00

CARLTON, FIELDS, WARD, EMMANUEL, SMITH & CUTLER, P.A.

TAMPA ORLANDO PENSACOLA TALLAHASSEE WEST PALM BEACH ST. PETERSBURG MIAMI

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Determination)	
of Need for an Electrical Power)	DOCKET NO. 000289-EU
Plant in Lake County by)	
Panda Midway Power Partners, L.P.)	Submitted for filing:
_____))	March 27, 2000

FLORIDA POWER CORPORATION'S
PETITION TO INTERVENE

I. Introduction

Pursuant to Fla. Admin. Code Rule 25-22.039, Florida Power Corporation ("FPC") petitions the Commission for leave to intervene as a full party respondent in this proceeding. As grounds for this request, FPC states the following:

II. Intervenor Information

1. The name and address of the affected agency are:

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

2. The name and address of the petitioner are:

Florida Power Corporation
P.O. Box 14042
One Progress Plaza, Suite 1500
St. Petersburg, FL 33733

3. All pleadings, motions, orders, and other documents directed to the petitioner are

to be served on:

James A. McGee
Senior Counsel
Florida Power Corporation
P.O. Box 14042
St. Petersburg, Florida 33733-4042
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

Robert W. Pass
Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A.
P.O. Drawer 190
Tallahassee, FL 32302-0190
Telephone: (850) 224-1585
Facsimile: (850) 222-0398

Gary L. Sasso
Jill H. Bowman
Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A.
P.O. Box 2861
St. Petersburg, Florida 33731
Telephone: (727) 821-7000
Facsimile: (727) 822-3768

For deliveries by courier service, the address is:

James A. McGee
Senior Counsel
Florida Power Corporation
One Progress Plaza, Suite 1500
200 Central Avenue
St. Petersburg, FL 33701

Robert W. Pass
Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A.
215 S. Monroe Street, Suite 500
Tallahassee, FL 32301-1866

Gary L. Sasso
Jill H. Bowman
Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A.
One Progress Plaza, Suite 2300
200 Central Avenue
St. Petersburg, FL 33701

III. Substantial Interests

4. The question whether the Commission has statutory authority to grant a need determination for a “merchant plant” is currently pending before the Florida Supreme Court in the case involving Duke Energy New Smyrna Beach Power Company’s petition for a

determination of need. The Court may not render a decision on this important question prior to the final hearing date in this docket.

5. If FPC prevails in the pending appeal, the Petition for Determination of Need filed by Panda Midway Power Partners, L.P. (“Panda Midway”) must be rejected, and Panda Midway will not be permitted to obtain a determination of need for its proposed plant (the “Project”) unless it is able to demonstrate at the outset that the plant will in fact be needed by a retail utility, such as FPC, as evidenced by a final power purchase agreement. In the current proceeding, however, Panda Midway proposes to serve “Florida’s need” for electric power supply, without demonstrating any statutory or contractual commitment to do so. (Petition p. 2).

6. Under controlling Florida Supreme Court authority, an independent power producer like Panda Midway would have to enter into a contract with a utility like FPC in order to prove that some retail utility actually has a need for additional capacity. Granting Panda Midway’s Petition would fundamentally alter the role of public utilities under the existing regulatory scheme and would thus impair FPC’s substantial legal interests as a regulated retail utility. To summarize the law on this matter, this Commission does not have authority under existing law to approve Panda Midway’s request for a determination of need. Panda Midway is not a regulated retail load-serving utility, it has not recited a “utility and unit specific” need, and it cannot identify any entity that will “ultimately consume the power” that it proposes to offer. Nassau Power Corp. v. Beard, 601 So. 2d 1175, 1178 n.9 (Fla. 1992); Nassau Power Corp. v. Deason, 641 So. 2d 396 (Fla. 1994). Absent these prerequisites a need determination would be both inappropriate and illegal.

7. Panda Midway, however, presumes that the law has been changed and that the Commission may approve its petition based on the Duke precedent. FPC plainly has a stake in

the regulatory regime that exists apart from this Commission's decision in the Duke case, and the Florida Supreme Court may well sustain FPC's position on appeal in that case. Because the Court's decision will not likely be issued prior to the hearing in this docket, FPC should be given leave to preserve its position in the event the Court rules in FPC's favor on appeal. Otherwise, the stakeholders in this controversy would be confronted with the absurd situation that the Commission might grant a determination of need that is contrary to law, and leave no one with standing to challenge that decision.

8. Further, the Petition and Exhibits make clear that Panda Midway proposes to build the Project to meet FPC's power resource needs. Panda Midway alleges that FPC (together with Florida Power & Light and TECO) have recently agreed to achieve a planned twenty percent reserve margin by the summer of 2004 and that the Project will contribute to meeting the needs of Peninsular Florida utilities, including, by obvious inference, FPC. (Need Exh., p. 1). In fact, Petitioner alleges that its primary market will consist of Peninsular Florida utilities. (Id., p. 6). As the second largest investor-owned utility in the State, FPC serves approximately twenty percent of the load in Peninsular Florida. Despite its professed interest in meeting FPC's needs, Panda Midway proposes to operate as a "merchant" plant. (Petition, ¶ 21). And the fact is, FPC does not need, and cannot rely upon, a "merchant" plant to meet its power resource needs.

9. Panda Midway further alleges that its project will affirmatively displace production by various existing facilities in Peninsular Florida, including older steam generating units fired by heavy fuel oil and natural gas, combined cycle resources fired by natural gas, and peaking resources fired by natural gas and fuel oil. (Id., p. 9). FPC owns and operates such units and will continue to do so. Panda Midway proposes to affect directly FPC's operation and dispatch of these generating units.

10. In its Petition and Exhibits, Panda Midway characterizes proposed, future capacity additions by FPC and other Florida utilities that are in the “early planning stages” (where neither construction nor air quality permits have been approved, or no petition for determination of need has been submitted “prior to the Project’s power plant siting application”) as “Uncommitted” resources. (Petition, p. 9 n. 3). In a State where capacity additions are legally limited to those that are “needed,” it is apparent that Panda Midway proposes to beat out FPC’s proposed capacity additions that are currently in the “early planning stages,” thus jeopardizing FPC’s ability to add committed power resources to its own system. This will, in turn, compromise FPC’s ability to provide reliable service to its customers.

11. Alternatively, taking into account the fact that individual utilities like FPC are unable to count toward their reserve margins power plants that are not under contract, Panda Midway proposes to build redundant capacity in Florida, leading to the uneconomic duplication of resources.

12. While characterizing retail-utility proposed units as “Uncommitted” resources, Panda Midway does not hesitate to treat its own proposed plant as a “Committed” resource that may be counted appropriately toward satisfying reserve margins in the FRCC region. (Petition, pp. 9-10 & Exh. F, Table 6). In fact, Panda Midway argues for approval of its Project based on the Project’s asserted contributions towards FRCC reserve margins. (Petition, ¶ 18). This runs directly counter to long-standing Commission policy. The Commission has confirmed time and time again that retail utilities and the FRCC may count only firm power resources toward reserve margins. See e.g., Order No. PSC-93-1715-FOF-EQ; Order No. PSC-96-1076-FOF-EU; FPSC Rule 25-6.035(2). If the Commission were to accept Panda Midway’s position, the obligations of the FRCC (and its member utilities, including FPC) under long-standing Commission policy

would change, and FPC's long-term planning will be detrimentally affected. This, too, necessitates that FPC be afforded leave to intervene.

13. What is more, Panda Midway's proposed merchant plant will create economic distortions in the FRCC region, to the detriment of FPC and its ratepayers. Over the life of the Project, Panda Midway will exact more from FPC's ratepayers than FPC would be permitted or able to exact under cost-of-service regulation. Therefore, even if the Commission were inclined to agree that a need existed for a plant like the proposed Project, the Proposed Project would not provide the most cost-effective alternative to meeting the needs of FPC's ratepayers. To the contrary, development of the Project will have an adverse impact on FPC's ratepayers.

IV. FPC's Standing

14. In order to establish standing to intervene in any proceeding, it is settled that a petitioner must show that (1) it will suffer injury in fact of sufficient immediacy to warrant a hearing, and (2) that the injury is of the type or nature that the proceeding is designed to protect. E.g., Agrico Chemical Co. v. Department of Environmental Regulation, 406 So. 2d 478, 482 (Fla. 2d DCA 1981), review denied, 415 So. 2d 1359 (Fla. 1982). In applying the Agrico test, the Commission "must not lose sight of the reason for requiring a party to have standing in order to participate in a judicial or administrative proceeding": "[T]o ensure that a party has a substantial interest in the outcome" so that "he will adequately represent the interest he asserts" in a proceeding in which that interest is not "totally unrelated to the issues which are to be resolved in the administrative proceeding." Gregory v. Indian River County, 610 So. 2d 547, 554 (Fla. 1st DCA 1992).

15. As noted above, until the Florida Supreme Court resolves the question presently pending before it in the Duke appeal, this Commission's authority under existing law to approve

Panda Midway's request for a need determination remains subject to question. FPC should be permitted to participate in any proceeding that involves this open question and substantially impacts the future of generation resources in this State. Otherwise, the Commission might render a ruling that proves to be contrary to law, and no stakeholder in the current regulatory framework would have standing to challenge the illegal decision.

16. FPC must be given leave to intervene for other reasons as well. As we have explained, Panda Midway proposes to meet the needs of "Peninsular Florida," specifically by selling power to retail utilities, including FPC. FPC serves twenty percent of the retail load of Peninsular Florida. Thus, Panda Midway is seeking, quite plainly, to meet FPC's need. It follows, that FPC is an indispensable party in this proceeding.

17. In addition, Panda Midway proposes to displace the operation of FPC's existing generating units; displace the development of FPC's proposed generating units (still in the "early planning" stages); create an uneconomic duplication of FPC-owned or planned resources; and supplant current policy and utility planning requirements concerning the application of uncommitted capacity toward FRCC reserve margins. Furthermore, the Project would have a detrimental impact on FPC's ratepayers over the life of the proposed generating unit. These concerns are the core concerns of the Florida Electrical Power Plant Siting Act ("PPSA"), §§ 403.501-.518, Fla. Stats., and the need provision of the Florida Electric Energy Conservation Act ("FEECA"), § 403.519, Fla. Stats., and FPC plainly has standing to raise them. If FPC does not, no one else will.

18. The Commission has routinely allowed entities to intervene in need determination proceedings precisely because the substantial interests of those entities will be affected by the proceedings. See, e.g., In re: Joint Petition to Determine Need for Electric Power Plant to be

Located in Okeechobee County by Florida Power & Light Company and Cypress Energy Partners, Ltd. Partnership, 1992 Fla. PUC LEXIS 1631; 92 FPSC 11: 363; Dkt. No. 920520-EQ; Order No. PSC-92-1355-FOF-EQ (Nov. 23, 1992) (recognizing there is a limited need by utilities for additional capacity and energy and that "it is incumbent upon competing alternatives to come forward at a need determination" proceeding); In re: Petition to Determine Need for Proposed Electrical Power Plant in St. Marks, Wakulla County, by City of Tallahassee, 1997 Fla. PUC LEXIS 679; 97 FPSC 6: 115; Dkt. No. 961512-EM; Order No. PSC-97-0659-FOF-EM (June 9, 1997) (granting the Legal Environmental Assistance Foundation, Enpower, Inc., and LS Power LLC leave to intervene in need determination proceeding); In re: Petition of Ark Energy, Inc. and CSW Development-I, Inc. for Determination of Need for Electric Power Plant to be Located in Okeechobee County, FL, 1993 Fla. PUC LEXIS 124; Dkt. No. 920807-GP; Order No. PSC-93-0141-PCO-GP (Jan. 27, 1993) (granting FP&L's petition to intervene in need determination proceeding); In re: Joint Petition to Determine Need for Electric Power Plant to be Located in Okeechobee County by Florida Power & Light Co. and Cypress Energy Partners, Ltd., 1992 Fla. PUC LEXIS 1146; 92 FPSC 8:376; Dkt. No. 920520-EQ; Order No. PSC-92-0830-PCO-EQ (Aug. 18, 1992) (granting Nassau Power Corporation's petition to intervene in need determination proceeding); In re: Petition for Determination of Need for a Proposed Electrical Power Plant and Related Facilities in Polk County by Tampa Electric Company, 1992 Fla. PUC LEXIS 568; 92 FPSC 3: 19; Dkt. No. 910883-EI; Order No. PSC-92-0002-FOF-EI (March 2, 1992) (granting Floridians for Responsible Utility Growth leave to intervene in need determination proceeding); In re: Petition of Florida Power Corporation for Determination of Need for Proposed Electrical Power and Related Facilities, 1991 Fla. PUC LEXIS 1863; 91 FPSC 10:290 (Oct. 15, 1991) (granting Florida Industrial Cogeneration Association, Floridians

for Responsible Utility Growth and Panda Energy Corporation leave to intervene in need determination proceeding).

19. Indeed, the Commission granted FPC and other retail utilities leave to intervene as parties in the Duke case and in the pending case brought by Okeechobee Generating Company, L.L.C. (Docket No. 991462-EU). The result should be no different here.

V. Disputed Issues of Material Fact

20. FPC submits that Panda Midway's Petition is deficient as a matter of law and that it can and should be dismissed summarily. Assuming, however, that the Commission would have proper occasion to consider and determine factual issues, the petition presents numerous disputed issues of material fact. These include, but are not limited to:

- a. Whether and to what extent the power produced by Panda Midway's proposed "merchant plant" would be sold in Florida or outside the State.
- b. Whether and to what extent retail utilities in the State would have any assurance of how, when, where, and on what terms Panda Midway will market power in this State.
- c. Whether the terms of sale for power sold from the Project would be disadvantageous to ultimate consumers in this State, in relation to regulated sales by utilities like FPC.
- d. Whether the Project has a sufficient contract in place for a firm supply of gas.
- e. Whether the Project will absorb or divert natural gas from other power producers in the State, who are committed to serving customers in the State on a long-term basis.
- f. Whether the Project will adversely affect the reliability of the Florida grid.
- g. Whether the Project will be able to meet its projected in-service date given that the appropriate Federal agencies have not approved the construction of a second major trans-Florida gas pipeline.
- h. Whether it is appropriate to consider only supply-side resources to the exclusion of demand-side resources when examining the adequacy of reserve margins planned for individual utilities and/or Peninsular Florida.

- i. Whether Peninsular Florida is in need of more installed capacity than is currently planned by Peninsular Florida retail utilities that are committed to serving retail customers within the State.
- j. Whether FPC and other Peninsular Florida utilities can rely to any extent on uncommitted capacity (such as the proposed capacity of this project) to satisfy their obligation to provide reliable electric service to retail customers in the State.
- k. Whether the Project's in-service date coincides with any need in the State for generation in addition to that which is already planned by Peninsular Florida's retail-load-serving utilities.
- l. Whether Panda Midway has properly estimated the availability of the Project's uncommitted capacity to ultimate consumers in the State.
- m. Whether the Petition complies with the Commission's rules.
- n. Whether the proposed Project would satisfy the statutory criteria of need.
- o. Whether the proposed Project would reliably meet the need of any particular retail utility in Peninsular Florida for firm capacity to meet its statutory obligation to serve.
- p. Whether the proposed Project would constitute the most cost effective means for any particular retail utility or any collection of utilities reliably to meet their need for firm power resources.

I. Ultimate Facts Alleged

21. This proceeding will affect FPC's substantial interests in the respects identified in paragraphs 1-19 above, which are incorporated by reference herein.

22. The proposed Project would not satisfy the applicable statutory standards of need.

23. The proposed Project would not meet any identified retail utility's need for firm resources to meet its obligation to serve.

24. The proposed Project would not provide the most cost-effective means for any retail utility to meet in a reliable manner its obligation to serve.

25. Panda Midway has not satisfied and cannot satisfy the requirements of the Florida Energy Efficiency Conservation Act ("FEECA"), including those set forth in Section 403.519 of

that law, that a petitioner for a determination of need first demonstrate that it has taken reasonable measures to avoid the construction of new generating facilities and has otherwise engaged in appropriate conservation measures.

26. Panda Midway is incapable of having a “need” for generating capacity within the meaning of Section 403.519 since Panda Midway has no obligation to serve. Panda Midway’s only need is a need for profits.

27. The proposed Project would not contribute to the reserve margins of any particular retail utility in Florida or of the retail utilities in Peninsular Florida.

28. The proposed Project would necessarily create environmental impacts in Florida without a countervailing demonstration of true “need,” as that term is used in Section 403.519 and authoritatively construed by the Florida Supreme Court.

29. Panda Midway has no contractual commitments whatsoever with any retail utility in Florida and thus utterly fails to satisfy the requirements established by the Florida Supreme Court as a precondition of standing for any IPP under Section 403.519 and the Florida Electric Power Plant Siting Act.

30. Panda Midway’s plans to sell its output in Florida are speculative and unenforceable.

31. Panda Midway is not an “electric utility” or “utility” as that term is used in the applicable Florida statutes.

32. The Commission would not have regulatory jurisdiction over Panda Midway. If Panda Midway should choose to resist the Commission’s attempt to exercise jurisdiction over it, the Commission would be powerless to stop it.

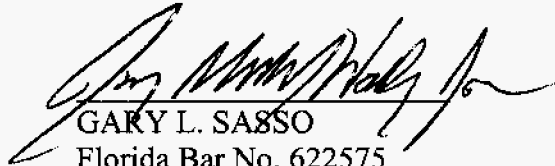
WHEREFORE, FPC respectfully petitions for leave to intervene and participate as a full party respondent to this proceeding.

Dated this 24th day of March 2000.

Respectfully submitted,

JAMES A. McGEE
Senior Counsel
FLORIDA POWER CORPORATION
P.O. Box 14042
St. Petersburg, Florida 33733
Telephone: (727) 820-5184
Facsimile: (727) 820-5519

FLORIDA POWER
CORPORATION



GARY L. SASSO
Florida Bar No. 622575
Jill H. Bowman
Florida Bar No. 057304
CARLTON, FIELDS, WARD,
EMMANUEL, SMITH & CUTLER
Post Office Box 2861
St. Petersburg, FL 33731
Telephone: (727) 821-7000
Telecopier: (727) 822-3768

- and -

Robert W. Pass
Florida Bar No. 183169
CARLTON, FIELDS, WARD,
EMMANUEL, SMITH & CUTLER, P.A.
P.O. Drawer 190
Tallahassee, FL 32302-0190
Telephone: (850) 224-1585
Facsimile: (850) 222-0398

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing FLORIDA POWER CORPORATION'S PETITION TO INTERVENE has been furnished by U.S. Mail to the following parties of record this 24th day of March, 2000.


Attorney

PARTIES OF RECORD:

Suzanne Brownless, Esq.
1311-B Paul Russell Road, Ste. 201
Tallahassee, FL 32301
Phone: (850) 877-5200
Fax: (850) 878-0090
Attorneys for Panda Midway Power Partners,
L.P.

Steven W. Crain, P.E.
Panda Midway Power Partners, L.P.
4100 Spring Valley, Ste. 1001
Dallas, Texas 75244

Bill Feaster
Florida Power & Light Company
810 First Florida Bank
215 S. Monroe Street
Tallahassee, FL 32301-1888

Jon Moyle, Jr.
Moyle Law Firm
118 North Gadsden Street
Tallahassee, FL 32301

Regional Planning Council #10
Michael Busha
301 E. Ocena Blvd., Ste. 300
Stuart, FL 34994
Phone: (561) 221-4060
Fax: (561) 221-4067

Paul Darst
Department of Community Affairs
Division of Local Resource Planning
2740 Centerview Drive
Tallahassee, FL 32399-2100
Phone: (850) 488-8466
Fax: (850) 921-0781

Department of Environmental Regulation
Gary Smallridge
2600 Blairstone Road
Tallahassee, FL 32399-2400
Phone: (850) 487-0472