

**ORIGINAL  
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power & Light Company for inclusion of the Scherer Unit No. 4 purchase in rate base, including an acquisition adjustment.

DOCKET NO. 900796-EI

STAFF'S PREHEARING STATEMENT

The Staff of the Florida Public Service Commission files its Prehearing Statement as follows:

a. All Known Witnesses

None at this time.

b. All Known Exhibits

None at this time.

c. Staff's Statement of Basic Position

None at this time.

d. Staff's Position on the Issues

ISSUE 1: Should the difference between FPL's purchase price and Georgia Power's net original cost of Scherer Unit 4 be given rate base treatment as an acquisition adjustment on a pro rata basis consistent with the phased purchase of the unit?

STAFF POSITION: No position at this time.

ISSUE 2: Does FPL, as an individual utility interconnected with the statewide grid, exhibit a need for the additional capacity provided by Scherer Unit 4?

STAFF POSITION: No position at this time.

ISSUE 3: Is the capacity to be provided by the purchase of Scherer Unit 4 reasonably consistent with the needs of

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG 5
- LIN 6
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 7
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

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Peninsular Florida, taking into consideration timing, impacts on the reliability and integrity of the Peninsular Florida grid, cost, fuel diversity and other relevant factors?

STAFF POSITION: No position at this time.

ISSUE 4: How will the proposed purchase of Scherer Unit 4 affect the reliability and integrity of FPL's electric system?

STAFF POSITION: No position at this time.

ISSUE 5: How will the proposed purchase of Scherer Unit 4 affect the adequacy of the fuel diversity for FPL's system?

STAFF POSITION: No position at this time.

ISSUE 6: Has FPL reasonably considered alternative supply side sources of capacity?

STAFF POSITION: No position at this time.

ISSUE 7: Does FPL's power supply plan reasonably consider the ability of conservation or other demand side alternatives to mitigate the need for the capacity represented by the purchase of Scherer Unit 4?

STAFF POSITION: No position at this time.

ISSUE 8: Is the purchase of Scherer Unit 4 the most cost-effective means of meeting FPL's capacity needs, taking into account risk factors that are part of the cost-effectiveness analysis?

STAFF POSITION: No position at this time.

ISSUE 9: Will FPL be able to deliver electricity from Scherer Unit No. 4 to its load centers in the same time frames in which it is proposing to add investment to rate base?

STAFF POSITION: No position at this time.

ISSUE 10: If any transmission facilities and/or upgrades are required to accommodate the purchases of energy and capacity already under contract to FPL and the proposed Scherer

purchase, what is the cost of such transmission facilities and/or upgrades and who will bear such cost?

STAFF POSITION: No position at this time.

ISSUE 11: Are the fuel supply and transportation costs presented in FPL's economic analysis for Scherer Unit 4 reasonable and prudent?

STAFF POSITION: No position at this time.

ISSUE 12: Does the schedule being followed by the Commission in this case afford all interested parties adequate opportunity to protect their interests?

STAFF POSITION: No position at this time.

ISSUE 13: What effect, if any, does the Scherer Unit 4 purchase have on the Southern/Florida interface?

STAFF POSITION: No position at this time.

ISSUE 14: Under what circumstances should the portion of the purchase price of assets in excess of book value (the "acquisition adjustment") be given "rate base treatment," such that amortization may be included in operating expenses and the unamortized acquisition adjustment may be included in rate base?

STAFF POSITION: No position at this time.

LEGAL ISSUES:

ISSUE 15: Can the Commission authorize the inclusion of the projected investment in Scherer Unit No. 4 in FPL's rate base in advance of FPL's assumption of ownership of the unit?

STAFF POSITION: No position at this time.

ISSUE 16: Should the Commission address in this docket transmission access disputes that may arise from the Scherer Unit 4 purchase?

STAFF POSITION: No position at this time.

ISSUE 17: Does the contract which Nassau Power Corporation has with FPL for 435 MW of energy and capacity give Nassau priority to the transmission capacity which FPL plans to use for the proposed Scherer purchase?

STAFF POSITION: No position at this time.

ISSUE 18: Is it FPL's responsibility to provide adequate transmission capacity for the 435 MW of capacity and energy which Nassau will sell to FPL pursuant to the contract between Nassau and FPL?

STAFF POSITION: No position at this time.

ULTIMATE ISSUES:

ISSUE 19: Is the purchase of an undivided ownership interest in Scherer Unit No. 4 a reasonable and prudent investment necessary to enable FPL to meet its forecast 1996 system load requirements?

STAFF POSITION: While a tentative finding of prudence may ultimately be reached, the Commission should reserve its final determination until FPL has entered into a final contract, complete with maintenance and fuel agreements, and FPL seeks to reflect the effect of the purchase in rates.

ISSUE 20: Should FPL be authorized to include the purchase price of its undivided share of Scherer Unit No. 4, including the acquisition adjustment, in rate base?

STAFF POSITION: While a tentative finding of prudence may ultimately be reached, the Commission should reserve its final determination until FPL has entered into a final contract, complete with maintenance and fuel agreements, and FPL seeks to reflect the effect of the purchase in rates.

ISSUE 21: In the event FPL's petition is approved, should the Commission impose guarantee requirements on the electrical output of the unit and delivery to FPL and limit the amount of total investment, operation and maintenance expenses and fuel costs that will be allowed for recovery through rates?

STAFF POSITION: No position at this time.

e. Pending Motions

At this time there is a Motion For Reconsideration of Order Granting Intervention and Motion In Opposition To Florida Municipal Power Agency's Petition for Leave to Intervene pending. Oral arguments will be heard on this motion immediately before the hearing on December 11, 1990.

f. Other Matters

None at this time.

Respectfully submitted this 28th day of November , 1990.

  
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