



Original

**Florida
Power**
CORPORATION

R. ALEXANDER GLENN
CORPORATE COUNSEL

October 1, 1997

BY OVERNIGHT MAIL

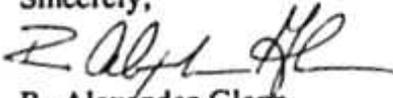
Ms. Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 971059-EI

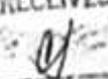
Dear Ms. Bayó:

Enclosed for filing in the subject docket are an original and fifteen (15) copies of the Prehearing Statement of Florida Power Corporation.

Please acknowledge your receipt of the above filing on the enclosed copy of this letter and return to the undersigned. Also enclosed is a 3.5 inch diskette containing the above-referenced document in WordPerfect 5.1 format. Thank you for your assistance in this matter.

Sincerely,

R. Alexander Glenn

- ACK 1
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG 2 RAG/mgc
- LEG 2 Enclosures
- LIN 3
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER - DATE
10115 OCT-26

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to Determine Need
for Existing Tiger Bay Electrical
Power Plant and Nominal Electrical
Capacity Increase to that Plant by
Florida Power Corporation.

Docket No. 971059-EI

Submitted for filing:
October 2, 1997

**PREHEARING STATEMENT OF
FLORIDA POWER CORPORATION**

Florida Power Corporation ("Florida Power"), pursuant to Rule 25-22.038,
Florida Administrative Code, hereby submits its Prehearing Statement in this
matter and states as follows:

A. APPEARANCES

R. ALEXANDER GLENN, Esquire, Florida Power Corporation, 3201 34th
Street South, Post Office Box 14042, St. Petersburg, FL 33733-4042;

On behalf of Florida Power Corporation

B. WITNESSES

WitnessSubject Matter

Lee G. Schuster

Need for the existing Tiger Bay cogeneration
facility and the nominal 10-12 MW capacity
increase.

C. EXHIBITS

Exhibit NumberWitnessDescription

LGS-1

Lee G. Schuster

PROMOD Case Comparison

D. STATEMENT OF BASIC POSITION

A need exists for the existing Tiger Bay cogeneration facility and the nominal 10-12 MW capacity increase to that facility.

E. STATEMENT OF ISSUES AND POSITIONS

Issues of Fact

1. **ISSUE:** Will Florida Power Corporation's Tiger Bay facility, and the 12 MW increase of steam electric capacity contribute to the electric system reliability and integrity of Florida Power Corporation and Peninsular Florida?

FPC: Yes. The Commission, in previous proceedings, has -- as a practical matter -- confirmed that the facility contributes to electric system reliability and integrity. In this regard, removing Tiger Bay's 236 MW of generation from service would immediately reduce reserve margins and therefore adversely affect system reliability and integrity. Similarly, by adding 10-12 MW of additional capacity, FPC will enhance reserve margins and contribute to system reliability and integrity.

2. **ISSUE:** Will Florida Power Corporation's Tiger Bay facility, and the additional 12 MW increase of steam electric capacity contribute to the provision of adequate electricity to FPC and Peninsular Florida at a reasonable cost?

FPC: Yes. The Commission's prior approval of Florida Power's cogeneration contracts and subsequent purchase of the Tiger Bay facility and recovery of fuel costs through the Fuel Clause, necessarily implies that the facility contributes to the provision of electricity at a reasonable cost. The nominal 10-12 MW increase will result in capturing steam that is currently being vented and increase steam pressure by 5%, will not involve any material operational changes or equipment additions to the plant, and will be accomplished at no additional cost to the ratepayer. This enhancement will bring benefits, in the form of additional, reliable generating capacity, to Florida Power's customers at no additional cost. Additionally, Florida Power will be able to substitute the low cost energy associated with this capacity for the more expensive power generated from its other generation sources, thus passing on these fuel savings to its ratepayers.

3. **ISSUE:** Has Florida Power Corporation demonstrated that its Tiger Bay facility, and the additional 12 MW increase of steam electric capacity is the most cost-effective alternative available?

FPC: Yes. With respect to the facility as a whole, the Commission in its previous orders has essentially confirmed that the Tiger Bay facility was the most cost-effective alternative. Similarly, the nominal 10-12 MW increase represents the most cost-effective alternative to new construction or purchase of power from all feasible and prudent alternatives. The additional capacity increase is essentially free to the ratepayers and will, in fact, reduce their costs. There can be no more cost-effective alternative than the one now proposed by FPC.

4. **ISSUE:** Are there any conservation measures taken by or reasonably available to Florida Power Corporation which might mitigate the need for the Tiger Bay facility, and the additional 12 MW of steam electric capacity?

FPC: No. Obtaining capacity from a cogeneration facility is a recognized conservation measure under Section 366.82, Florida Statute. Further, there are no known or reasonably available conservation measures which could reduce Florida Power's system load by approximately 220 MW on a continuous, sustained basis.

5. **ISSUE:** How will the additional 12 MW of steam electric capacity at the Tiger Bay facility affect the stipulation between FPC, the Office of Public Counsel, and the Florida Industrial Power Users Group in Docket No. 970096-EQ?

FPC: Generation from the Tiger Bay facility related to the 10-12 MW capacity increase will have no material effect on the above referenced stipulation. The stipulation provides that, following closing of the transaction, FPC shall continue to recover costs from FPC's ratepayers as if the Tiger Bay purchased power agreements were still in effect. Any incremental increase in generation will be treated in the same manner as all other generation from the Tiger Bay facility.

6. **ISSUE:** Based on the resolution of the previous factual and legal issues, should Florida Power Corporation's petition for determination of need for the Tiger Bay facility, and the 12 MW increase in steam electric capacity be granted?

FPC: Yes.

Questions of Law

FPC: None at this time.

F. STATEMENT OF ISSUES STIPULATED BY THE PARTIES

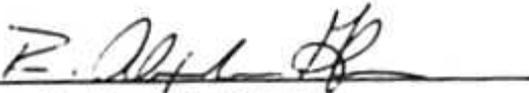
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G. STATEMENT OF PENDING MOTIONS

None at this time.

Respectfully submitted,

OFFICE OF THE GENERAL COUNSEL
FLORIDA POWER CORPORATION

By 

R. Alexander Glenn
Post Office Box 14042
St. Petersburg, FL 33733-4042
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Facsimile: (813) 866-4931

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CERTIFICATE OF SERVICE

Docket No. 971059-EI

I HEREBY CERTIFY that a true and correct copy of the Prehearing Statement of Florida Power Corporation has been sent by overnight courier to Leslie Paugh, Esquire, Bureau of Electric and Gas, Florida Public Service Commission, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399 on October 1, 1997.


R. Alexander Glenn

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to Determine Need
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Capacity Increase to that Plant by
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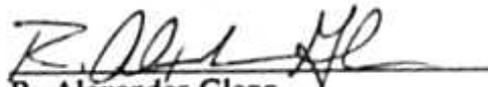
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