

MEMORANDUM

April 10, 1998

RECEIVED

10:15

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TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (CRUZ-BUSTILLO) ^{JCB} RVE

RE: DOCKET NO. 980069-EI - PETITION BY FLORIDA POWER & LIGHT COMPANY FOR APPROVAL OF INTERCONNECTION AGREEMENT WITH METROPOLITAN DADE COUNTY.

98-0499-FOF-EI

Attached is a NOTICE OF PROPOSED AGENCY ACTION ORDER APPROVING INTERCONNECTION AGREEMENT BETWEEN FLORIDA POWER AND LIGHT COMPANY AND METROPOLITAN DADE COUNTY, with attachments, to be issued in the above referenced docket. (Number of pages in order - 5)

JCB/anr
 Attachment
 cc: Division of Electric and Gas
 I: 980069.ord

*7 - Attached with
 4/10/98*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida
Power & Light Company for
approval of interconnection
agreement with Metropolitan Dade
County.

DOCKET NO. 980069-EI
ORDER NO. PSC-98-0499-FOF-F1
ISSUED: April 10, 1998

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION - ORDER APPROVING
INTERCONNECTION AGREEMENT BETWEEN FLORIDA POWER AND
LIGHT COMPANY AND METROPOLITAN DADE COUNTY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed herein is preliminary in
nature and will become final unless a person whose interests are
substantially affected files a petition for a formal proceeding,
pursuant to Rule 25-22.029, Florida Administrative Code.

Metropolitan Dade County (MDC) intends to construct and
operate an electrical generation facility consisting of three 900
kilowatt engine driven generators. The facility will be located at
MDC's South Dade Wastewater Treatment Plant (SDWWTP), and will be
fueled by scrubbed methane gas, a by-product of sewage treatment
processing. The facility has received qualifying facility status.
MDC wishes to interconnect the facility with Florida Power and
Light Company's (FPL) system. MDC intends to use the output of the
facility to self-serve a portion of the load at the South Dade
Wastewater Treatment Plant. The remainder of the load will be
served by FPL.

On January 13, 1998, FPL filed a petition for approval of a
negotiated interconnection agreement between FPL and MDC. Pursuant
to the agreement, MDC will bear all expenses required to design,
engineer, modify, upgrade, install and construct the facilities

DOCUMENT NO. 98-0499-FOF-F1

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necessary to interconnect the MDC generating facility with FPL's system in a safe and reliable manner. The agreement will continue until December 31, 2014, with automatic two year extensions unless FPL or MDC elects to terminate the agreement.

Upon review, we find that the terms set forth in the agreement comply with the Commission's rules and do not adversely impact FPL's system reliability or its costs of providing electric service to its ratepayers. Therefore, the negotiated interconnection agreement should be approved.

In addition to general interconnection provisions, the agreement contains the following terms and conditions.

1. Cost of Interconnection: FPL has estimated that the cost of interconnecting MDC's generating facility with FPL's system will be approximately \$95,000. The agreement provides for an interconnection cost cap of \$114,000 to account for contingencies. MDC will reimburse FPL for all costs of interconnection up to \$114,000. MDC's obligation will not exceed the cost cap without the mutual agreement of MDC and FPL.

2. Specified Load and Generation Control Service Charge: MDC's generating facility will operate in parallel with FPL's distribution system. Therefore, any instantaneous increase or decrease in electrical output from MDC's generating units will automatically cause an opposite compensating adjustment in the output of FPL's generators.

Under the agreement, MDC will be assessed a Specified Load and Generation Control Service (SLGC) charge to compensate FPL for deviations in the output of MDC's generating units. This deviation, or hourly control swing, is the difference between the highest and lowest instantaneous demand (measured in kW) received and recorded by FPL during each hour. A daily SLGC charge is calculated by multiplying the greatest hourly control swing times the Control Service Daily Demand Charge Rate. The Monthly SLGC charge is then calculated by multiplying the sum of the daily SLGC charges times the percentage of MDC's total load which is served by the MDC generating facility.

Commission approval of the agreement between FPL and MDC is required because the agreement contains the SLGC charge. The Control Service Daily Demand Charge Rate used in the SLGC charge calculation is not contained in any FPL tariff. The rate is based on FPL's cost of generation and transmission to respond to real-

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time fluctuations in the output of MDC's generating facility. FPL's estimate of these costs relies on the revenue requirements, billing determinants and loss factors approved by the Commission in FPL's last rate case (Docket No. 830456-EI, Order No. 13537).

FPL's assessment of a SLGC charge in the MDC interconnection agreement is calculated the same as its assessment of a SLGC charge to MM Tomoka Farms under the terms of an interconnection agreement approved by the Commission in Order No. PSC-97-1484-FOF-EQ, issued November 24, 1997. It is also similar in concept to FPL's assessment for regulation service to Georgia-Pacific (Order No. PSC-92-0790-FOF-EQ, issued August 10, 1992) and Lee County (Order No. PSC-93-0265-FOF-EQ, issued February 22, 1993) under the terms of interconnection agreements approved by the Commission.

3. Liability Insurance: Under the agreement, FPL will purchase an Owner's Protective Liability Insurance Policy in MDC's behalf for \$1 million for claims arising as a result of the agreement. MDC has agreed to reimburse FPL for the policy's premium assessments and deductibles.

Upon consideration, we find that, the terms and conditions as set forth in the negotiated interconnection agreement are appropriate. They conform to provisions of the Commission's rules and do not adversely affect the reliability or cost of providing service to FPL's ratepayers. Therefore, we find that the interconnection agreement between FPL and MDC should be approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the interconnection agreement between Florida Power and Light Company and Metropolitan Dade County is approved. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

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By ORDER of the Florida Public Service Commission this 10th
day of April, 1998.

Blanca S. Bayo

BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

JCB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 1, 1998.

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In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.