

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Review of Florida Power & Light)
Company's proposed merger with Entergy)
Corporation, the formation of a Florida)
transmission company ("Florida transco"),)
and their effect on FPL's retail rates.)

DOCKET NO. 001148-EI

In Re: Review of Florida Power)
Corporation's earnings, including)
effects of proposed acquisition of)
Florida Power Corporation by)
Carolina Power & Light)

DOCKET NO. 000824-EI

In Re: Review of Tampa Electric)
Company and impact of its)
participation in GridFlorida, a)
Florida Transmission Company, on)
TECO's retail ratepayers)

DOCKET NO. 010577-EI

Filed: September 10, 2001

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Twomey, Hansen, Sugarmill Woods Joint Prehearing Statements

Thomas P. Twomey and Genevieve E. Twomey, Buddy L. Hansen and Sugarmill Woods Civic Association, Inc., pursuant to Order No. PSC-01-1485-PSC-EI, Issued: July 16, 2001, Order No. PSC-01-1549-PCO-EI, Issued: July 26, 2001, and Order No. PSC-01-1641-PCO-EI, Issued, August 10, 2001, submit their Joint Prehearing Statement in the above-styled dockets:

(a) The name of all known witnesses that may be called by the party, and the subject matter of their testimony;

Response: No witnesses.

(b) A description of all known exhibits that may be used by the party, whether they may be identified on a composite basis, and the witness sponsoring each;

Response: None at this time.

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(c) A statement of basic position in the proceeding;

Response: The utilities' formation and participation in GridFlorida appears to result in a net increase in costs to provide the same level of transmission services currently being offered by these utilities under the status quo. The promoted benefits to be achieved by GridFlorida, to the extent they will actually be realized, can be obtained without GridFlorida through greater coordination of activities by these and other utilities through existing regulatory methods. Participation in GridFlorida is strictly a voluntary action and, thus, the utilities should not be heard to argue that all their resulting investments and costs should be recovered from jurisdictional customers, irrespective of whether or not the benefits of GridFlorida exceed its costs. Since participation is voluntary, not mandatory, the utilities must demonstrate that the benefits to each utility's jurisdictional, firm customers from participation exceed, or at worst equal, the costs of participation. Any net economic costs or other detriments resulting from participation should be denied from recovery through jurisdictional rates and left to burden each utilities' shareholders as the result of managerial discretion.

(d) A statement of each question of fact the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue;

Response: See positions to issues established by Commission order below.

(e) A statement of each question of law the party considers at issue and the party's position on each such issue;

Response: See positions to issues established by Commission order below.

(f) A statement of each policy question the party considers at issue, the party's position on each such issue, and which of the party's witnesses will address the issue;

Response: See positions to issues established by Commission order below.

Issues required to be addressed by Commission Order

ISSUES

Issue 1: Is participation in a regional transmission organization (RTO) pursuant to FERC Order No. 2000 voluntary?

Position: Participation in a regional transmission organization by Florida's investor-owned utilities is entirely voluntary, requiring that these utilities must clearly demonstrate that their jurisdictional customers receive net economic benefits, or, at a minimum, are treated neutrally, if jurisdictional customers are to be required by the Commission to pay the substantial start-up and transitional costs predicted by the utilities or any net increase in annual operating costs.

Issue 2: What are the benefits to Peninsular Florida associated with the utility's (FPC, FPL, or TECO) participation in GridFlorida?

Position: The stated benefits to be realized by Peninsula Florida associated with the utilities' participation are clearly only potential in nature and vague as well. Furthermore, it is not clear that the benefits promoted by the utilities to be gained by their participation in GridFlorida could not be realized at a smaller cost without the formation of GridFlorida.

Issue 3: What are the benefits to the utility's ratepayers of its participation in GridFlorida?

Position: Benefits to the jurisdictional, especially residential, customers of these utilities, let alone "net benefits," resulting from the utilities' participation in GridFlorida have not been adequately demonstrated.

Issue 4: What are the estimated costs to the utility's ratepayers of its participation in GridFlorida?

Position: These customer parties, will for the moment, accept each utilities' statement of estimated costs to its ratepayers for its participation in GridFlorida, to include the stated increases in jurisdictional rates..

Issue 5: Is TECO's/FPL's decision to transfer ownership and control of its transmission facilities of 69 kV and above to GridFlorida appropriate?

and

Is FPC's decision to transfer operational control of its transmission facilities of 69 kV and above to GridFlorida while retaining ownership appropriate?

Position: Based upon the "evidence" presented to date, it is difficult to ascertain whether transferring ownership (TECO/FPL) or retaining ownership (FPC) is the most appropriate manner in which a utility should participate in GridFlorida. Despite the testimony submitted thus far, it would appear that there should only be one "most appropriate," or preferable ownership decision and that, therefore, both the TECO/FPL and FPC decisions cannot be correct. The "prudent" course of ownership should be the one that results in the least cost for transmission service to be charged back to the utilities' jurisdictional customers. Under no circumstances should the sale of transmission-related assets to GridFlorida or the

transfer of operational control result in a return on investment on those assets to either the for-profit GridFlorida or FPC that is greater than the reasonable and prudent amount required under the Commission's "rate of return regulation" under current conditions. Lastly, it would appear that the sale of assets will be more difficult to reverse than a mere transfer of control of assets should the GridFlorida experience prove unrewarding.

Issue 6: Is the utility's decision to participate in GridFlorida prudent?

Position: Based upon the start-up costs predicted by the utilities and the resulting increases in jurisdictional rates, it appears that these utilities' jurisdictional customers will receive net economic detriments by their utilities' participation in GridFlorida and that, therefore, each utilities' participation should be found to be imprudent.

Issue 7: What policy position should the Commission adopt regarding the formation of GridFlorida?

Position: The Commission should take the position that no utility should be allowed to sell or transfer its transmission-related assets, or even transfer operational control over those assets, if doing so will result in any diminution of the utility's ability to provide jurisdictional service at current levels of reliability or cost (assuming reasonable and fair rates set under current conditions). To the extent the Commission lacks the jurisdiction to legally prevent the sale or transfer of transmission assets or their operational control, it should take the position that any net increases in costs resulting from the transactions shall be denied from recovery through jurisdictional retail rates.

Issue 8: Is Commission authorization required before the utility can unbundle its retail electric service?

Position: Yes.

Issue 9: Is Commission authorization required before the utility can stop providing retail transmission service?

Position: Yes.

Issue 10: Is Commission authorization required before the FPC can transfer operational control of its retail transmission assets?

Position: Yes.

Issue 11: Is a Regional Transmission Organization for the Southeast region of the United States a better alternative for Florida than the GridFlorida RTO?

Position: No. A reduction of local, state control by this Commission by transfer of jurisdiction to the FERC is undesirable. Given Florida's peninsular geography and its relatively limited import/export transmission capacity, it is preferable that the state's transmission activities be regulated on a state/peninsular basis, as opposed to a multi-state, regional basis.

(g) A statement of issues that have been stipulated to by the parties;

Response: None.

(h) A statement of all pending motions or other matters the party seeks action upon;

Response: None.

(I) A statement identifying the parties' pending requests or claims for confidentiality;

Response: None.

and

- (j) A statement as to any requirement set forth in this order that cannot be complied with, and the reasons therefore.

Response: None.

Respectfully submitted,

/s/ Michael B. Twomey

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Joint Prehearing Statement has been furnished to the following this 10th day of September, 2001, either by facsimile* or U.S.

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