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Florida House of Representatives

Dean Saunders
Representative, 63rd District

September 14, 1994

Committees
Agriculture & Consumer Services
Consumer Affairs, Chair
Appropriations
Governmental Operations
Natural Resources
Community Affairs

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32301

ORIGINAL
FILE COPY

RE: Amendment to Standard Offer contracts of Florida Power Corporation and Auburndale Power Partners, Limited Partnership, Docket No. 940819-EQ

Dear Ms. Bayo:

I am writing to express my concern regarding a staff recommendation that could have a devastating effect on cogeneration projects in Polk County if adopted by the Commission. On July 18, 1994 I wrote you in response to the staff recommendation issued in Docket No. 940378-EQ. Auburndale Power Partners, Limited Partnership ("APP") and Florida Power Corporation ("FPC") subsequently withdrew the joint petition for declaratory statement that was the subject of that proceeding and filed a Joint Petition for expedited Approval of Contract Modifications (the "Joint Petition") which is the subject of Docket No. 940819-EQ.

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Staff's recommendation of September 8, 1994 in Docket No. 940819-EQ advises the Commission not to approve the transaction assigning the LFC NO. 47 Corp. ("LFC") Standard Offer Contracts to APP. Staff's recommendation gives no consideration at all to the substantial benefits that our community will realize as a result of the transaction. APP's Auburndale Facility currently benefits Polk County through the creation of jobs, investment, and tax revenue. This transaction will enhance these benefits by providing from the sale of additional power by APP to FPC from APP's Auburndale facility.

The recommendation also fails to give adequate consideration to the substantial benefits that will be realized by FPC's customers. It is my understanding that FPC provided data to the Commission sufficient to demonstrate that the assignment of the Standard Offer Contracts to APP will save FPC's ratepayers over \$46 million throughout the life of the contracts, with the net present value of those savings being over \$12.8 million. Staff's refusal to acknowledge those benefits runs counter to the Commission's past consideration of other cogeneration contract modifications.

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FPSC-RECORDS/REPORTING

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In previous proceedings, the Commission has approved modifications to cogeneration contracts that were estimated to result in only modest savings to the ratepayers or that were estimated to result in a potential loss to the ratepayers. In Order No. PSC-92-0129-FOF-EQ, the Commission approved a standard offer contract that was renegotiated by CFR-Biogen and FPC that would only yield a savings to FPC's ratepayers of \$7 million over the life of the contract. In Order No. 17615, the Commission approved a renegotiated cogeneration contract between Conserv and Tampa Electric Company when staff's analysis showed that the modifications to the original contract could result in a potential negative ratepayer impact of \$14,259 to \$107,064. Staff's recommendation that the Commission not approve the modifications to the LFC Standard Offer Contracts cannot be reconciled with these previous orders of the Commission. It is clear that the benefits FPC's ratepayers will realize from the assignment of the LFC Standard Offer Contracts to APP will far outweigh the benefits of these other contract modifications which the Commission has previously approved.

I am respectfully urging the Commission to provide APP and FPC fair and consistent regulatory treatment by applying the same standards to the Joint Petition as the Commission has applied in other proceedings involving modifications to cogeneration contracts. When such standards are applied in this proceeding, I firmly believe that the benefits of the assignment of the FLC Standard Offer Contracts to APP should justify the approval of the Joint Petition.

Thank you for your consideration. If you have questions regarding my comments, please do not hesitate to contact me.

With warm regards, I am

Sincerely,


Dean Saunders
State Representative

DS/pb

cc: Chairman J. Terry Deason
Commissioner Susan F. Clark
Commissioner Julia L. Johnson
Commissioner Diane K. Kiesling
Commissioner Joe Garcia
Mr. Rob Vandiver
Mr. Joseph Jenkins
Mr. J. Bradford Hines
Mr. Herb Brown
Mr. John Marks