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February 28, 2000

OF COUNSEL: CHARLES F. DUDLEY

GOVERNMENTAL CONSULTANTS: PATRICK R. MALOY AMY J. YOUNG

Ms. Blanca S. Bayo, Director Division of Records and Reporting Florida Public Service Commission 2540 Shumard Oak Boulevard Betty Easley Conference Center, Room 110 Tallahassee, Florida 32399-0850

Re: Docket No. 991680-EI

Dear Ms. Bayo:

Enclosed herewith for filing in the above-referenced docket on behalf of Florida Power & Light Company ("FPL") are the following documents:

and

AFA

APP

CMU GTR EAG

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OTH

1. The original and fifteen copies of FPL's Amended Answer and Affirmative Defenses;

2. A disk in Word Perfect 6.0 containing a copy of the document.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

Sincerely,

Kenneth A. Hoffman

KAH/rl Enclosures

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> DOCUMENT NUMPER-DATE 02653 FEB288 FPSC-RECORDS/REPORTING

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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COMPLAINT BY THE COLONY BEACH & TENNIS CLUB, INC. AGAINST FLORIDA POWER & LIGHT COMPANY REGARDING RATES CHARGED FOR SERVICE BETWEEN JANUARY 1988 AND JULY 1998, AND REQUEST FOR REFUND.

a.

Docket No. 991680-EI

Filed: February 28, 2000

FLORIDA POWER & LIGHT COMPANY'S AMENDED ANSWER AND AFFIRMATIVE DEFENSES

Florida Power & Light Company ("FPL"), by and through its undersigned counsel, Florida Administrative Code, hereby files its Amended Answer and Affirmative Defenses to the Complaint filed by Colony Beach & Tennis Club, Inc. ("Colony Beach"). The Amended Answer and Affirmative Defenses set forth herein are the same as those reflected in FPL's Answer and Affirmative Defenses filed December 20, 1999, with the exceptions that: (1) original Affirmative Defense 2 is withdrawn and FPL has restated its statute of limitations defense under Section 95.11(2)(b), Florida Statutes, to reflect its position that Colony Beach is barred from attempting to reform the tariffed, contractual rates for residential service agreed to by the parties and in effect from January 1988 through June 1998 (Affirmative Defense 2); (2) original Affirmative Defense 3 is withdrawn and replaced with an affirmative defense asserting the Commission's lack of jurisdiction to grant the relief sought by Colony Beach; and (3) FPL has substituted the word "late" for "early" in paragraph 3(e) of its Answer and added clarifying language to Affirmative Defense 5.

ANSWER

1. With respect to paragraph I of the Complaint, FPL denies that application of Rules 25-6.093(2) and 25-6.049(5)(a)(3), Florida Administrative Code, provide a basis for a refund from

DOCUMENT NUMBER-DATE 02653 FEB 288 FPSC-RECORDS / REPORTING FPL under the facts alleged in the complaint.

2. With respect to paragraph II of the Complaint, FPL admits that the two rules cited above were adopted consistent with the authority granted to the Commission under Section 366.05(1), Florida Statutes but denies that Colony Beach is entitled to a refund pursuant to said rules.

3. With respect to paragraph III of the Complaint, FPL alleges as follows:

a. FPL admits that the Certificate and Agreement of Limited Partnership for Colony Beach & Tennis Club, Ltd. states that "[t]he Partnership is formed for the primary purpose of operating and managing as rental accommodations in a beach resort and tennis club, 232 hotel condominium units..." in Longboat Key, Florida. FPL also admits that the Certificate of Agreement of Limited Partnership permits each limited partner to occupy any unit rent-free for no more than thirty days out of each calendar year. FPL is without knowledge and therefore denies whether the Certificate of Agreement of Limited Partnership remains in full force and effect today and demands strict proof thereof. FPL is without knowledge and therefore denies the allegation that Colony Beach has no permanent residents, other than management personnel, and demands strict proof thereof.

b. FPL is without knowledge and therefore denies the allegation that Colony Beach has continuously operated as a hotel pursuant to Section 509.242(1)(a), Florida Statutes, with no permanent residents (other than management) since its inception in 1976 and demands strict proof thereof. FPL is without knowledge and therefore denies the allegation that Colony Beach has been licensed with the State of Florida, Department of Business Regulation as a hotel/motel and restaurant prior to 1988 and demands strict proof thereof. FPL is also without knowledge and therefore denies the allegation that Colony Beach has been licensed and/or registered with the City of Longboat Key as a hotel/motel prior to 1988 and demands strict proof thereof. FPL is without knowledge and therefore denies the allegation that Colony Beach has been licensed with Sarasota County as a hotel since the inception of the County Occupational License and demands strict proof thereof. FPL adds that the documents attached to the Complaint indicate that any licenses held by Colony Beach with the Department of Business and Professional Regulation to operate a motel and restaurant expired December 1, 1999, and that any occupational licenses issued by Sarasota County to operate a hotel expired September 30, 1999.

c. FPL admits that the restaurant operated by Colony Beach has received service from FPL on a commercial demand rate.

d. FPL is without knowledge and therefore denies the allegation that Colony Beach requested assistance from FPL to master meter the facility and to obtain service on the most cost advantageous rate in January 1988 and demands strict proof thereof. FPL further alleges that Colony Beach was not eligible for master meter service under Rule 25-6.049, Florida Administrative Code, in January 1988.

e. FPL admits that in late 1997, Colony Beach requested FPL to master meter the facility at issue and that FPL complied with such request based on an erroneous application of amendments to Rule 25-6.049, Florida Administrative Code, relating to time-share plans which became effective on March 23, 1997. FPL denies that it should have allowed Colony Beach to master meter the facility in 1988 and demands strict proof thereof. FPL also denies that Colony Beach paid more for electricity to FPL than it should have between January 1988 and June 1998 and demands strict proof thereof.

4. With respect to paragraph IV of the Complaint, FPL is without knowledge and therefore denies the allegation of Colony Beach that it requested assistance for master metering in

1988 and help in obtaining a lower electric rate and demands strict proof thereof. FPL also is without knowledge of and therefore denies the allegations set forth in the Affidavits of Michael A. Moulton and Jerry R. Sanger attached to the Complaint and demands strict proof thereof.

5. With respect to paragraph V of the Complaint, FPL denies these allegations and demands strict proof thereof.

6. With respect to paragraph VI of the Complaint, FPL is without knowledge and therefore denies that Colony Beach was charged a higher electric rate than comparable or similar facilities for the period of time in question and demands strict proof thereof. Further, this allegation is irrelevant as FPL properly charged the individual units at Colony Beach individually metered rates prior to the conversion to master metering. FPL admits that Colony Beach is seeking a refund from FPL for the difference between residential rates and commercial demand rates, plus interest, for the period of January 1988 through July 1998.

7. With respect to paragraph VII of the Complaint, FPL admits that it has engaged in discussions with Mr. Mazo concerning the conversion of Colony Beach to master metering and that the individually metered units at Colony Beach were converted to master metering in June, 1998. FPL denies that the units were properly converted to master metering on the basis that Colony Beach operates as a hotel and demands strict proof thereof.

AFFIRMATIVE DEFENSES

Affirmative Defense 1 - The commercial rates allegedly sought by Colony Beach in January 1988 were reflected in FPL's approved and effective tariffs on file with the Commission. These tariffs provided the rates, terms and conditions for commercial service and constituted a written offer for electric service from FPL to qualifying commercial service customers which, if accepted, had the force and effect of a valid legal contract. Colony Beach's request for a refund effectively seeks specific performance of a written offer by FPL, reflected in FPL's commercial service tariffs in effect in January 1988, to Colony Beach for the provision of electric service under commercial service rates. As a matter of law, Colony Beach was required to file its request for a refund seeking specific performance of FPL's tariffs reflecting commercial service rates within one year after FPL's alleged refusal to offer such rates. Accordingly, Colony Beach's request for a refund is barred under Section 95.11(5)(a), Florida Statutes (1999).

<u>Affirmative Defense 2</u> - Colony Beach received electric service from FPL in January 1988 pursuant to residential rates reflected in FPL's approved and effective tariffs on file with the Commission. These tariffs provided the rates, terms and conditions for residential service and constituted a written offer for residential electric service from FPL which was accepted by Colony Beach and had the force and effect of a valid legal contract. Colony Beach's complaint seeks retroactive reformation of the valid contract between FPL and Colony Beach for tariffed residential electric service in effect from January 1988 through June 1998 and restitution in the form of refunds. As a matter of law, Colony Beach's complaint is barred under Section 95.11(2)(b), Florida Statutes.

Affirmative Defense 3 - Colony Beach's complaint seeks reformation of the tariffed, contractual residential electric service rates in effect between FPL and Colony Beach for the period of January 1988 through June 1998; alternatively, Colony Beach's complaint seeks specific performance of FPL's tariffs reflecting commercial service rates in effect in January 1988. Both reformation of contract and specific performance are civil, equitable remedies which may only be granted by a court of equity. Accordingly, the Commission lacks jurisdiction to act on and grant the remedies and relief sought by Colony Beach.

Affirmative Defense 4 - Colony Beach essentially takes the position some eleven years after the fact that FPL improperly applied Rule 25-6.049, Florida Administrative Code, and violated Rule 25-6.093(2), Florida Administrative Code, as they existed in January 1988. Colony Beach failed to file a complaint for a refund based on such alleged rule violations, a petition for declaratory statement concerning the application of such rules to Colony Beach's specific facts and circumstances or both until the filing of Colony Beach's Complaint in November 1999. Accordingly, Colony Beach's Complaint is barred by Section 95.11(3)(p), Florida Statutes (1999), Section 95.11(6), Florida Statutes (1999), and the doctrine of waiver.

Affirmative Defense 5 - Colony Beach holds itself out as, operates as and legally is a "resort condominium" as defined by Section 509.242(1)(c), Florida Statutes (1999). As a condominium, in this case, a resort condominium, Colony Beach was at all material times, including January 1988, and is now ineligible for master metering under Rule 25-6.049, Florida Administrative Code. FPL erroneously performed the conversion of the Colony Beach resort condominium individual units to a master meter in June, 1998 without first requiring Colony Beach to file a petition for rule waiver as required under Section 120.542, Florida Statutes (1999). This was precisely the procedure followed by a similarly situated resort condominium, Holiday Villas II Condominium Association, Inc., and the petition for rule waiver was granted pursuant to Order No. PSC-98-1193-FOF-EU.

Affirmative Defense 6 - Rule 25-6.049(5)(a), Florida Administrative Code, requires individual metering, consistent with the intent of the rule to restrict instances where master metering could be used and require individual meters wherever possible as a conservation measure, except where the rule specifically authorizes the use of a master meter for a specific type of facility. In light of the intent of the rule and legislative and Commission policy to promote conservation, the

exceptions to the individual metering requirement in the rule should be strictly construed. Accordingly, the lack of an express exception to the individual metering requirement for "resort condominiums" confirms that such facilities must be individually metered unless a rule waiver is requested and granted.

<u>Affirmative Defense 7</u> - FPL has no documentation indicating that Colony Beach provided documentation to FP&L prior to or during January 1988 confirming that Colony Beach operated as a hotel. FPL should not be held accountable for Colony Beach's failure to provide such documentation. Moreover, even if such documentation had been presented to FPL, FPL was obligated to comply with Commission rules in effect at that time which required individual metering for resort condominiums such as Colony Beach.

WHEREFORE, FPL respectfully requests that the Commission deny in full Colony Beach's Complaint and request for refunds.

Respectfully submitted,

Kenneth A. Hoffman, Esq. Rutledge, Ecenta, Purnell & Hoffman, P.A. P. O. Box 551 Tallahassee, FL 32302 (850) 681-6788 (Telephone) (850) 681-6515 (Telecopier)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following this 28th day of February, 2000:

Marc D. Mazo (by telecopier and U. S. Mail) 14252 Puffin Court Clearwater, FL 33762

Grace Jaye, Esq. (by hand delivery) Division of Legal Services Florida Public Service Commission 2540 Shumard Oak Boulevard Room 370 Tallahassee, Florida 32399-0850

Ms. Elisabeth Draper (by hand delivery) Division of Electric and Gas Florida Public Service Commission 2540 Shumard Oak Boulevard Room 200C Tallahassee, Florida 32399-0850

Kenneth A. Horman, Esq.

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