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Tallahassee, Florida

Charles A. Guyton  
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December 21, 1990

**ORIGINAL  
FILE COPY**

Mr. Steve Tribble, Director  
Division of Records and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, FL 32301

Re: **Docket No. 900731-EQ**

Dear Mr. Tribble:

Enclosed for filing are the original and fifteen (15) copies of Florida Power & Light Company's **Posthearing Statement** and the original and fifteen (15) copies of Florida Power and Light Company's **Recommended Order** in Docket No. 900731-EQ.

Very truly yours,

*Charles A. Guyton*

Charles A. Guyton

ACK

AMA \_\_\_\_\_

APP \_\_\_\_\_

CFR \_\_\_\_\_

CMU      CAG:do

CTR      Enclosures

     **EAG**      **cc:** All parties of record  
Suzanne Brownless, Esq.

     **LEG**      Vicki G. Kaufman, Esq.

     **LIN**     

     **OPC**     

     **RCH**     

     **SEC**     

     **WAS**     

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*[Signature]*  
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*Recommended Order*  
DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

*Posthearing Statement*  
DOCUMENT NUMBER-DATE

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**ORIGINAL  
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In re: Approval of cogeneration ) Docket No. 900731-EQ  
agreement with Indiantown Cogeneration )  
L. P. ) Filed: Dec. 21, 1990  
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**POSTHEARING STATEMENT OF  
FLORIDA POWER & LIGHT COMPANY**

Pursuant to Florida Administrative Code Rule 25-22.056, Florida Power & Light Company ("FPL") files this Posthearing Statement.

**STATEMENT OF BASIC POSITION**

The ICL/FPL contract is a vigorously negotiated contract that has a number of unique and beneficial features. It facilitates the development of cost-effective, reliable QF capacity in Florida, and it satisfies the Commission's stated preference for negotiated contracts. The ICL/FPL contract meets the criteria for contract approval and cost recovery in Rule 25-17.083(2) regardless of whether FPL's avoided unit or the statewide avoided unit is the basis of comparison. The costs associated with the ICL contract are also less than the costs associated with the unit FPL would build to meet its capacity need. The contract should be approved, cost recovery should be authorized, and the findings requested by FPL should be made.

**ISSUES OF FACT AND FPL'S POSITIONS**

ISSUE 1: Will the purchase of firm energy and capacity under the ICL/FPL contract result in the economic deferral or avoidance of capacity construction?

FPL Position: Yes, both FPL and the State of Florida have a need for additional capacity in 1996, and the ICL contract is more cost effective than either the capacity FPL would build to meet its need or the statewide avoided unit, and the ICL contract would result in the economic deferral or avoidance of those units. Tr. 247-52, 256-58 (Waters), 192-93 (Cepero); Ex. 27, Doc. 7; Ex. 29, 30.

ISSUE 2: Over the life of the ICL/FPL contract, will the cumulative present worth of the firm capacity and energy payments be equal to or less than the value of the year-by-year deferral of the capacity to be avoided or deferred by the contract?

FPL Position: Yes, this is true regardless of whether an FPL specific unit or the statewide avoided unit would be the unit avoided or deferred by the contract. Tr. 252, 254 (Waters), 194 (Cepero); Ex. 29, 30.

ISSUE 3: Does the ICL/FPL contract contain adequate security provisions to protect FPL's customers in the event ICL fails to perform?

FPL Position: Yes, the ICL/FPL contract contains myriad security provisions designed to protect FPL's customers in the event ICL fails to perform, as well as a number of provisions designed to assure ICL's performance. Tr. 188-91, 194-95 (Cepero); Ex. 20, 23, 24. This is the maximum security FPL could negotiate with ICL, and the Commission should find it to be adequate. Tr. 194-95 (Cepero).

ISSUE 4: Is the ICL/FPL contract reasonable, prudent and in the best interest of FPL's ratepayers?

FPL Position: Yes. The contract is the result of extensive negotiations with a proven QF developer. FPL has negotiated provisions that provide assurance that the project will be timely built, operate reliably, operate when needed most and operate to minimize total production costs. There are a number of negotiated contract provisions that enhance the value of this contract to FPL and its customers, and the cost under the contract is less than the cost FPL would incur to build its own capacity or the cost of the statewide avoided unit. In instances where payments exceed avoided costs in the early years of the contract, FPL has negotiated provisions to secure this difference. Tr. 195-96 (Cepero).

ISSUE 5: Should FPL be allowed to recover from its customers all payments for energy and capacity in connection with the ICL/FPL contract?

FPL Position: Yes. The contract is prudent for cost recovery purposes and satisfies all appropriate criteria. Tr. 191 (Cepero)

ISSUE 6: Should FPL be required to resell to another utility energy and capacity purchased under the ICL/FPL contract, if it is in the best interest of FPL's customers to retain the power?

FPL Position: No. If it is in the best interest of FPL's customers for FPL to retain the power provided by ICL, FPL should do so and should not be required to resell such power. Tr. 169, 199 (Cepero)

ISSUE 7: Should the cogeneration agreement between FPL and ICL be approved?

FPL Position: Yes. (See FPL's positions on Issues 4 and 5 and FPL's Proposed Recommended Order.)

#### ISSUE OF LAW AND FPL'S POSITION

ISSUE 8: In determining QF contract prudence and cost recovery pursuant to Rule 25-17.083(2), may the Commission consider as the basis for comparison a utility specific unit, or must it use a statewide avoided unit?

FPL Position: Although cogent reasons have been presented supporting the position that a utility specific unit comparison is appropriate, the Commission does not need to reach this legal issue. This will likely be the last instance for the Commission to apply these criteria, since they have been subsequently amended, and the evidence in this case demonstrates that the ICL contract satisfies these criteria regardless of whether the statewide avoided unit or FPL's avoided unit is the basis for comparison. Resolution of this issue is, therefore, unnecessary to the case.

Respectfully submitted,

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