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OF COUNSEL
W. ROBERT FOKES

ORIGINAL FILE COPY

August 21, 1990

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

900709-EQ

Re: Joint Petition of Indiantown Cogeneration, L.P. and Florida Power & Light Company for Determination of Need for Proposed Electrical Power Plant and Related Facilities -- Indiantown Project

Dear Mr. Tribble:

Enclosed for filing in the above-referenced docket on behalf of Indiantown Cogeneration, L.P. and Florida Power & Light Company are the original and fifteen copies of their Joint Petition to Determine Need for Electrical Power Plant, together with exhibits.

If you have any questions, please give me a call.

Very truly yours,

Richard D. Melson

RDM/cla
Enclosures
cc: Jim Dean

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Joint Petition of Indiantown Cogeneration, L.P. and Florida Power & Light Company for Determination of Need for Proposed Electrical Power Plant and Related Facilities -- Indiantown Project	)	Docket No. 900709-EQ
	)	Filed: August 21, 1990

JOINT PETITION TO DETERMINE NEED FOR ELECTRICAL POWER PLANT

Indiantown Cogeneration, L.P. ("ICL") and Florida Power & Light Company ("FPL"), by and through their undersigned attorneys, hereby petition the Florida Public Service Commission ("Commission") pursuant to Section 403.519, F.S., and Rule 25-22.081, F.A.C., to determine the need for the proposed electrical power plant and related facilities described herein, and to file its order making that determination with the Department of Environmental Regulation ("DER") pursuant to Section 403.507(1)(b), F.S. In support thereof, ICL and FPL (the "Joint Applicants") state:

1. ICL is a Delaware limited partnership organized to develop a coal fired cogeneration project in Indiantown, Florida. ICL's full name and business address is:

Indiantown Cogeneration, L.P.
7475 Wisconsin Avenue, 10th Floor
Bethesda, Maryland 20814-3422

2. FPL is a public utility subject to the jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes. FPL's full name and business address is:

Florida Power & Light Company
P.O. Box 029100
9250 W. Flagler St.
Miami, Florida 33102-9100

3. The names and addresses of ICL's representatives to receive communications regarding this docket are:

Richard D. Melson
Cheryl G. Stuart
Hopping Boyd Green & Sams
P.O. Box 6526
Tallahassee, Florida 32314

Stephen A. Sorrentino
Indiantown Cogeneration, L.P.
7475 Wisconsin Avenue, 10th Flr
Bethesda, Maryland 20814-3422

4. The names and addresses of FPL's representatives to receive communications regarding this docket are:

Matthew M. Childs, P.A.
Steel Hector & Davis
215 South Monroe
Suite 601
Tallahassee, Florida 32301

Roberto R. Denis
Florida Power & Light Company
P.O. Box 029100
9250 W. Flagler St.
Miami, Florida 33102-9100

5. ICL proposes to construct and operate a cogeneration project in Martin County, Florida, approximately 3 miles northwest of Indiantown (the "Indiantown Project"). This project is a coal fired steam unit that will produce approximately 300 MW of electricity (270 MW to 330 MW depending on final design and performance testing) for sale to FPL, and approximately 100,000 to 225,000 lb/hour of process steam for sale to the Caulkins Indiantown Citrus Company for use in its citrus processing plant. The anticipated commercial operation date for the facility is December 1, 1995, although the contract permits a commercial operation date as early as September 1, 1995. The

project will be a qualifying facility (QF) as defined by the Public Utility Regulatory Policies Act of 1978.

6. The Indiantown Project is subject to the Florida Electrical Power Plant Siting Act ("PPSA") and requires an affirmative determination of need from the Commission, applying the standards set forth in Section 403.519, F.S. Under the policy expressed by the Commission in Order No. 22341 in Docket No. 890004-EU (the 1989 annual planning hearing order), the need for the electrical generating capacity of cogeneration project should be addressed by the purchasing utility. Accordingly, ICL and FPL have filed this petition as joint applicants. As the party with ultimate responsibility for construction and operation of the project, ICL expects to the the sole applicant for site certification in the further proceedings under the PPSA.

7. The sale to FPL of the electricity produced by the facility is covered by an "Agreement for the Purchase of Firm Capacity and Energy" executed on May 21, 1990 (the "Agreement"). The Agreement has a term of thirty years, and provides for ICL to sell and FPL to purchase, on a firm basis, the entire capacity and net electrical energy from the facility. FPL intends to file a separate petition pursuant to Sections 25-17.080 through 25-17.091, F.A.C. (the "Cogeneration Rules") seeking Commission approval of the Agreement.

8. As authorized by Rule 25-22.080(1), F.A.C., the Joint Applicants have elected to commence this proceeding for determination of need prior to the filing with Florida Department

of Environmental Regulation (DER) of an application for site certification of the Indiantown Project. The filing with DER is currently scheduled for December, 1990.

9. The information supporting this petition is contained in a document titled "Exhibit 1 to Joint Petition to Determine Need for Electrical Power Plant (August 1990)" which is attached to this petition and incorporated herein by reference. Exhibit 1 contains the detailed information regarding the Indiantown Project required by Rule 25-22.081, F.A.C. That information includes FPL's analysis demonstrating its need for additional capacity and energy by 1996, and its determination that the Indiantown Project is a cost-effective and reliable method of meeting a portion of that need.

10. As set forth in more detail in Exhibit 1, the Indiantown Project provides a number of benefits, including the following:

(a) The general partners of ICL are indirect subsidiaries of Pacific Gas & Electric Company ("PG&E") and Bechtel Group, Inc. ("Bechtel"). ICL's ability to call on the expertise of one of the largest utilities in the United States and one of the largest architect/engineering firms in the world provides assurance that the project can be developed and operated in a timely, reliable manner.

(b) The Indiantown Project is located close to FPL's load center and adjacent to its existing bulk transmission system. These factors allow integration of the project into the electric grid at a favorable location.

(c) The Indiantown Project will be fully dispatachable by FPL, which will be able to control both the generation from the facility and the facility's power factor. This means that FPL will have the same type of control flexibility as for one of its own units.

(d) The Agreement includes a "pay for performance" structure for capacity payments which encourages ICL to maintain a high capacity billing factor, with special incentives for on-peak performance.

(e) The use of domestically sourced coal reduces the potential of supply interruptions and significant fuel price increases.

(f) The Agreement contains a number of provisions designed to assure that the facility will be a reliable source of energy and capacity. These include provisions for:

(i) $9,000,000 of completion security to assure commercial operation no later than December 1, 1995 (unless extended for not more than five months by force majeure or delays beyond ICL's control in obtaining site certification);

(ii) FPL's approval of the architect/engineer;

(iii) review of design for the facility and the proposed maintenance plan by an independent engineer;

(iv) FPL's approval of maintenance scheduling for the facility;

(v) $50,000,000 of termination fee security to protect FPL in the event of premature shutdown of the facility;

(vi) a $5,000,000 cash reserve fund to be used to assure maintenance of QF status;

(vii) a $30,000,000 cash reserve fund for operation and maintenance;

(viii) a second mortgage on the facility in favor of FPL;

(ix) operation and maintenance of the facility to be managed (for at least 15 years) by PG&E/Bechtel Generating Company or one of ICL's general partners;

(x) ICL to meet certain financial requirements, including a requirement for 10% minimum equity;

(xi) ICL to enter into a long term fuel supply contract for at least 50% of the facility's fuel requirements.

Together, these and other provisions of the Agreement provide significant assurance that the Project will be developed, operated and maintained in a financially and technically sound manner.

11. There will be no new off-site transmission facilities required for the Indiantown Project. The only associated facility under the PPSA will be an approximate 20-mile water transmission system, expected to be located in existing railroad right-of-way, to transport agricultural waste water from the Taylor Creek-Nubbin Slough to the project site for use as cooling water.

12. The information contained in Exhibit 1 demonstrates that the Indiantown Project is a cost effective alternative to help

meet FPL's capacity requirements in the 1996 time frame, taking into account the need for electric system reliability and integrity, the need for adequate reasonable cost electricity, and other relevant matters.

13. Because of the overall general public interest and the impact of this proceeding, including the magnitude of the proposed facility and the effect of the proceeding on the economy, public health, and safety of the service area involved, the Joint Applicants request that the hearing in this matter be held by the full Commission, as authorized by Section 350.01(6), F.S. and Rule 25-22.0355(4), F.A.C., and that it be conducted as a formal hearing pursuant to Section 120.57(1), F.S.

WHEREFORE, the Joint Applicants respectfully request that:

(1) pursuant to Rule 25-22.080(2), F.A.C., the Commission within seven days set a date for a hearing on this petition at the earliest practical date;

(2) the hearing in this matter be assigned to the full Commission under Section 350.01(6), F.S., and be held as a formal hearing pursuant to Section 120.57(1), F.A.C.;

(3) the Commission give notice of the proceeding as required by Section 403.519, F.S. (1990) and by Rule 25-22.080(3), F.A.C.;

(4) the Commission submit a preliminary report to DER pursuant to Section 403.507(1)(b), F.S. no later than 60 days after the filing by ICL with DER of a site certification application; and

(5) the Commission determine that there is a need for the

Indiantown Project and associated facilities described in this petition, and file its order making such determination with the DER pursuant to Section 403.507(1)(b), F.S.

RESPECTFULLY SUBMITTED this 21st day of August, 1990.

HOPPING BOYD GREEN & SAMS

By: _____

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Indiantown Cogeneration, L.P.

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By: _____

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(904) 222-2300

Attorneys for
Florida Power & Light Company

INDIANTOWN COGENERATION, L.P.
and
FLORIDA POWER & LIGHT COMPANY

Exhibit 1

to

Joint Petition to Determine Need
for Electrical Power Plant
(August 1990)

CONTENTS

1.0 EXECUTIVE SUMMARY

Indiantown Cogeneration, L.P. (ICL) proposes to construct a cogeneration project near Indiantown, Florida (the "Indiantown Project"). This project is a pulverized coal fired steam unit that will produce approximately 300 MW (270-330 MW) of electricity for sale to Florida Power & Light Company (FPL) and approximately 100,000 to 225,000 lb/hour of process steam for sale to the Caulkins Indiantown Citrus Company ("Caulkins"). The Project is projected to start commercial operation between September 1, 1995 and December 1, 1995.

This document demonstrates the need for the new electrical generating capacity to be provided by the Indiantown Project, consistent with the requirements of the Florida Electrical Power Plant Siting Act, Section 403.519, Florida Statutes, and Section 25-22.081 of the Florida Administrative Code.

Under the policy expressed by the Florida Public Service Commission (Commission) in Order No. 22341 in Docket No. 890004-EU (the 1989 annual planning hearing order), this document addresses the need for the Indiantown Project's electrical generating capacity from the viewpoint of FPL, the purchasing utility.

This document relies and expands on information concerning FPL's need that has previously been furnished to the Commission in the need determination dockets for FPL's Lauderdale Repowering Project and its Martin Unit Nos. 3 and 4. FPL's "Petition to Determine Need for Electrical Power Plant 1993-1996 (Revised November 1989)" [hereafter referred to as "FPL's 1989 Need Study"] is included as Attachment 1 and is cross-referenced throughout this document. It also shows that

the project is consistent with the overall Peninsular Florida need for additional generating capacity. FPL is currently engaged in its annual update to its power supply plan. FPL is prepared to revise the reliability and economic analyses presented in this document as necessary when the results of that update are available.

FPL's 1989 Need Study shows that FPL has a need by 1996 for up to 330 MW represented by the ICL Indiantown Project, in addition to capacity and/or demand reductions available to FPL from other sources. The information in this document reconfirms FPL's need for capacity and shows that the Indiantown Project is a cost-effective and reliable method of satisfying that need.

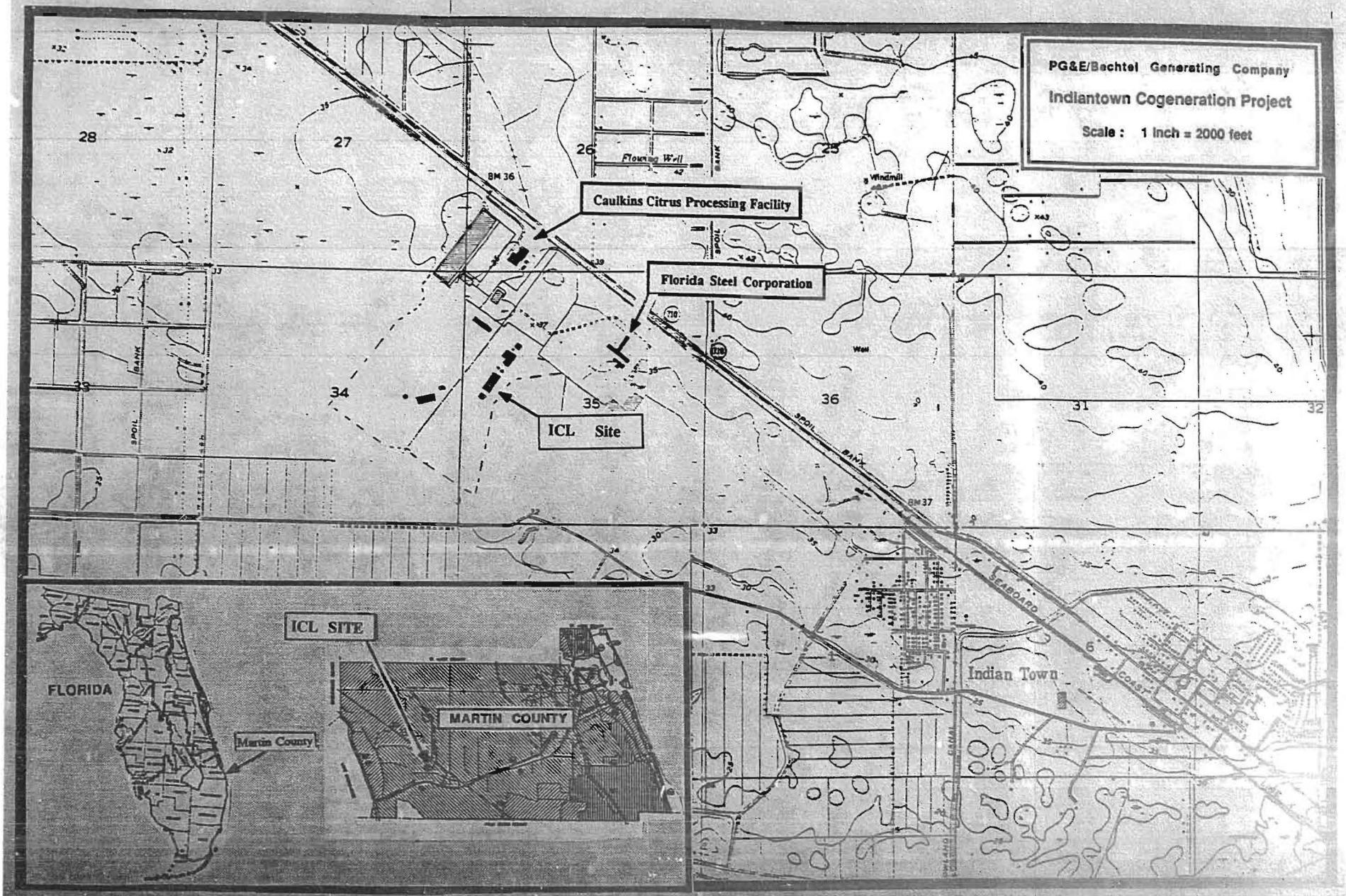
The Project

The ICL Indiantown Project is a cogeneration facility that will produce steam for the Caulkins citrus processing plant and generate electricity for sale to FPL. The facility will employ pulverized coal technology to produce energy in an efficient operation. Advanced technologies will be used in fuel and waste management systems to ensure that the facility will meet or exceed standards set by federal, state and local agencies.

The facility will be located in an industrial area of Martin County, just off State Road 710 approximately three miles northwest of Indiantown, Florida. The site is shown on the general location map attached as Figure 1.0-1. The site is adjacent to the Caulkins plant, the customer for steam produced by the plant.

The facility will supply approximately 100,000 to 225,000 pounds per hour of steam to satisfy all of Caulkins' expected steam requirements. The updated steam supply facilities will help Caulkins to remain competitive, providing increased job security for current employees and enhancing the potential for expansion. The plant will also provide approximately 300 MW (270-330 MW) of electricity to FPL to support the growing need for power in Florida. The Indiantown Project will be constructed and operated as a qualifying facility (QF) as defined by the Public Utility Regulatory Policies Act of 1978.

Interconnection to the FPL electrical system will be made to the existing Martin-Indiantown 230 KV line that crosses the plant site.



Page 4 - Figure 1.0-1

FPL's Need for Project

FPL's 1989 Need Study, a copy of which is included as Attachment I to this filing, demonstrated that FPL has a need for over 5,000 MW of additional capacity resources and/or demand reductions by 1997 in order to maintain an acceptable degree of reliability on its system. The study developed a "Base Plan" for meeting that need, which consisted of a mix of construction (2,110 MW) and non-construction (3,135 MW) alternatives. The non-construction alternatives included an estimated 1,095 MW of firm purchases from qualifying facilities, of which approximately 515 MW were under contract at the time of the study and 580 MW remained to be identified.

The Indiantown Project, with an in-service date between September 1 and December 1, 1995, satisfies a portion of FPL's need for an additional 580 MW of capacity by 1997 from QFs who were not under contract at the time of the 1989 Need Study. Without the Indiantown Project and the other projected firm QFs, FPL's loss of load probability in 1996 would exceed the 0.1 day/year level used for planning purposes, and FPL's own construction requirements would increase. Specifically, without the Indiantown Project and the other projected firm QFs, FPL's Base Plan would include a second integrated gasification combined cycle (IGCC) unit in 1996. This second 1996 IGCC is thus FPL's 'avoided unit'.

As this document demonstrates, the capacity represented by the Indiantown Project is more cost-effective than the construction by FPL of an equivalent amount

of 1996 IGCC capacity. Based on a nominal size of 300 MW, the Indiantown Project produces an approximate present value savings of over $90 million compared to FPL's construction alternative. Thus the Indiantown Project not only contributes to meeting FPL's need for additional Capacity by 1996 to maintain system reliability, it does so in a cost-effective manner.

Benefits of Project

The Indiantown Project will provide many benefits to Florida ratepayers, and has significant advantages over "Standard Offer" projects. The following briefly summarizes the major advantages and benefits.

1. Fuel Price Stability: The use of domestically sourced coal reduces the potential of supply interruptions and significant fuel price increases.
2. Location: With a site adjacent to the existing transmission system, and close to FPL's load center, energy from the Indiantown Project can be efficiently integrated into the FPL system.
3. Experience and Resources: Corporate backing of ICL by Pacific Gas & Electric Company (PG&E) and Bechtel Group, Inc. (Bechtel) ensures the use of highly trained and experienced teams in the construction, operation, and maintenance of the Indiantown Project.
4. Plant Dispatchability: FPL will be able to control the electrical generation of the ICL plant, providing FPL the same type of control flexibility as for one of its own units.

5. **Security**: ICL will provide significant security in the forms of cash reserves, a termination fee, and a second mortgage to ensure that the ICL facility will provide energy and capacity on a reliable, long-term basis.

6. **Maintenance Planning and Scheduling**: An independent engineer will review maintenance plans, while maintenance scheduling will be subject to FPL's approval, providing additional assurance that the ICL plant will operate at high capacity during FPL's peak periods.

7. **Fuel Supply**: Long term fuel supply contracts for at least 50% of the facility's requirements will reduce the risk of fuel supply interruption.

8. **Cost of Energy**: FPL's cost of energy from the ICL plant will be adjusted to account for actual fuel costs for the preceding year. FPL will share in the savings, while FPL's liability for increases is capped, providing strong incentives for ICL to obtain low cost fuel supplies.

9. **Cost of Capacity**: FPL's cost of capacity from the ICL plant will be adjusted to provide a strong economic incentive for high performance during peak periods. Capacity payments will be adjusted in accordance with changes in the level of performance.

1.1 Applicants

Indiantown Cogeneration, L.P. (ICL) and Florida Power & Light Company (FPL) have filed the Petition to Determine Need for the Indiantown Project as joint applicants. This joint approach reflects the fact that ICL will develop and operate the facility, but that FPL has the electrical capacity needs that will be satisfied by the facility.

Under this approach, ICL has prepared and is sponsoring the parts of this document which explain the specifics of the Indiantown Project. FPL has prepared and is sponsoring the portions which demonstrate FPL's need for capacity and which document FPL's determination that the Indiantown Project is a cost-effective and reliable means of satisfying a portion of that need.

The parties believe that this joint approach will permit the Florida Public Service Commission's consideration of FPL's need for the Indiantown Project. However, as the party with ultimate responsibility for construction and operation of the project, ICL expects to be the sole applicant for site certification in the further proceedings under the Florida Electrical Power Plant Siting Act ("PPSA").

ICL is one entity in a larger structure organized by Pacific Gas & Electric Company and the Bechtel Group, Inc. to develop unregulated cogeneration and independent power projects in the United States. The following section describes ICL, PG&E-Bechtel Generating Company, and the larger structure of which they are a part.

1.1.1 Description of PG&E-Bechtel

PG&E-Bechtel Generating Company, formed in January 1989, is a general partnership between PG&E Generating Company, a subsidiary of PG&E Enterprises, and Bechtel Generating Company, a subsidiary of Bechtel Enterprises. It is chartered to be the vehicle for the activities of Pacific Gas & Electric Company (PG&E) and Bechtel Group, Inc. (Bechtel) in the unregulated electric generation business in the U.S. The company provides the entire spectrum of services necessary to develop, finance, construct, operate and maintain electric generating facilities. It is committed to being a leader in the unregulated power business by building cost effective, reliable generating plants with particular focus on being responsive to community and environmental needs, and maintaining project viability through long term asset management. As a partnership, it can utilize the background and expertise of its parent firms in the design, financing, construction and operation of electric power plants.

- PG&E is one of the largest investor-owned combined gas and electric utilities in the U.S. and has developed, owns and operates more than 15,000 MW of electric generating capacity.

- Bechtel is one of the largest engineering, construction and development companies in the world, which has built more than 400 power plants supplying more than 225,000 MW of

generating capacity. It has been involved with the unregulated power industry since the industry's inception, and has developed seventeen independent power projects.

PG&E-Bechtel Generating Company will direct the development and management of the Indiantown project on behalf of ICL, the entity formed to own the project.

1.1.2 PG&E-Bechtel's Development Experience

PG&E-Bechtel Generating Company currently has an $80 million, 35 MW coal fired unit operating in Montana. Ten projects with total capital costs of more than $3.2 billion, and totaling 1,724 MW in capacity, are in the advanced stages of development. These projects are shown in more detail in Figure 1.1.2-1. Eight other projects representing 1390 MW of capacity, are also in development. Additionally, three sites with a total of 300 MW have been selected in initial bid awards.

PG&E/BECHTEL GENERATING COMPANY
ADVANCED PROJECTS

JECT	FUEL	LOCATION	MW	CONSTRUCTION START	COMPLETION
tol-Meyers	Gas cogen	Syracuse, NY	87	3rd Qtr 91	1st Qtr 93
nbers Works	Coal cogen	Carneys Point, NJ	224	1st Qtr 91	1st Qtr 94
gy New Bedford	Coal cogen	New Bedford, Ma	300	3rd Qtr 91	1st Qtr 95
dale	Gas cogen	Cincinnati, Oh	43	2nd Qtr 91	1st Qtr 93
ntown	Coal cogen	Indiantown, Fl	330	2nd Qtr 92	4th Qtr 95
tone	Coal cogen	Logan Township, NJ	202	1st Qtr 91	2nd Qtr 94
Power	Gas cogen	Springfield, Ma	240	1st Qtr 91	2nd Qtr 92
bgrass	Coal	Scrubgrass Township, Pa	80	1st Qtr 91	2nd Qtr 93
ton	Coal cogen	Taunton, Ma	153	1st Qtr 92	1st Qtr 95
ill	Gas IPP	Walkill, NY	95	3rd Qtr 91	3rd Qtr 93

1.1.3 Description of ICL

ICL has been organized as a separate entity to own the project and facilitate project financing. It is a limited partnership in which Toyan Enterprises, a subsidiary of PG&E Generating Company, and Palm Power Corporation, a subsidiary of Bechtel Generating Company, are the general partners. PG&E Generating Company, a subsidiary of PG&E Enterprises, is also a limited partner. Additional partners may be admitted to ICL at a later time in connection with equity financing. ICL will own the Indiantown Cogeneration Project, will be the holder of project-related permits and will enter into all project-related contracts, including contracts for engineering and construction, operations and maintenance, power sales, steam sales, site control, and fuel supply. As part of the PG&E-Bechtel Generating Company family, ICL can call upon the expertise of the PG&E and Bechtel organizations to support development of the Indiantown Project.

A simplified organizational chart for ICL and its related companies is set forth on the following page in Figure 1.1.3-1.

1.1.4 Description of Florida Power & Light Company

See Section 1.2.1 for a description of FPL, the joint applicant in this proceeding.

ORGANIZATIONAL STRUCTURE

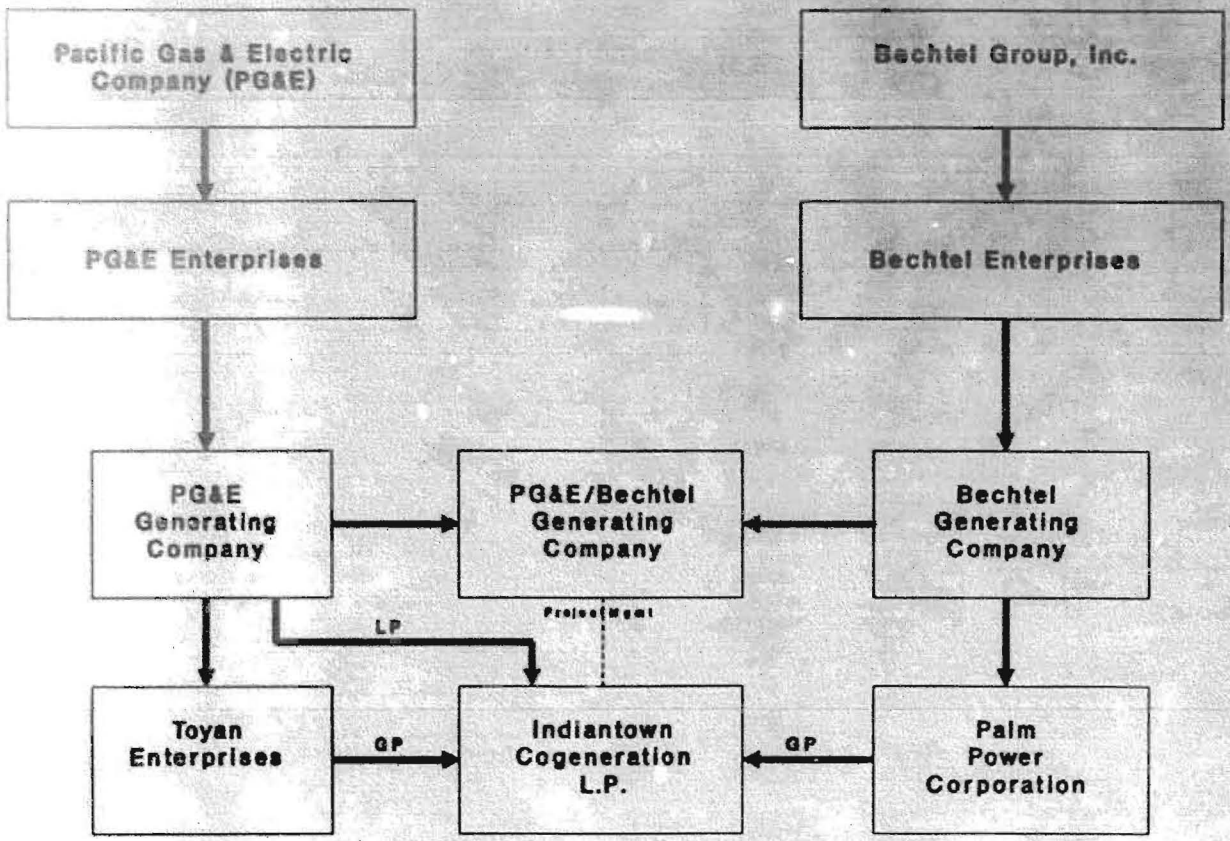


Figure 1.1.3-1

1.2 GENERAL DESCRIPTION OF UTILITIES AFFECTED

1.2.1 Florida Power & Light Company

FPL is the principal subsidiary of FPL Group. FPL was incorporated in 1925 and is the fourth largest investor-owned utility in the nation. In 1989, FPL served an average of 3,064,423 customer accounts in 35 Florida counties. FPL's service area contains approximately 27,650 square miles with a population of approximately 5.9 million.

FPL served a summer peak load of 13,425 MW in 1989, and is projected to serve 15,421 MW of summer peak load in 1996. FPL's current and forecasted load are further discussed in the detailed supporting documentation found in Appendices B and C of Attachment I.

FPL's existing generating capability consists of thirteen generating stations, including four nuclear steam units, twenty-four fossil steam units, forty-eight gas turbines, two diesel installations, two combined cycle units and two coal units. FPL has obtained a determination of need from the Commission for the repowering of two fossil steam units (Lauderdale Unit Nos. 4 and 5) to convert them to combined cycle operation by December 31, 1992, and for the construction of two new natural gas fired combined cycle units with projected in-service dates of December 31, 1993 and December 31, 1994 (Martin Unit Nos. 3 and 4). See Appendix A of Attachment I for further information on FPL's existing and proposed generating units.

FPL's bulk transmission system is composed of 985 miles of 500 KV lines and

2,340 miles of 230 KV lines. The underlying network consists of 1,436 miles of 138 KV, 664 miles of 115 KV and 218 miles of 69 KV transmission lines. Integration of the generation, transmission and distribution system is achieved through 403 substations. FPL is also interconnected to neighboring utilities at voltage levels ranging from 69 KV to 500 KV. A list of 230 KV and 500 KV interconnections is shown in Appendix A of Attachment I.

1.2.2 Peninsular Florida Utilities

The Peninsular Florida utilities are those Florida utilities located east of the Apalachicola River. Each of the Peninsular Florida utilities is interconnected by ties with its neighboring utilities.

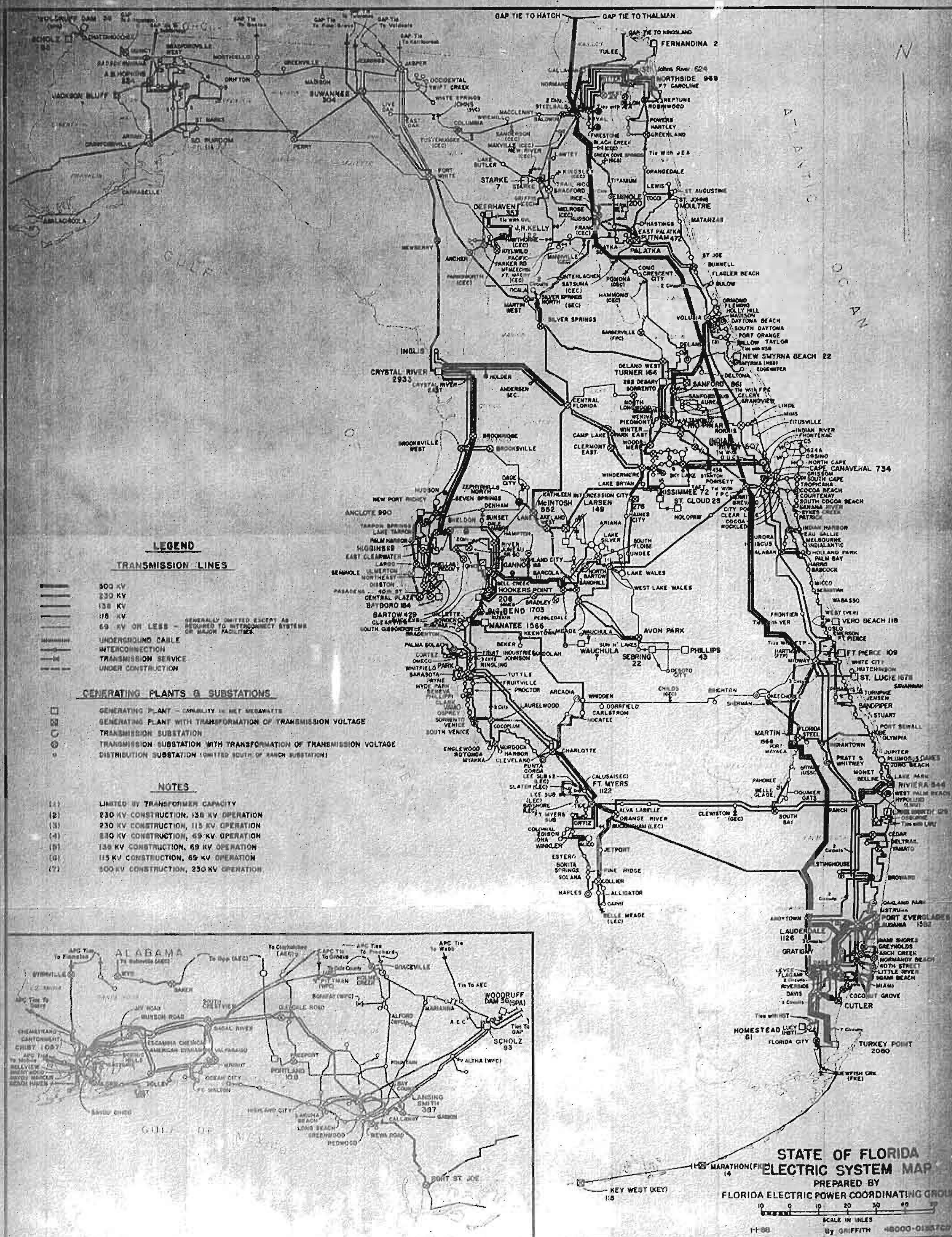
The Peninsular Florida utilities, working through the Florida Electric Power Coordinating Group, Inc. (FCG), submitted studies of the Peninsular Florida system for the Commission's 1989 Planning Hearing (Docket No. 890004-EU). The FCG's "1989 Planning Hearing Generation Expansion Planning Studies" document (the "FCG Study") and its "1989 Planning Hearing 20 Year Plan" (the "FCG 20 Year Plan") are the most current Commission-reviewed sources of information on Peninsular-wide capacity needs. Information from those FCG documents will be used to demonstrate that the Indiantown Project is consistent with the Peninsular need for additional generating capacity by 1996.

The FCG Study forecasts a Peninsular Florida summer peak demand of 31,555 MW in 1996, up 4,943 MW from the 1990 forecast level of 26,612 MW. Similarly, winter peak demand for 1995/96 is forecast to be 34,199 MW, up 5,667 MW from

the 1989/90 forecast of 28,532 MW. These projections show significant growth in Peninsular Florida demand in the early 1990s. Over the period 1988 to 1997, demand is projected to increase at annual average growth rate of 2.96% (summer) and 3.21% (winter). Further details on the Peninsular Florida forecast are contained in Appendix A, Table 1 (FCG Studies Form 1.1).

As of January 1, 1988, the Peninsular Florida utilities had existing net generating capacity of 28,632 MW (summer) and 29,683 MW (winter). A summary of this capacity, by utility, and a detailed listing of the units that make up that capacity are contained in Appendix A, Table 2 (FCG Aggregate Form 6.1) and Table 3 (FCG Aggregate Form 6.2). The utilities' projected unit additions and retirements through 2007 are shown in Appendix A, Table 4 (FCG Aggregate Form 6.3).

The Peninsular Florida bulk transmission system as of January 1, 1988, is shown on the following map. Additional certified and proposed bulk power lines are listed in Appendix A, Table 5 (FCG Aggregate Form 9.3).


STATE OF FLORIDA
ELECTRIC SYSTEM MAP
PREPARED BY
FLORIDA ELECTRIC POWER COORDINATING GROUP
SCALE IN MILES
1-1-88
By GRIFFITH
LEGEND
TRANSMISSION LINES
500 KV
230 KV
138 KV
115 KV
69 KV OR LESS - GENERALLY OMITTED EXCEPT AS REQUIRED TO INTERCONNECT SYSTEMS OR MAJOR FACILITIES
UNDERGROUND CABLE
INTERCONNECTION
TRANSMISSION SERVICE
UNDER CONSTRUCTION
GENERATING PLANTS & SUBSTATIONS
GENERATING PLANT - CAPABILITY IN NET MEGAWATTS
GENERATING PLANT WITH TRANSFORMATION OF TRANSMISSION VOLTAGE
TRANSMISSION SUBSTATION
TRANSMISSION SUBSTATION WITH TRANSFORMATION OF TRANSMISSION VOLTAGE
DISTRIBUTION SUBSTATION
NOTES
(1) LIMITED BY TRANSFORMER CAPACITY
(2) 230 KV CONSTRUCTION, 138 KV OPERATION
(3) 230 KV CONSTRUCTION, 115 KV OPERATION
(4) 230 KV CONSTRUCTION, 69 KV OPERATION
(5) 138 KV CONSTRUCTION, 69 KV OPERATION
(6) 115 KV CONSTRUCTION, 69 KV OPERATION
(7) 500 KV CONSTRUCTION, 230 KV OPERATION
GAP TIE TO HATCH
GAP TIE TO THALMAN
FERNANDINA 2
NORTHSIDE 969
SEMINOLE 1200
PALATKA
DEERHAVEN
J.R.KELLY
CRYSTAL RIVER 2933
INGLIS
SANFORD 861
NEW SMYRNA BEACH 22
CAPE CANAVERAL 734
ANCLOTE 990
McINTOSH 852
LARSEN 149
KISSIMMEE 72
ST. CLOUD 28
HIGGINS
BARTOW 429
MANATEE 1566
AVON PARK
PHILLIPS 43
VERO BEACH 118
FT. PIERCE 109
ST. LUCIE 1678
MARTIN
FT. MYERS 1122
RIVIERA
PORT EVERGLADES
LAUDERDALE 1126
CUTLER
HOMESTEAD
TURKEY POINT 2060
MARATHON (FKE) 14
KEY WEST (KEY) 118
ALABAMA
CRIST 1087
SCHOLZ 93
LANSING SMITH 387
PORT ST. JOE
GULF OF MEXICO

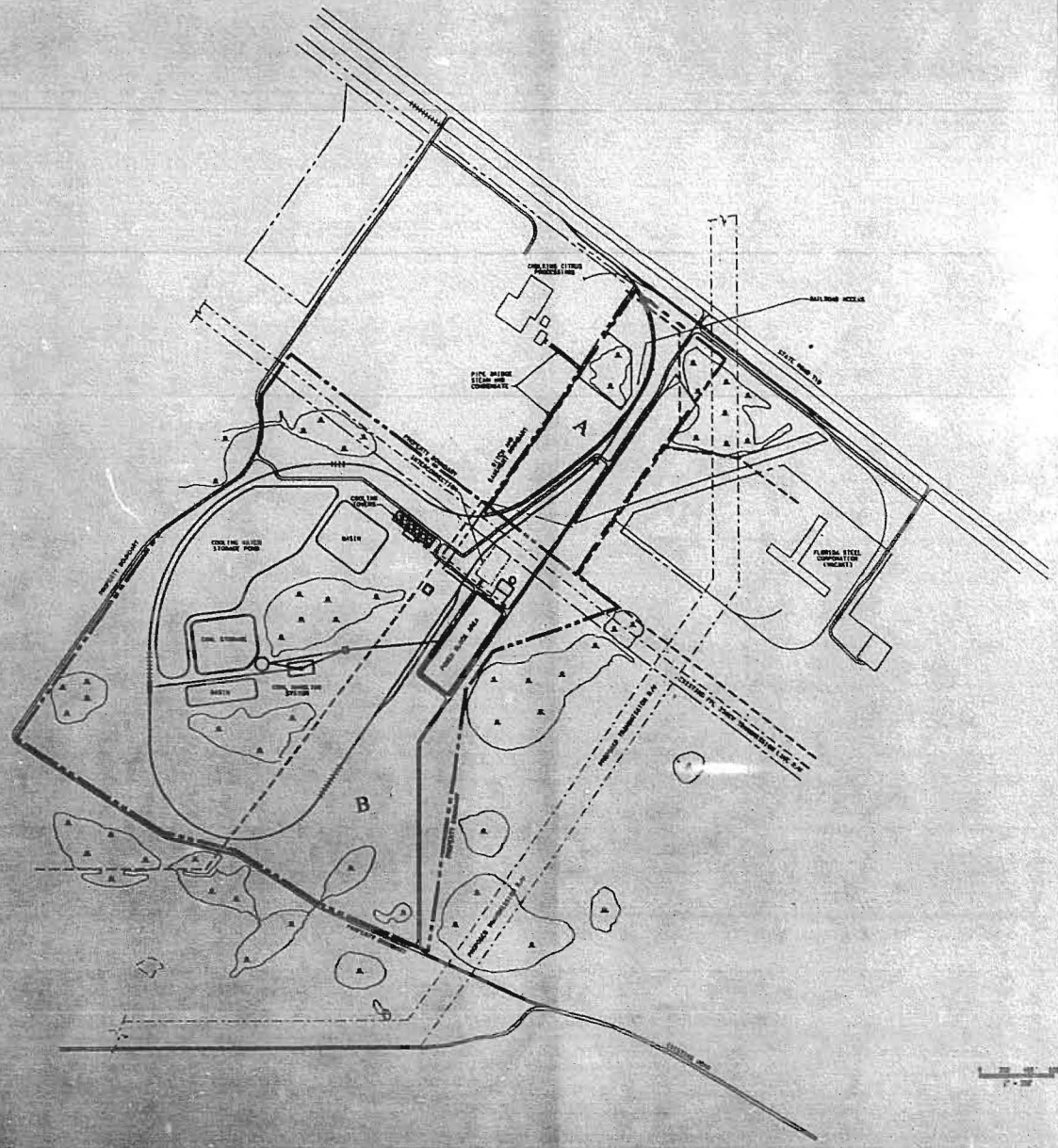
1.3 GENERAL DESCRIPTION OF THE INDIANTOWN PROJECT

1.3.1 Site

The Indiantown Project Site is located in southwestern Martin County, Florida, on two parcels of land to be acquired by ICL. The site is located nine miles east of Lake Okeechobee, about three miles northwest of Indiantown, and approximately three miles southeast of FPL's Martin Plant. It is bounded on the west by Tampa Farm Products; on the north by the Caulkins plant, Florida Steel Corporation, State Road 710 and the adjacent CSX Railroad; and on the south and east by vacant property zoned for industrial use.

One parcel is approximately 250 acres to be acquired from Harris H. Wall and Robert M. Post, Jr. On July 17, 1990, ICL and Wall/Post entered into an exclusive three year purchase option for the property. This parcel is directly adjacent to the southwest boundary of Caulkins (steam customer). The right-of-way for FPL's existing 230 KV Martin-Indiantown transmission line, to which the facility will be interconnected, crosses the northern portion of this parcel.

The remaining parcel is approximately 75 acres to be acquired from Florida Steel Company. ICL and Florida Steel Company have a preliminary agreement to enter into an exclusive three year purchase option for the property which is expected to be finalized by September 1990. This parcel is directly adjacent to the southeast boundary of Caulkins (steam customer) and provides access to State Road 710 and the existing CSX rail line. Figure 1.3.1-1 shows the general layout of the two parcels.



LEGEND:

A - Florida Steal Parcel
B - Wall/Post Parcel

BECHTEL

INDIANTOWN COGENERATION PROJECT

INDIANTOWN, FLORIDA

SITE PLAN

JOB NO.	DRAWING NO.	REV.
20826-001	26-C-00230	A

1.3.2 Plant Facilities

The Indiantown Project is an integrated energy facility which will provide up to 330 MW of electricity to FPL and between 100,000 to 225,000 lb/per hour of process steam to the adjacent Caulkins citrus processing plant.

The agreement with FPL provides that the committed capacity from the Indiantown Project will be 300 MW, plus or minus ten percent, i.e. 270 MW to 330 MW. ICL plans to design the facility to produce approximately 330 MW (summer net) when there is no steam load, although actual capacity will depend on final design and the results of performance testing.

1.3.2.1 Technical Overview

The Indiantown Project will consist of a single pulverized coal (PC) reheat boiler, an automatic extraction condensing turbine generator and associated equipment. Pulverized coal technology is a well established and highly reliable form of combustion for power generation capable of supporting the dispatch and reliability requirements of the FPL contract. For the last several decades numerous PC power plants throughout the United States and the State of Florida have provided a clean, efficient and economical source of steam energy.

Advances in combustion control technologies and in flue gas cleaning technologies insure the protection and enhancement of our nation's air quality by substantially reducing emissions from the current generation of clean coal PC plants. The Indiantown Project plans to use a flue-gas scrubber and bag-house for control

of sulfur oxides and particulates. The facility will be designed to comply with all applicable environmental standards. Compliance with environmental regulations will be fully addressed in the site certification proceedings.

To ensure clean and efficient handling, coal will be off loaded in enclosed structures with dust suppression systems. On-site storage will be in enclosed structures, and coal will be conveyed to the plant in enclosed galleries.

Coal is crushed, ground, mixed with air, and delivered to the boilers for combustion. The combustion process delivers heat energy to the water in the boiler tubes which is converted to steam. The steam enters the turbine, expands in the turbine and in doing so, does work which enables the turbine to drive the electric generator. Low pressure steam is extracted from the turbine and transmitted to Caulkins for use in its citrus processing. By capturing the waste heat from the electric generating process the plant produces both electricity and steam, which would otherwise require two separate facilities.

The electrical output from the plant generator will be transformed and directly interconnected with FPL's existing 230 KV transmission lines which transverse the plant site.

The plant will include a closed loop cooling system for condensing the exhaust steam from the turbine and recycling condensate back to the boiler. Cooling will be accomplished with a mechanical draft cooling tower. The major consumption of water for the plant will be from evaporation associated with the plant cooling system. The plan is to use agricultural waste water supplied from Taylor Creek/Nubbin

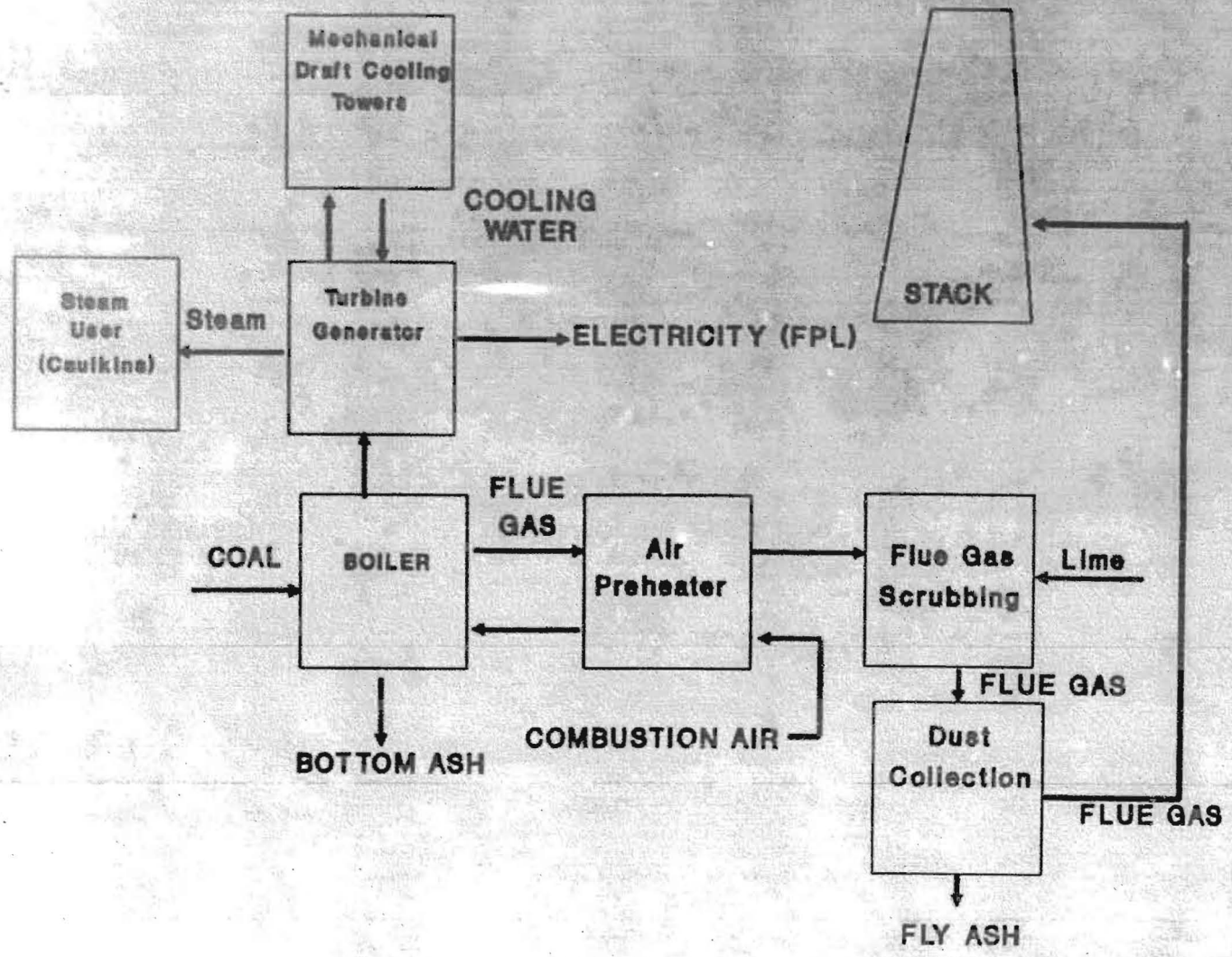
Slough and transport it to the plant in a pipeline constructed along existing rail right-of-way. The use of this water will reduce the high nutrient flow into Lake Okeechobee.

The ash from the plant is non-toxic and will be shipped off-site for disposal at the coal mines or other acceptable disposal locations. ICL is investigating potential beneficial uses for the ash in Florida.

Auxiliary gas/oil boilers will be provided to ensure reliable steam supply to Caulkins while the main boiler is down for maintenance.

A process flow diagram illustrating the proposed technical configuration is shown in Figure 1.3.2.1-1.

FIGURE 1.3.2.1-1 PROPOSED TECHNICAL CONFIGURATION



1.3.2.2 Facilities Description

The facilities that make up the Indiantown Project can be subdivided into the power block area, coal and lime handling areas, and rail spur. A conceptual site plan illustrating the layout of these major areas is shown in a prior section in Figure 1.3.2.2-1.

Power Block Area: The power block area will be located south of the Caulkins citrus processing facility. Key power block components include the pulverized coal boiler, steam turbine, generator, condenser, cooling tower. Other facilities in the power block area include interim enclosed storage of bottom ash and fly ash; administration/service/maintenance buildings; oil storage tanks and pumps; control buildings; water and wastewater treatment facilities; tanks; basins; stacks; switchyards and parking areas.

Coal Handling Areas: These areas include the rail loop, coal and lime unloading facilities, active coal storage building, reclaim equipment, and emergency coal storage. A cooling water storage pond is proposed to be located within the rail loop area.

Rail Spur: A rail spur from the existing CSX railroad which parallels State Road 710 will link the on-site rail loop and the railroad's main line. No off-site rail construction is anticipated.

1.3.3 Electric and Steam Customers

1.3.3.1 Sale of Electricity to FPL

Electricity produced by the Indiantown Project will be sold to FPL under an "Agreement for the Purchase of Firm Capacity and Energy" executed on May 21, 1990.

The Agreement provides tha: ICL will sell and FPL will purchase the net energy and, commencing with the commercial operation date, capacity from a coal-fired qualifying cogeneration facility with a nominal net output of 300 MW in Indiantown, Florida, located near FPL's load center. The following briefly summarizes the major provisions of the Agreement. (Reference is made to the Agreement itself for a more detailed description of the provisions summarized below.)

1. Term: The term of the Agreement extends until the later of December 1, 2025 or thirty years following the commercial operation date, which may not occur before September 1, 1995. (Sections 3.3 and 1.14)

2. Pre-commercial Operation Date Milestones: To provide incentive to ICL to obtain the necessary government approvals, achieve project financing and complete construction in a timely fashion, ICL is held to a series of "milestones" which it must complete by times specified in

the Agreement. FPL may terminate the Agreement, after notice by FPL and a cure period of not more than sixty (60) days, if ICL fails to achieve specified milestones, including closing of the construction loan (36 months from execution of the Agreement), start of construction (39 months from execution), placement of the order for the turbine-generator (November 1, 1994), obtaining on-site delivery of the turbine-generator (March 1, 1996) and achieving the commercial operation date (December 1, 1996), unless the failure to meet the milestones was due to force majeure, delays in obtaining site certification beyond ICL's control, or, in the case of the commercial operation date milestone, FPL's failure to timely interconnect with ICL. (Section 3.4)

Should ICL fail to begin commercial operation by December 1, 1995, unless extended for a period of not more than five months by force majeure or delays beyond ICL's control in obtaining site certification, FPL is entitled to $750,000 per month from ICL as liquidated damages. To secure this obligation, ICL is required to provide cash or an irrevocable letter of credit in the amount of $9,000,000 in three installments, with the first payment due 15 days after approval of the Agreement by the Florida Public Service Commission. (Sections 4.2, 4.1)

3. Dispatchability: To maximize the economic benefits to ratepayers, FPL has the absolute and sole right to control the capacity and energy output of the facility subject to various technical operating limits specified in the Agreement. (Sections 1.20, 1.21, 13.6, 13.7) Thus, FPL is permitted to buy energy from ICL when it is less costly than other alternatives available to FPL.

4. Maintenance Scheduling: FPL must approve ICL's maintenance scheduling. ICL will not, without prior approval of FPL, schedule maintenance during on-peak periods. (Section 13.11)

5. Facility Reliability: The Agreement has numerous provisions designed to assure that ICL's facility is capable of providing reliable capacity. For example, on or before the commercial operation date, ICL is required to execute fuel supply contracts with market reopener provisions to satisfy at least fifty percent of ICL's fuel supply requirements for a period of not less than fifteen years. Within fifteen years of the commercial operation date, ICL must execute further fuel supply contracts with market reopener provisions to supply at least fifty percent of ICL's requirements for the remainder of the term of the Agreement (Sections 3.5.2, 3.5.8). In addition, ICL must retain an independent engineering firm, which will review and evaluate the design proposed by ICL's architect-engineer. Unless ICL can show that a change recommended by the independent engineer is not

needed to assure timely completion and reliable service, the architect-engineer must incorporate the recommendations of the independent engineer into the facility design. An independent engineering firm, approved by FPL, will also review and evaluate ICL's operation and maintenance plan before the facility synchronizes with FPL's system, and will continue to review the facility's operation and maintenance plans and practices over the life of the facility's operations. Unless ICL can show that a recommendation of the independent engineer is not needed to provide reliable service, ICL must accept and implement the recommendations of the independent engineers. The facility will also be subject to industry-standard performance testing before it can sell power on a commercial basis, and annually thereafter. (Sections 5, 13.14, 13.15)

6. Pricing:

a. Prior to the Commercial Operation Date. FPL will pay ICL for energy (but not capacity) at an hourly rate of $23.20 per MWH, as adjusted quarterly from the first quarter 1990 to track changes in the cost of coal, coal transportation, lime and ash disposal ("unit energy cost"), multiplied by a factor designed to capture changes in the efficiency of the facility caused by FPL dispatch ("unit hourly efficiency factor"). (Section 8.1)

b. Commencing with the Commercial Operation Date. FPL will pay ICL for energy as described above. The rate will be further adjusted so that ICL and FPL share in differences between ICL's actual fuel costs and the adjusted energy cost for the preceding year. In general, FPL is entitled to 50% of the savings in the event that ICL's actual fuel costs for service to FPL are less than a rate equal to the Unit Energy Cost times the Unit Hourly Efficiency Factor without any cap on the amount of the reduction. FPL is responsible for 40% of the additional cost in the event that ICL's actual fuel costs for service to FPL are higher than the rate calculated above, subject to a cap at 104% of the adjusted energy cost.

Capacity payments will be made on the basis of fixed capacity and fixed O&M costs subject to adjustment to reflect the availability of the facility on both an annual average and on-peak basis. The base capacity payment remains level for the first twenty years, then declines by 50% in the 21st year and declines annually thereafter for the remaining nine years of the contract term. Under pay-for-performance provisions, the payment to ICL is based on an expected monthly capacity billing factor of 87%. If the availability of the facility measured on a rolling average basis over the prior twelve months

("capacity billing factor") exceeds 92%, the payments to ICL are increased. If the capacity billing factor is lower than 87%, payments to ICL are decreased. If it falls below 55% in any month, FPL is not obligated to make any capacity payment in such month. In calculation of the monthly capacity billing factor, extra weight is given to performance during on-peak hours. This provides strong economic incentives for high performance during the hours when the power is most needed by FPL's customers. (Sections 8.6, 8.7; Appendix A)

7. Security: In addition to the $9,000,000 milestone security described in Section 2 above (Pre-Commercial Operation Date Milestone and Penalties), ICL must provide the following forms of security to guarantee the long term performance of the unit:

   a. Termination Fee. ICL must provide security of up to $50,000,000 to secure repayment of payments to ICL in excess of avoided costs in the early years of the Agreement if ICL were prematurely to terminate the Agreement. (Sections 1.57, 21.1; Appendix B)

   b. Reserve Fund. ICL must pay $5,000,000 into a reserve fund to be used to restore qualifying facility status if it otherwise would be lost for any reason (e.g., shut down of the steam customer). (Section 21.2)

c. Cash Reserve Fund. ICL must establish a cash reserve fund of $30,000,000 to assure adequate funds are available for major overhauls of the facility over its life. FPL will have a first lien on the reserve fund as security for the remaining term of the Agreement for ICL's other obligations under the Agreement. (Section 21.4)

d. Second Mortgage. FPL will have a second mortgage and security agreement on the facility to secure all of ICL's obligations until such time as the Termination Fee is reduced to (and remains below) zero. (Section 21.5).

e. Other Restrictions. The Agreement imposes requirements on financing, refinancing, distributions to ICL's partners and management of the facility to protect FPL's interest in the facility. Included among these are provisions requiring ICL to insure that the permanent project financing includes at least 10% equity, and a requirement that the facility be managed for the first fifteen years through PG&E-Bechtel Generating Company, or directly by an ICL general partner. (Sections 21.6-21.10)

8. Regulatory Out: If FPL is unable to recover from its ratepayers any and all payments to ICL because of the action of any body with jurisdiction over FPL's rates, FPL can reduce its payments to ICL by

the full amount of the disallowance. If FPL reduces its rates pursuant to this provision, ICL may, with sixty days notice, terminate the Agreement and initiate negotiations with FPL of either a new power purchase agreement or a transmission agreement by which FPL would transmit ICL's energy and capacity to FPL's wholesale customers within the state of Florida. (Section 19.4)

9. Events of Default and Remedies: ICL events of default are enumerated in Section 3.5. They generally include bankruptcy or insolvency of ICL or failure to provide security required by the Agreement, meet specified reliability and performance standards, arrange satisfactory long term fuel contracts, or comply with any material provision of the Agreement. Force majeure is not an excuse for an event of default.

Upon the occurrence of an event of default and expiration of any cure period, FPL may suspend all capacity payments until the default is cured, terminate the Agreement and receive payment of the Termination Fee, or apply to a court to establish a receivership to operate the facility. (Sections 8.6, 3.4, 3.5, 3.6, 3.8). The Agreement, furthermore, authorizes FPL to seek specific performance if ICL sells energy or capacity subject to the Agreement to a third party. (Section 6.4) If ICL defaults on any agreement with any lender, FPL may retain a portion of the energy or capacity payment that would

otherwise cause a net increase in the Termination Fee. (Section 8.12)

1.3.3.2 Sale of Steam to Caulkins

ICL will sell process steam to Caulkins under the terms of a steam sales contract for use in its citrus processing plant which is located adjacent to the proposed ICL Indiantown Project.

Caulkins Indiantown Citrus Company is a Florida Corporation, which is a wholly owned subsidiary of Via North American, a Delaware Corporation, formed in 1988 when Caulkins was purchased by Compagnie de Navigation Mixte (CNM) and Compagnie Francaise de Sucrerie of France. Via Tropical Fruits, a wholly owned subsidiary of Via North American, currently owns approximately 15,000 acres of citrus groves in the vicinity of Indiantown and is in the process of acquiring and developing additional g oves to increase their direct control over the supply of citrus fruit to the processing plant.

The Caulkins citrus processing plant produces extracts and concentrates from the juice of citrus fruits (oranges and grapefruits) which are delivered to the plant by Via Tropical Fruits and neighboring growers. A large cold storage facility allows Caulkins to sell frozen juice concentrates throughout the year to bottlers and manufacturers of fruit juice. Waste pulp is dried and pelletized and sold as cattle feed.

Plant expansion over the last two years has increased processing capacity from approximately seven million to ten million boxes of fruit per year. Further expansion

to a capacity of fifteen million boxes per year is under consideration.

The Caulkins plant currently uses two natural gas-fired boilers to provide process steam, and a gas-fired rotary drum dryer to dry waste pulp. Under provisions of the steam sales agreement between ICL and Caulkins, all of Caulkins steam requirements will be provided by ICL (up to a maximum of 225,000 pounds per hour). Additionally, the gas-fired rotary drum dryer will be converted to a steam dryer. The steam sales agreement, which has a term of fifteen years with three five-year extensions, also obligates Caulkins to purchase a minimum annual steam quantity which exceeds the five percent useful thermal energy requirement for the Indiantown Project to maintain qualifying facility (QF) status under Federal Energy Regulatory Commission (FERC) regulations.

1.3.4 Fuel Type and Supply Modes

1.3.4.1 Coal Procurement

The Indiantown Project is expected to consume approximately 1,000,000 tons of coal annually. The prime coal supply region is the Southern Appalachian coal region of Kentucky, Virginia, and West Virginia. The plant will be designed to burn a high grade clean coal which is widely available in this region.

The preliminary fuel specification is as follows:

11,500 - 13,500 BTU/lb

1-2% Sulfur

less than 12% Ash

ICL intends to enter into long term contracts of not less than 15 years with one or more suppliers to provide a minimum of 50% of its expected fuel supply requirements. Such contracts are expected to include market price reopener provisions. The remainder of ICL's coal requirements will be provided either with firm long term contracts or spot purchases.

ICL currently intends to issue a request for proposal for fuel supply during mid-1991. ICL expects to enter into a firm contract by late 1991 or early 1992, prior to the expected financial closing of the facility. ICL has already taken the preliminary step of soliciting statements of qualifications and intent from potential fuel suppliers, and has received a number of responses to that request. Based on those responses, and the PG&E-Bechtel Generating Company's recent experience in

completing negotiations for a long term coal supply contract in New Jersey, ICL is confident of its ability to secure a long term economical fuel supply for the ICL Project.

1.3.4.2 Coal Transportation

The facility is located on the CSX rail line. With many of the expected fuel suppliers also located on the CSX system, this provides for an economic single line haul. ICL is negotiating a rail transportation agreement with CSX which is expected to be finished concurrently with the coal supply negotiations or incorporated as a part of the fuel supply contract.

1.3.4.3 Start-up and Supplemental Firing

The facility will require natural gas and/or distillate fuel oil for start-up. The requirement for start-up fuel will be nominal. Natural gas will be supplied by Indiantown Gas Company through an existing pipeline adjacent to the site. Fuel oil will be delivered by rail or truck and stored in an on-site tank. Contracts for these fuels are expected to be finalized during 1991.

In addition, natural gas and/or distillate fuel oil could be used for supplemental firing at ICL's option, if such fuels were available and their use was economic.

1.3.5 Associated Facilities

1.3.5.1 Transmission Facilities

There will be no new off-site transmission facilities associated with the Indiantown Project. The facility will be interconnected with the existing FPL Martin-Indiantown 230 KV circuit that traverses the northern border of the plant site. FPL has performed load flow analyses which demonstrate that such an interconnection will reliably integrate energy from the project into FPL's system. ICL and FPL have agreed to negotiate a detailed interconnection agreement, and the design work necessary to support that agreement is currently underway.

1.3.5.2 Other Facilities

The only off-site linear facilities associated with the Indiantown Project are related to the withdrawal and transport of agricultural waste water from the Taylor Creek-Nubbin Slough to the project site for use as cooling water. The use of this waste water has been encouraged by the South Florida Water Management District to reduce the high nutrient flow into Lake Okeechobee.

To enable this use, ICL will install an intake structure and pumping station at Taylor Creek-Nubbin Slough, together with a twenty-mile buried pipeline and pumping system from the intake structure to the site. This pipeline will utilize an existing CSX railroad right of way.

1.3.6 Approximate Costs

The estimated total capitalized cost of the facility is $600 million, or an installed cost of approximately $2,000 per/KW (summer net) in in-service year dollars. This includes development, land, design, construction, start-up, escalation, other owner's costs, interest during construction, financing fees, cash reserves and other capitalized charges. Because the capacity pricing to FPL is fixed by the terms of the Agreement, ICL bears the financial and other risks associated with construction of the project, including all escalation and interest rate risks.

1.3.7 Project Schedule

The project is scheduled for commercial operation in December 1995. The preliminary milestone dates are as follows:

Submit Need for Power Application	- Aug 1990
Submit Site Certification Application	- Dec 1990
Receive Site Certification Approval	- Apr 1992
Financial Closing	- May 1992
Start Construction	- Jul 1992
Delivery of Turbine to Site	- Jan 1995
Commercial Operation	Sep - Dec 1995

1.3.8 Operation and Maintenance

ICL, the owner of the facility, will contract with an affiliated company for operation and maintenance (O&M). PG&E-Bechtel Generating Company, as project manager, will supervise and manage the O&M contracts on ICL's behalf.

ICL is dedicated to operating and maintaining the facility in a way that will maximize plant availability in a safe, reliable and environmentally sound manner, and in a way totally responsive to the dispatchability requirements of the FPL system. Additionally, the power sales agreement with FPL provides ICL with significant incentives for availability and on-peak performance.

An affiliate of PG&E Enterprises and Bechtel Enterprises, under the direction of PG&E-Bechtel Generating Company, will be contractually responsible for day-to-day O&M, maintaining daily coordination with FPL and Caulkins. The O&M team will be backed by the experience and resources of two of the nation's leading companies (PG&E and Bechtel) in the power generation business.