

**ORIGINAL**

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May 26, 2006

**VIA HAND DELIVERY**

Blanca S. Bayó, Director  
Division of the Commission Clerk &  
Administrative Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

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05 MAY 26 PM 4:57  
COMMISSION  
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**Re: Docket No.: 060220-EC**

Dear Ms. Bayó:

In lieu of errata sheets, enclosed for filing on behalf of Seminole Electric Cooperative, Inc. are the original and fifteen (15) copies of revised pages of its Need Study and various direct testimonies. The following revised pages should be substituted:

- (1) Need Study – pages 2, 19, 33, 34, 43, 50, 73, 74, 78, and 81; *04646-06*
- (2) Direct Testimony of Timothy S. Woodbury – page 17; *04647-06*
- (3) Direct Testimony of Michael P. Opalinski – pages 8, 10, 12 and 13; *04648-06*
- (4) Direct Testimony of William T. Lawton - pages 3 and 7; *04649-06*
- (5) Direct Testimony of Lane Mahaffey – pages 8 and 21; and *04650-06*
- (6) Direct Testimony of Wm. Jack Reid – page 5 *04657-06*

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If there are any questions regarding this transmittal, please contact me at 222.2300.

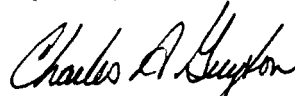
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Blanca S. Bayó, Director  
May 26, 2006  
Page 2

SQUIRE, SANDERS & DEMPSEY L.L.P.  
*Including*  
STEEL HECTOR & DAVIS LLP

Very truly yours,

SQUIRE, SANDERS & DEMPSEY L.L.P.



Charles A. Guyton  
Partner

CAG:gcm  
Enclosure

Copy to: Martha Carter Brown, Esq. (w/enclosures)  
Lee Colson (w/enclosures)

TALLAHASSEE/55458.1

1 previously, plus the scheduled expiration of additional purchased power contracts  
2 (i.e., 356 MW Hardee Power Partners, Limited, 364 MW Reliant Energy Florida,  
3 LLC, 450 MW Progress Energy Florida System Intermediate, Progress Energy  
4 Florida Partial Requirements), and additional load growth.

5  
6 Since Seminole's cumulative need for capacity in 2012 exceeded 1200 MW and  
7 increased significantly thereafter, SGS Unit 3 alone only meets a portion of  
8 Seminole's projected load and reserve requirements. Seminole's total additional  
9 capacity needs based on serving seven Members after 2020 (i.e., consistent with the  
10 basis of the economic justification) are summarized in tabular format in Exhibit  
11 LTM-1. A graphical overview of Seminole's overall resource portfolio is included as  
12 Exhibit LTM-2. Page 1 of Exhibit LTM-2 shows Seminole's capacity needs with  
13 only seven Members served after July 2020, representing the Member load  
14 commitment assumption which underlies Seminole's economic case. Page 2 of  
15 Exhibit LTM-2 shows Seminole's capacity needs with nine Members served after  
16 2020 (for reference only).

17  
18 **Q. Is SGS Unit 3 needed for reliability or for economic reasons?**

19 **A.** Both. As noted above, SGS Unit 3 fulfills a portion of Seminole's reliability need in  
20 2012 and beyond. Thus, SGS Unit 3 is clearly needed for reliability. At the same  
21 time, the selection of SGS Unit 3 to serve as a base load resource, as opposed to  
22 alternative types of capacity resources, is motivated by economics. So SGS Unit 3 is  
23 needed both to maintain reliability and to provide electricity at a reasonable cost.

**VII. ADVERSE CONSEQUENCES IF SGS 3 IS NOT CONSTRUCTED**

**Q. What will be the projected impact on the reliability of service to Seminole's Members and their member/consumers if SGS Unit 3 is not constructed to meet the identified capacity needs in 2012?**

A. Approximately half of Seminole's generation portfolio consists of purchased power contracts. The expiration of some of these contracts in the time frame of the proposed unit addition combined with projected growth in our Member service areas left a deficiency of over 1200 MW in total capacity need by the summer of 2012. The proposed unit addition satisfies a significant portion of this total need. If SGS Unit 3 were not constructed timely, and in the absence of other alternative capacity additions, Seminole would not meet its planning reliability criteria. That would leave our Members and their member/consumers without reliable wholesale service and would result in an unacceptably high risk of service interruptions.

**Q. What will be the projected economic impact on Seminole's Members and their member/consumers if the SGS Unit 3 project is not constructed to meet the identified capacity needs in 2012?**

A. Seminole's election to build a 750 MW coal unit, as opposed to a purchased power contract or building another type of unit (e.g., gas combined cycle, combustion turbine, etc.), was based on economic studies which demonstrated that the recommended unit will provide the lowest cost base load power for our Members' consumers. In the event SGS Unit 3 is not constructed timely, the economic studies which support this need application show that Seminole's Members and their