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**Subject:** Sierra Club Revised Statement of Preliminary Issues and Positions  
**Attachments:** Sierra Revised stmt of issues.doc

060635-EU

Attached please find the Revised Statement of Issues and Positions of the Sierra Club, John Hedrick and Brian Lupiani

/s/ E. Leon Jacobs, Jr.

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MOSES WILIAMS, ESQ.  
ESQ.

E. LEON JACOBS, JR.,

November 20, 2006

Blanca Bayo  
Director, Office of the Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee, Florida 32399-0850

RE: Docket No. 060635-EU,  
Petition for determination of need for Electrical power plant in Taylor County  
By Florida Municipal Power Agency, JEA, Reedy Creek Improvement District,  
and City of Tallahassee.

Dear Ms. Bayo:

On behalf of the Sierra Club, Inc., John Hedrick and Bruce Lupiani, enclosed please find for filing the First Amended Preliminary Statement of Positions and issues consisting of seven pages . I thank you for your attention to this matter.

Sincerely,

*/s/ E. Leon Jacobs, Jr.*

E. Leon Jacobs, Jr.  
Attorney for the Sierra Club, Inc., John Hedrick, and Brian Lupiani

Enclosures

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In re: Petition for determination of need for )  
Electrical power plant in Taylor County by )  
Florida Municipal Power Agency, JEA, )  
Reedy Creek Improvement District, and )  
City of Tallahassee. )  
\_\_\_\_\_ )

DOCKET NO.: 060635 EU  
DATED: November 20, 2006

**THE SIERRA CLUB, INC., JOHN HEDRICK, AND BRIAN LUPIANI**  
**REVISED PRELIMINARY STATEMENT OF ISSUES AND POSITIONS**

Pursuant to Order No. PSC-06-0819-PCO-EU, issued on October 4, 2006, establishing the prehearing procedure in this docket, the Sierra Club, Inc., John Hedrick and Brian Lupiani hereby file their Revised Preliminary Statement of Issues and Positions.

**I. Background**

Owners of the proposed Taylor Energy Center (TEC”), Jacksonville Electric Authority (JEA), the City of Tallahassee, the Reedy Creek Improvement District (RCID), and the Florida Municipal Power Agency (FMPPA), filed a Petition for a Determination of Need on or about September 19, 2006.

**II. Revised Preliminary Issues and Positions**

ISSUE 1: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 1a: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity with regard to JEA, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 1b: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity with regard to FMPA, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 1c: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity with regard to the City of Tallahassee, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 1d: Is there a need for the proposed Taylor Energy Center (TEC) generating unit, taking into account the need for electric system reliability and integrity with regard to RCID, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 2: Is there a need for the proposed TEC generating unit, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 2a: Is there a need for the proposed TEC generating unit, taking into account the need for adequate electricity at a reasonable cost for JEA, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 2b: Is there a need for the proposed TEC generating unit, taking into account the need for adequate electricity at a reasonable cost for FMPA, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 2c: Is there a need for the proposed TEC generating unit, taking into account the need for adequate electricity at a reasonable cost for City of Tallahassee, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 2d: Is there a need for the proposed TEC generating unit, taking into account the need for adequate electricity at a reasonable cost for RCID, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 3: Is there a need for the proposed TEC generating unit, taking into account the need for fuel diversity and supply reliability, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: The Sierra Club, John Hedrick and Brian Lupiani (“Intervenors”) note that there is a need for a formal definition of the term “fuel diversity” as used in Section 403.519, Florida Statutes. Petitioners acknowledge, in principle, the value of cost effective fuel diversity in the state’s current generation mix. However, cost effective fuel diversity would be better served by an appropriate portfolio of energy efficiency measures, conservation, demand-side management (DSM) and renewables.

ISSUE 3a: Does the TEC generating unit provide for cost effective fuel diversity and supply reliability on JEA’s system, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 3b: Does the TEC generating unit provide for cost effective fuel diversity and supply reliability on FMPA’s system, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 3c: Does the TEC generating unit provide for cost effective fuel diversity and supply reliability on City of Tallahassee’s system, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No position at this time.

ISSUE 3d: Does the TEC generating unit provide for cost effective fuel diversity and supply reliability on RCID’s system, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 4: Are there any energy efficiency measures, conservation measures or DSM measures taken by or reasonably available to the Florida Municipal Power Agency, JEA, Reedy Creek Improvement District, and City of Tallahassee (Participants) which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes, due to the fact that the total benefits of energy efficiency, conservation or DSM opportunities and, the total cost of the proposed TEC generating unit have not been adequately evaluated in the economic analyses conducted by the Participants.

ISSUE 4a: Are there any efficiency measures, conservation measures or DSM measures taken by or reasonably available to FMPPA which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes.

ISSUE 4b: Are there any efficiency measures, conservation measures or DSM measures taken by or reasonably available to JEA which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes.

ISSUE 4c: Are there any efficiency measures, conservation measures or DSM measures taken by or reasonably available to the City of Tallahassee which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes.

ISSUE 4d: Are there any efficiency measures, conservation measures or DSM measures taken by or reasonably available to RCID which might mitigate the need for the proposed TEC generating unit?

POSITION: Yes.

ISSUE 5: Does the proposed TEC generating unit include the costs for the environmental controls necessary to meet current and reasonably anticipated state and federal environmental requirements?

POSITION: No.

ISSUE 5a: Have the Applicants appropriately evaluated the cost of CO<sub>2</sub> emission mitigation costs in their economic analyses?

POSITION: No.

ISSUE 5b: Have the Applicants appropriately evaluated the cost of compliance with mercury, NO<sub>2</sub> and SO<sub>2</sub> emission standards?

POSITION: No position at this time.

ISSUE 5c: Have the Applicants appropriately evaluated compliance costs associated with the Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) standards?

POSITION: No.

ISSUE 5d: Have the Applicants adequately evaluated the economic costs of the potential detrimental effects on public health and the environment?

POSITION: No.

ISSUE 6: Is the proposed TEC generating unit the most cost effective alternative available, as this criterion is used in Section 403.519, Florida Statutes?

POSITION: No.

ISSUE 6a: Are the projected purchase prices and transportation costs for natural gas and coal used in the IRP reasonable?

POSITION: No position at this time.

ISSUE 6b: Are TEC's proposed construction costs reasonable in light of present industry trends and increased demand for construction materials?

POSITION: No position at this time.

ISSUE 6c: Have the Applicants requested available funding from DOE to construct an IGCC unit or other cleaner coal technology?

POSITION: No.

ISSUE 6d: Does the operation of the selective catalytic reduction (SCR) equipment for NO<sub>2</sub> control on a year round basis make the TEC generating unit no longer cost effective when compared to other alternatives?

POSITION: No position at this time.

ISSUE 6e: Does passing all 800 MW of flue gas through the wet electrostatic precipitators (Wet ESP) 24 hours per day of the year make the TEC generating unit no longer cost effective when compared to other alternatives?

POSITION: No position at this time.

NEW ISSUE: Has each Applicant secured final approval of its respective governing body for the construction of the proposed TEC generating unit?

POSITION: No.

ISSUE 7: Based on the resolution of the foregoing issues, should the Commission grant the Participants' petition to determine the need for the proposed TEC generating unit?

POSITION: No.

NEW ISSUE: Should the Commission direct applicants for a determination of need under Section 403.519, Florida Statutes, to assess, as a part of the cost effectiveness of the plant addition proposed the impact of current and reasonably anticipated state and federally imposed external costs, and further, to assess as a part of the cost effectiveness analyses of alternatives to the plant addition, the impact of the avoidance of such costs when appropriate?

POSITION: Yes.

ISSUE 8: Should this docket be closed?

POSITION: This docket should be closed when the Commission has issued its final order and all motions for reconsideration have been disposed of.

Respectfully submitted this 20<sup>th</sup> day of November, 2006.

Certificate of Service

I certify that a copy of this Preliminary Statement of Positions and Issues in Docket No. 060635-EU was provided this 14<sup>th</sup> day of November, 2006, by electronic service to the following:

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Respectfully submitted,

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